Fall Marketing Choice Study
Final Report

Prepared for: Alberta Agriculture, Food and Rural Development
October 17, 2003

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EXECUTIVE SUMMARY

In August of 2003, Alberta Agriculture, Food and Rural Development commissioned Ipsos-Reid to conduct a survey of wheat and barley growers in Alberta on the question of marketing choice. This is the second study of this nature; the first was conducted in the spring of 2003. The second study was undertaken in September/October to provide an up-to-date record of prevailing opinion on the question of marketing choice, and to determine if there have been any changes in producers' views since spring. As well, the survey was expanded with additional questions to generate a deeper understanding of producers' opinions.

Highlights

A system where producers have the option to sell their wheat and barley to anyone (including the Canadian Wheat Board) and into any market is preferred by the majority of Alberta's wheat and barley growers. As expected, the desire for marketing choice is a little stronger for barley than for wheat – just over six in ten growers support marketing choice for wheat and almost seven in ten support it for barley. There have been no changes in opinions on these issues since last spring.

Only one-quarter of Alberta wheat and barley growers would like to see the current marketing system retained for <u>both</u> wheat and barley. New questions added to the study investigate why producers hold the views they do. Reasons for wanting to retain the status quo include a feeling that the present system is working well, that prices are fair and as high as they could be, that it's easy/convenient to market through the Wheat Board, and that the system is equitable.

Almost three-quarters of Alberta wheat and barley growers are looking for some reform that enables more marketing options. By far, the predominant reason for wanting change is to give farmers the freedom to choose how to market their grain. There is also an expectation of receiving better prices, along with a degree of dissatisfaction with the CWB's performance. In fact, better prices, freedom of choice and access to more markets are the three key benefits that producers feel marketing choice would bring. The biggest obstacles to changing the system are considered to be the CWB itself and the federal government.

Across all five of the Wheat Board's electoral districts that exist in Alberta, the majority surveyed want choice. Preference for choice is strongest in District 2 and a marketing choice supporter was in fact elected. However, in District 1, where a single-desk supporter was elected, the electoral outcome does not reflect the preferences of most producers in this area. In the other districts, which straddle Alberta and Saskatchewan, single-desk supporters were also elected and therefore, these Directors do not reflect the views of most Alberta farmers. It is also worth noting that those who support marketing choice were not as likely to vote in the last elections, as those who would prefer to keep the current system in place.

1. BACKGROUND

The value of the Canadian Wheat Board (CWB) as the single-desk seller for wheat and barley for export and for domestic human consumption within Canada has been a point of ongoing debate and controversy in Western Canada for many years now. At one end of the spectrum are producers who view the CWB's monopoly and price pooling approach as beneficial, and as a way of ensuring producers receive the highest possible returns. These producers favour the status quo. At the other end of the spectrum are producers who feel they would be better off without the CWB, and that an open and free market model would offer greater flexibility and more opportunities to individual producers. Lastly, there is a constituency who feel that a system offering marketing choice would be the ideal middle ground, where producers would have the option to sell on the open market or to the CWB.

In December of 2002, the Alberta legislature passed Bill 207, a private member's bill that authorizes Alberta's agriculture minister to negotiate with her federal counterparts to establish a test market for Alberta producers that would enable them to market their wheat and barley through the CWB or on their own. In essence, it is a plan that will provide Alberta producers with additional marketing choices for their wheat and barley.

2. RESEARCH OBJECTIVES

With the above in mind, in the spring of 2003 Alberta Agriculture, Food and Rural Development (AAFRD) commissioned Ipsos-Reid to conduct a comprehensive and statistically valid survey of Alberta producers.

The key objective of this research was to identify the level of support for marketing choice within Alberta for wheat and for barley. In addition, AAFRD also needed to better understand how the level of support for choice varied across Alberta, and how different types of producers view this issue. Further, there was also interest in correlating producers' views to their past voting practices in the CWB elections (2002 or 2000), to give a sense of whether the electoral outcomes have been reflective of overall opinion. The survey results and the knowledge imparted from a better understanding of producers' attitudes and opinions on the question of marketing choice were to be used in both policy decision-making, in negotiations with the CWB, and in communications.

This August, AAFRD has commissioned Ipsos-Reid to conduct a second study with Alberta producers on the question of marketing choice. This second study will not only provide AAFRD with an up-to-date record of prevailing opinion on the question of marketing choice, but will also be able to determine if there have been any shifts in viewpoints as a result of other happenings in the industry (e.g. continuing production struggles, increased tariffs on wheat to the US, debates around GMO's and Roundup Ready wheat, the CWB's performance, etc.). As well, the survey was expanded with additional questions to generate a deeper understanding of producers' opinions, and to tap into some of their views related to the CWB.

The following are the specific objectives of the study:

- ✓ Determine the current level of support for marketing choice and whether opinions have changed since the spring of 2003
- ✓ Understand the points of view of those who support marketing choice, and those who oppose it
- ✓ Identify the benefits producers expect from marketing choice, and the obstacles they feel are standing in the way
- ✓ Determine if producers feel the CWB's new pricing and payment options are offering them sufficient marketing choice, and determine the level of importance of the CWB's pillars (single-desk selling, price pooling and government guarantees)
- ✓ Identify how many producers did not vote in the last CWB election and why, and
- ✓ Determine whether the CWB electoral outcomes are representative of producer opinion

3. RESEARCH APPROACH

Like the first study, the Fall Marketing Choice survey also involved interviewing 600 wheat and/or barley growers in Alberta by telephone. Interviewing occurred between September 19 and October 3, 2003. All interviews were completed via Ipsos-Reid's computer-assisted telephone interviewing (CATI) system. On average, the length of the questionnaire was ten minutes.

Participation Criteria

To participate in this study, farmers had to meet the following criteria:

- ✓ be the primary or joint decision-maker, and
- ✓ have at least 160 acres of wheat and/or barley in a typical year.

The acreage criteria of 160 acres of wheat and/or barley was chosen because AAFRD is most interested in the views of producers who grow the majority of the wheat and barley in the province.

In total, the 2001 Census of Agriculture indicates that there were 24,026 producers of wheat and/or barley in Alberta. Furthermore, as the table below shows, 15,308 producers grew 160 acres of more of wheat and/or barley. This particular group of producers represents almost two-thirds of all wheat/barley growers (64%) in Alberta. As well, these producers account for 94% of all the wheat and barley acres grown.

2001 Census*

	Number of producers of wheat and/or barley in each category	Acres of wheat and/or barley grown by producers in each category
1 - 79 acres	3,915	178,540
80 – 159 acres	4,803	563,577
160 – 319 acres	5,051	1,161,147
320 – 639 acres	5,014	2,287,636
640 acres or more	5,243	7,563,786
All growers	24,026	11,754,686

* Customized run prepared for Ipsos-Reid by Statistics Canada

Sampling

The sample for the survey was randomly drawn from Ipsos-Reid's Agricultural Producer Database.

To ensure a representative sample, surveying was conducted to reflect the number of wheat and barley growers in each Census Agricultural Region (please refer to the map in Appendix 1 for an illustration of the Census Agricultural Regions). This was done by drawing sample from the Producer Database in a manner proportionate to the actual distribution of producers at the Census Division level, and by setting quotas for the number of interviews in each Census Agricultural Region. Within each Census Agricultural Region, quotas were also set to ensure the appropriate mix of growers with different sized operations, as measured by their combined wheat and barley acres. These size quotas ensure the sample reflects the actual distribution of growers with small, medium and large acreages in accordance with the most recent Census.

The following table illustrates the actual number growers by size class in each area of Alberta (as per the Census), along with the actual number of interviews conducted. Please note that percentages may not add up exactly due to rounding.

Actual Number of Producers and Interviews

	Number of producers typically growing…			
	160-319 acres of wheat/barley	320-639 acres of wheat/barley	640+ acres of wheat/barley	160 + acres of wheat/barley
South (Ag Regions 1, 2, 3) - actual population - # of interviews	1708 (11%) 66 (11%)	1832 (12%) 72 (12%)	2647 (17%) 104 (17%)	6185 (40%) 242 (40%)
Central (Ag Regions 4, 5) - actual population - # of interviews	2041 (13%) 80 (13%)	1955 (13%) 77 (13%)	1738 (11%) 68 (11%)	5734 (37%) 225 (38%)
North (Ag Regions 6, 7) - actual population - # of interviews	1304 (9%) 51 (9%)	1227 (8%) 48 (8%)	858 (6%) 34 (6%)	3389 (22%) 133 (22%)
Total Alberta - actual population - # of interviews	5051 (33%) 197 (33%)	5054 (33%) 197 (33%)	5243 (34%) 205 (34%)	15308 (100%) 600

Upon reviewing the study data, it became apparent that barley producers were slightly over-represented, while wheat growers were slightly under-represented. Recall that to participate in the study, growers needed 160 acres of wheat and barley combined. The Census tell us that there were 13,435 wheat growers with at least 80 acres of wheat and 13,523 barley growers with at least 80 acres of barley, and this 50:50 distribution is what we would expect from our survey sample. However, the sample contained 510 barley growers and 476 wheat growers. As such, the study data was weighted so that wheat and barley growers were equally represented (at 493 each). This adjustment has produced very minor changes: for example, the un-weighted data indicates that 64.5% of producers favour marketing choice for wheat, while the weighted data adjusts this to 63.8%

Accuracy

With a sample size of 600, the study's findings can be interpreted with an accuracy level (i.e. margin of error) of at least +/- 3.9%, at the 95% confidence interval. This means that if 50% of respondents answer "yes" to a given question, there is a 95% certainty that the correct value for the farm population is between 46.1% and 53.9%.

When examining the results of sub-groups of the sample, the margin of error increases. For example, the following illustrates the maximum margin of error at the 95% confidence interval associated with the sample size in each region:

Margin of Error by Region

	Number of producers*	Number of interviews	Margin of Error
South	6,185	242	+/- 6.2%
Central	5,734	225	+/- 6.4%
North	3,389	133	+/- 8.4%

* Number of producers with 160+ acres of wheat/barley as per the 2001 Census

Statistical Differences

Any statistical differences mentioned in this report were tested and found to be statistically significant at the 95% confidence interval.

A Definition of the Regions

Some regional differences are indicated within this report. To better understand these, the following definitions should be kept in mind.

South
- ✓ Roughly, the southern third of the province (i.e. if one drew an east-west line through Olds, the South would include everything below this line)
- ✓ Specifically, the South was defined as Census Agricultural Regions 1, 2 and 3 or Census Divisions 1, 2, 3, 4, 5, 6 and 15 (see map in Appendix 1)

Central
- ✓ The area north of an east-west line through Olds, roughly up to an east-west line joining Barrhead, Westlock and St. Paul
- ✓ Specifically, Census Agricultural Regions 4A, 4B and 5 or Census Divisions 7, 8, 9, 10 and 11

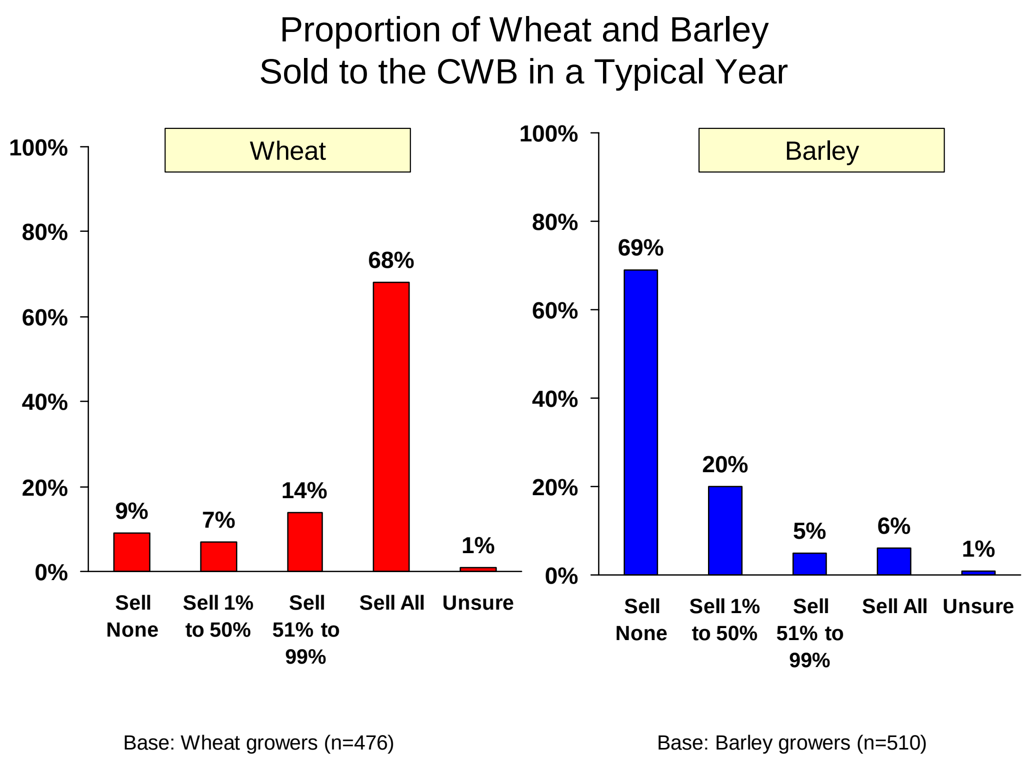
North
- ✓ Not just the Peace, but everything north of an east-west line through Barrhead, Westlock and St. Paul
- ✓ Specifically, Census Agricultural Regions 6 and 7 or Census Divisions 12, 13, 14, 16, 17, 18 and 19

4. KEY FINDINGS

Wheat and Barley Sales to the CWB

Most wheat and barley producers in Alberta hold a CWB permit book (84%). Those who do not have a permit book (16%) tend to be either mixed operations or primarily livestock (and tend to have smaller acreages of wheat and barley).

When it comes to sales to the CWB, wheat and barley are vastly different in Alberta. About two-thirds of producers (68%) sell all of their wheat to the CWB, while 9% don't sell any wheat to the Board. For barley, the reverse is true: only 6% of producers sell all their barley to the CWB, while two-thirds don't sell any barley to the CWB.



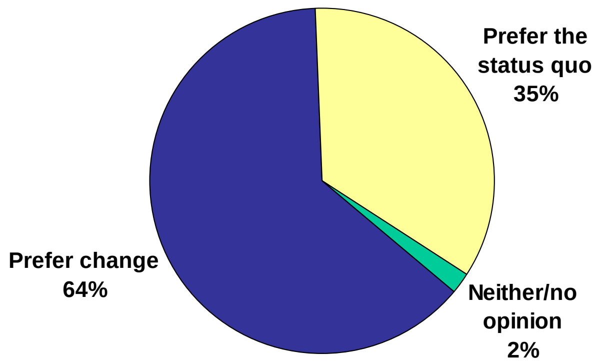
Wheat Marketing Preferences

When it comes to their wheat crop, just over six in ten Alberta growers would prefer to change the way wheat is currently marketed so that they have the option to sell their wheat to anyone and into any market.

Preference for Marketing Wheat

Now please think about your **wheat** and how you would like to market your **wheat** crop in the future. Which of the following two options is closer to your opinion? (READ AND ROTATE)

I would prefer to keep the way wheat is marketed today, which means I can sell my milling quality wheat to the Canadian Wheat Board **only**, and I can sell my feed wheat either to the Canadian Wheat Board or on the domestic open market.
OR
I would prefer to change the way wheat is marketed, so that I have the option to sell both my milling and feed wheat to anyone, in any market including export markets and including to the Canadian Wheat Board.



Base: All wheat/barley growers (n=600)

The margin of error associated with the above probability distribution of responses is +/- 3.8%, at the 95% confidence interval. Therefore, if a complete census of this population was undertaken, there is a 95% certainty that between 60.2% and 67.8% of producers with at least 160 acres of wheat/barley would support marketing choice for wheat.

Those who prefer marketing choice for wheat account for 69% of wheat and barley acres, while those preferring the status quo account for 30% of acres (that is, of those growers with at least 160 acres of wheat and barley).

From the 2001 Census, we know that growers with at least 160 acres of wheat and barley represent 94% of the wheat and barley grown in Alberta (for more details, see Research Approach). Therefore, those growers with at least 160 acres who prefer a system of marketing choice for wheat account for 65% of <u>all</u> the wheat and barley grown in the province.

Differences in Opinions

Opinions on wheat marketing differ when we examine growers…

- In different regions
  - ✓ Those in the South (71%) are somewhat more likely to want change than growers in either Central Alberta (59%) or Northern Alberta (60%).

- With different amounts of wheat/barley acres
  - ✓ Producers who typically grow more than 640 acres of wheat and barley are more likely to want change than those with fewer acres. Fully three-quarters of those with more than a section want change, compared to 63% of those with less than 320 acres of wheat and barley, and 53% of those with 320 to 639 acres.

- In different CWB electoral districts
  - ✓ District 2 shows the highest propensity for change, particularly when compared to Districts 3 and 5.

	District 1 (n=88)	District 2 (n=230)	District 3 (n=97)	District 4 (n=103)	District 5 (n=82)
Prefer change	62%	71%	56%	67%	52%

- With different types of operations
  - ✓ Producers with primarily livestock farms (76%) are also more likely to want change when compared to those with primarily grain farms (59%). Mixed operations account for the majority of farms, and two-thirds (65%) of these growers want change.

- By age
  - ✓ Older producers are less inclined towards changing the marketing system for wheat than younger producers.

	< 45 (n=140)	45 – 54 (n=190)	55 – 64 (n=150)	65+ (n=108)
Prefer change	70%	68%	63%	52%

- By gross farm sales
  - ✓ Growers with higher farm sales are also more likely to want change than those with lower sales.

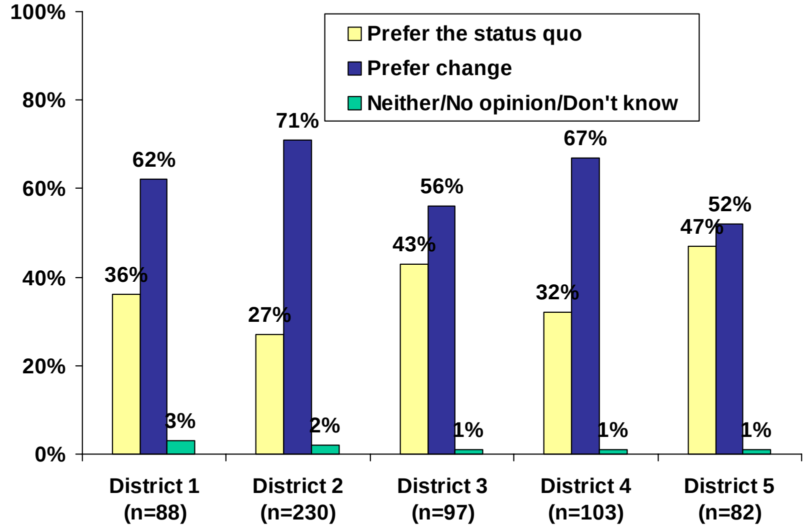
	< $50,000 (n=36)*	$50,000-$99,999 (n=108)	$100,000-$249,999 (n=225)	$250,000-$499,999 (n=132)	$500,000 + (n=75)
Prefer change	54%	57%	60%	69%	78%

* caution: small sample size

Wheat Marketing Preferences in each CWB Electoral District

The following chart illustrates the district-by-district results, and indicates the majority surveyed in each district prefers choice for marketing wheat.

Wheat Marketing Preferences in each CWB Electoral District



Base: Wheat/barley growers in each CWB Electoral District

When examining the probability distributions for wheat marketing preferences and the associated margin of error, we can conclude with 95% certainty that the majority of the *population* in Districts 1, 2 and 4 do favour marketing choice. In Districts 3 and 5, the sample sizes and resulting probability distributions do not allow us to make this same conclusion for the population with statistical certainty (even though 56% of those surveyed in District 3 and 52% in District 5 favour choice). The table that follows lays out the associated margins of error and population estimates by District. Areas that are shaded illustrate where the population estimates of preference for the status quo and change overlap.

	Prefer the Status Quo	Prefer Change and Marketing Choice
District 1 (n=88) - survey results - margin of error - population estimate	36.0% +/- 10.0% 26.0% - 46.0%	61.5% +/- 10.2% 51.9% - 72.1%
District 2 (n=230) - survey results - margin of error - population estimate	27.3% +/- 5.6% 21.7% - 32.9%	70.6% +/- 5.8% 64.8% - 76.4%
District 3 (n=97) - survey results - margin of error - population estimate	42.6% +/- 9.8% 32.8% - 52.4%	56.4% +/- 9.8% 46.6% - 66.2%
District 4 (n=103) - survey results - margin of error - population estimate	31.9% +/- 8.9% 23.0% - 40.8%	67.1% +/- 9.0% 58.1% - 76.1%
District 5 (n=82) - survey results - margin of error - population estimate	46.6% +/- 10.8% 35.8% - 57.4%	52.2% +/- 10.8% 41.4% - 63.0%

Focus on wheat growers

Of all the wheat and barley growers in the study, 18% typically don't grow wheat. If we exclude these growers and focus on only those who do grow wheat (and who may also grow barley), the support for change is slightly lower from our overall findings, but not statistically different. Six in 10 (61%) wheat growers prefer to change the way wheat is marketed to enable more choice, while 38% prefer the status quo, and 2% have no opinion.

When we examine opinions by the proportion of wheat sold to the CWB, some interesting results emerge. Of those wheat growers who sell up to half of their wheat to the CWB, 87% would prefer to see a change in how wheat is marketed. Of those who sell all of their wheat to the CWB, 54% would like to see change and more choice.

	Sell 50% or less wheat to the CWB (n=80)	Sell 51% to 99% to the CWB (n=68)	Sell 100% to the CWB (n=323)
% Who prefer to keep the way wheat is marketed today	11%	31%	45%
% Who prefer change to have the option to sell to anyone and into any market	87%	65%	54%

Base: Wheat growers

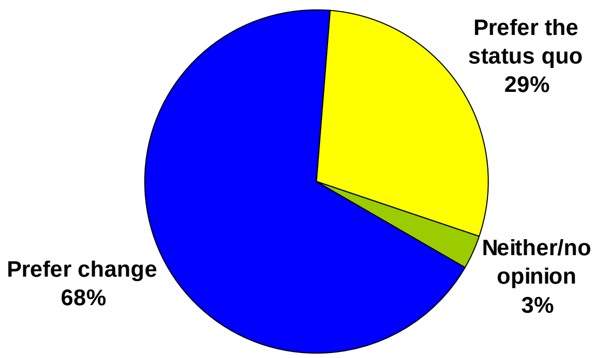
Barley Marketing Preferences

The majority of wheat and barley growers in Alberta also want choice when it comes to marketing their barley. Almost seven in ten favour changing the system to allow growers to sell their barley to anyone and into any market.

Preference for Marketing Barley

Now please think about your **barley** and how you would like to market your **barley** crop in the future. Which of the following two options is closer to your opinion? (READ AND ROTATE)

I would prefer to keep the way barley is marketed today, which means I can sell my malt barley to the Canadian Wheat Board **only**, and I can sell my feed barley either to the Canadian Wheat Board or on the domestic open market.
OR
I would prefer to change the way barley is marketed, so that I have the option to sell both my malt and feed barley to anyone, in any market including export markets, and including to the Canadian Wheat Board..



Base: All wheat/barley growers (n=600)

The margin of error associated with the above probability distribution of responses is +/- 3.7%, at the 95% confidence interval. Therefore, if a complete census of this population was undertaken, there is a 95% certainty that between 64.3% and 71.7% of producers with at least 160 acres of wheat/barley would support marketing choice for barley.

Those who prefer marketing choice for barley account for 71% of the wheat and barley acres, while those wanting to keep the status quo account for 26% of acres (of the wheat and barley produced by growers with at least 160 acres of the two crops).

Recall that the 2001 Census indicates that growers with at least 160 acres of wheat and barley represent 94% of the wheat and barley grown in Alberta. Therefore, those growers with at least 160 acres who want marketing choice for barley account for 67% of <u>all</u> the wheat and barley grown in the province.

Differences in Opinions

Opinions on barley marketing differ among producers…

- In different regions
  - ✓ Those in the South (74%) are more likely to want change than growers in Central Alberta (61%). In Northern Alberta, 69% want change.

- By CWB electoral district
  - ✓ Consistent with opinions on wheat marketing, over 7 in 10 growers from District 2 prefer change.

	District 1 (n=88)	District 2 (n=230)	District 3 (n=97)	District 4 (n=103)	District 5 (n=82)
Prefer change	69%	72%	62%	70%	61%

- With different amounts of wheat/barley acres
  - ✓ Producers with typically more than 640 acres of wheat and barley (76%) are more likely to want change than those with 320 to 639 acres of wheat and barley (61%). Two-thirds (68%) of those with less than 320 acres want to see the system changed for barley.

- By age
  - ✓ Older producers are less inclined towards changing the marketing system for barley than younger producers.

	< 45 (n=140)	45 – 54 (n=190)	55 – 64 (n=150)	65+ (n=108)
Prefer change	77%	73%	62%	59%

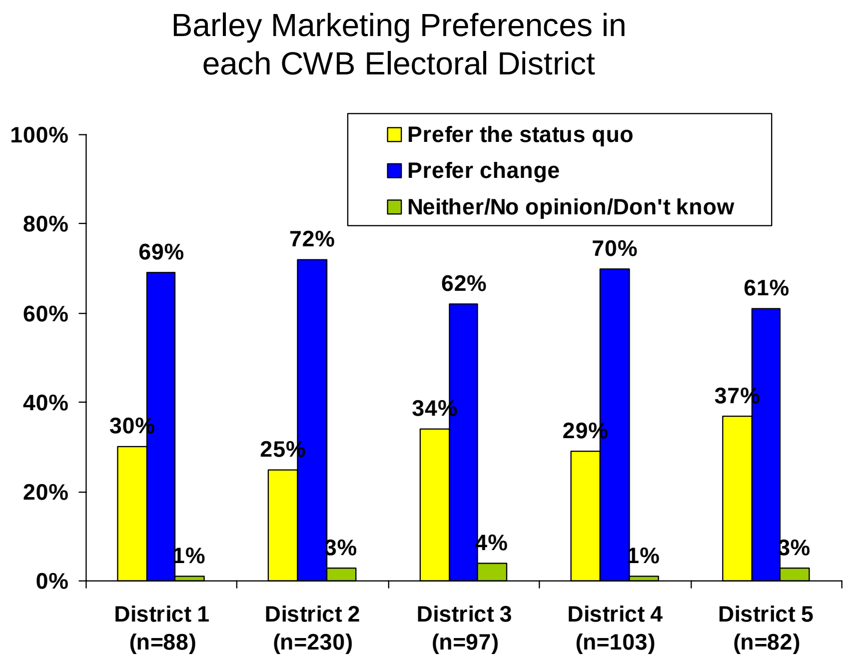
- By gross farm sales
  - ✓ Growers with higher farm sales are also more likely to want change than those with lower sales.

	< $50,000 (n=36)*	$50,000-$99,999 (n=108)	$100,000-$249,999 (n=225)	$250,000-$499,999 (n=132)	$500,000 + (n=75)
Prefer change	66%	62%	64%	73%	80%

* caution small sample size

Barley Marketing Preferences in each CWB Electoral District

When examining the survey results and population estimates for barley marketing preferences, we can conclude with 95% certainty that in all districts the majority of producers prefer a system of marketing choice for barley. The following chart illustrates the district-by-district survey results, and the table outlines the associated margins of error and population estimates.



Base: Wheat/barley growers in each CWB Electoral District

	Prefer the Status Quo	Prefer Change and Marketing Choice
District 1 (n=88) - survey results - margin of error - population estimate	29.9% +/- 9.6% 20.3% - 39.5%	68.9% +/- 9.7% 59.2% - 78.6%
District 2 (n=230) - survey results - margin of error - population estimate	24.7% +/- 5.5% 19.2% - 30.2%	72.2% +/- 5.7% 66.5% - 77.9%
District 3 (n=97) - survey results - margin of error - population estimate	33.9% +/- 9.4% 24.5% - 43.3%	62.1% +/- 9.6% 52.5% - 71.7%
District 4 (n=103) - survey results - margin of error - population estimate	28.5% +/- 8.6% 19.9% - 37.1%	70.4% +/- 8.7% 61.7% - 79.1%
District 5 (n=82) - survey results - margin of error - population estimate	36.7% +/- 10.4% 26.3% - 47.1%	60.5% +/- 10.1% 58.4% - 78.6%

Focus on barley growers

Of all the wheat and barley growers in the study, 18% typically don't grow barley. Examining only the opinions of barley growers, 70% support changing the way barley is marketed, while 28% prefer to keep the current system, and 2% have no opinion.

Producers who typically don't sell any of their barley to the CWB are the ones most interested in change and more options. Three-quarters of these growers want a revamped system for barley. However, even those who do sell their barley to the CWB tend to want more options.

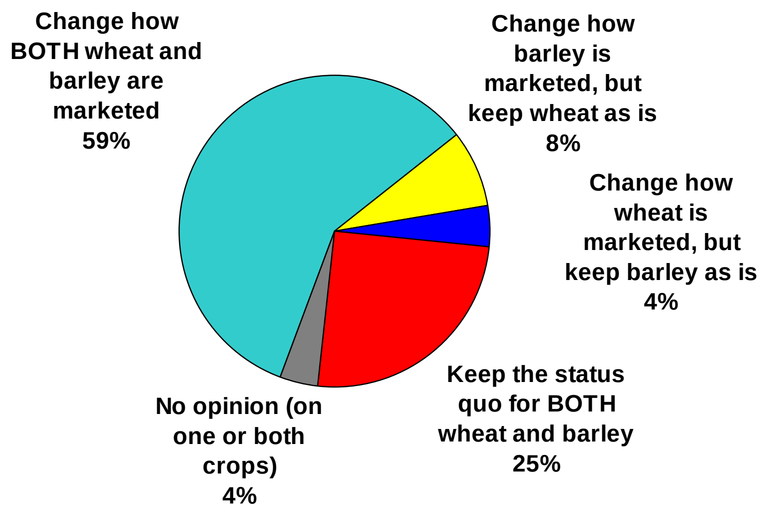
	Sell no barley to the CWB (n=353)	Sell 1% to 50% to the CWB (n=98)	Sell 51% to 99% to the CWB (n=23)*	Sell 100% to the CWB (n=31)*
% Who prefer to keep the way barley is marketed today	21%	47%	26%	54%
% Who prefer change to have the option to sell to anyone and into any market	76%	53%	74%	43%

Base: Barley growers
* caution: small sample size

Overall Marketing Preferences

Only one-quarter of Alberta wheat/barley growers would like to see the current marketing system retained for both wheat and barley. Almost three-quarters are looking for some reform that enables more marketing options. Most of these (59%) would like to see a system offering marketing choice for both wheat and barley.

Overall Preferences for Marketing Wheat and Barley



Base: All wheat/barley growers (n=600)

Understanding Producers' Views

Producers were asked to explain why they prefer to keep the status quo, or why they would prefer change the system. Examining the first reason growers mention gives us insight into what's top-of-mind, while examining all of their reasons provides a well-rounded perspective of overall thoughts. Please note that when coding producers' verbatim responses, three respondents were required to mention the same thing before creating a new response code. Therefore only 1 or 2 growers mentioned any responses that have been classed as "Other".

Why keep the status quo?

To a great degree, growers want to keep the current system for both wheat and barley because they feel it's working and they are getting the fairest and better/best prices. However, others value the current system because of other very distinct reasons, including the ease of marketing through the Wheat Board, the equity the system offers, and concerns that US or multinationals will control the market.

I'd like to understand why you would prefer to keep the current system for marketing wheat and barley. Can you please explain your reasons?

Reasons for wanting the status quo for both wheat and barley		
	First mention	Total mentions
Farmers are guaranteed a fair price/ highest price possible	20%	30%
CWB can negotiate for better prices/ use their marketing power	16%	25%
CWB is doing a good job/ system works well - unspecified	20%	24%
Easier/ more convenient for farmers to market through the CWB	12%	22%
All farmers are treated equally	11%	19%
Don't want American/ multinational companies to control the market	8%	13%
Grow feed barley	1%	2%
U.S. is opposed to the CWB	2%	2%
Other	10%	16%
Don't know/not stated	1%	1%

Base: respondents that prefer the status quo for wheat and barley (n=146)

Those who want the status quo for wheat (and either would like to change the system for barley or have no opinion on how barley should be marketed) tend to cite the same reasons as those who prefer to change the system for both wheat and barley.

I'd like to understand why you would prefer to keep the current system for marketing wheat. Can you please explain your reasons?

Reasons for wanting the status quo for wheat but not barley		
	First mention	Total mentions
Easier/ more convenient for farmers to market through the CWB	17%	25%
CWB can negotiate for better prices/ use their marketing power	19%	21%
Farmers are guaranteed a fair price/ highest price possible	10%	15%
CWB is doing a good job/ system works well - unspecified	14%	14%
All farmers are treated equally	10%	13%
Don't want American/ multinational companies to control the market	7%	9%
U.S. is opposed to the CWB	-	4%
Other	16%	20%
Don't know/not stated	8%	8%

Base: respondents that prefer the status quo for wheat but not barley (n=57)

There are few growers who want to keep the status quo for barley, but not wheat. And, they appear to divide into two distinct camps: producers who grow feed barley (and already have marketing choices), and others who feel the CWB is doing a good job.

I'd like to understand why you would prefer to keep the current system for marketing barley. Can you please explain your reasons?

Reasons for wanting the status quo for barley but not wheat - all mentions (small sample size)	
Grow feed barley	n=10
CWB is doing a good job/ system works well - unspecified	n=7
Easier/ more convenient for farmers to market through the CWB	n=4
CWB can negotiate for better prices/ use their marketing power	n=2
Farmers are guaranteed a fair price/ highest price possible	n=1
Other	n=9
Don't know/not stated	n=2

Base: respondents that prefer the status quo for barley but not wheat (n=27)

Why change the system?

By far, the predominant rationale for changing the system is to give farmers the freedom to choose how to market their grain. There is also an expectation of receiving better prices, along with other sentiments that express dissatisfaction with the CWB's performance.

I'd like to understand why you would prefer to have the option to sell your wheat and barley to anyone, into any market, including to the Wheat Board. Can you please explain your reasons?

Reasons for wanting marketing choice for both wheat and barley		
	First Mention	Total Mentions
Farmers should have the freedom to sell to anyone/ free enterprise system	42%	52%
Better prices	17%	24%
Don't like CWB having a monopoly	7%	10%
Disagree with how the CWB is run	6%	9%
Delays in receiving payment	4%	6%
I can do a better job than the CWB	4%	6%
Other commodities are sold successfully on the open market	3%	3%
Disagree with the contract system	2%	3%
CWB costs are too high	2%	2%
Local market	2%	2%
More access to niche markets	2%	2%
Too much control by the government	1%	2%
Make us equal to farmers in other parts of the country	1%	2%
Shipping costs are too high	1%	1%
Other	7%	15%
Don't know/not stated	1%	1%

Base: respondents that prefer a changed system for wheat and barley (n=358)

Growers who want marketing choice for barley (and either want the status quo for wheat or have no opinion on how wheat should be marketed) explain that barley is a local market (perhaps inferring the CWB is not needed). As well, some feel they would receive better prices or can do a better job than the Board. Also worth noting is that the concept of freedom of choice emerges among this group too, as it does among others.

I'd like to understand why you would prefer to have the option to sell your barley to anyone, into any market, including to the Wheat Board. Can you please explain your reasons?

Reasons for wanting marketing choice for barley but not wheat		
	First Mention	Total Mentions
Local market	37%	39%
Better prices	18%	18%
Farmers should have the freedom to sell to anyone/ free enterprise system	13%	14%
I can do a better job than the CWB	6%	6%
Shipping costs are too high	2%	4%
CWB costs are too high	2%	4%
Disagree with how the CWB is run	2%	2%
Other	18%	24%
Don't know/not stated	4%	4%

Base: respondents that prefer a changed system for barley but not wheat (n=54)

While the numbers of producers who prefer marketing choice for wheat but not barley are small, their reasons are not unlike those of others wanting some form of change. They want the freedom to market to whom they want, and have an expectation of better prices.

I'd like to understand why you would prefer to have the option to sell your wheat to anyone, into any market, including to the Wheat Board. Can you please explain your reasons?

Reasons for wanting marketing choice for wheat but not barley – all mentions (small sample size)	
Farmers should have the freedom to sell to anyone/ free enterprise system	n=11
Better prices	n=10
Don't like CWB having a monopoly	n=2
Local market	n=1
Delays in receiving payment	n=1
Make us equal to farmers in other parts of the country	n=1
CWB costs are too high	n=1
Shipping costs are too high	n=1
Other	n=5
Don't know/not stated	n=2

Base: respondents that prefer a changed system for wheat but not barley (n=29)

Marketing Choice: Benefits and Obstacles

Benefits Expected

Producers who prefer marketing choice have three key expectations of a changed system: better prices/ returns, freedom of choice, and access to more markets. There are also references to providing more competition, efficiency, and flexibility.

A system where you have the option to sell your wheat or barley to anyone, into any market and including to the Canadian Wheat Board has been referred to as a system of "marketing choice" by the Alberta government.
What benefits do you think a system of marketing choice would bring to you?

Benefits of marketing choice – all mentions (first mentions were not captured)	
Better prices/ returns	51%
Freedom of choice	37%
Access to more markets	22%
Provide more competition	9%
Faster shipment of grain	4%
Greater flexibility	4%
Other	9%
None/ no benefits	8%
Don't know/not stated	5%

Base: respondents that prefer a changed system for wheat and/or barley (n=441)

Obstacles

The list of obstacles to marketing choice that producers see initially appears quite exhaustive. However, it really boils down to the CWB itself (and aspects related to the Board) and the federal government. Also worth noting is that there is a small segment of growers who feel there are no obstacles to marketing choice (these amount to 11% of those who want marketing choice, which equates to 8% of all producers).

In your opinion, what are the biggest obstacles to marketing choice?

Obstacles to marketing choice – all mentions		
	First Mention	Total Mentions
The federal government	12%	16%
The Canadian Wheat Board - unspecified	12%	14%
The Canadian Wheat Board's management	10%	13%
The Canadian Wheat Board Elected/Farmer Directors	4%	6%
Finding markets/ lack of market choices	5%	6%
Transportation system	3%	5%
Access to information/ being informed	3%	3%
Pricing/ price fluctuations	3%	3%
Farm size/ smaller producers	2%	3%
More options/ choice	2%	2%
Lack of time to market grain	2%	2%
The Canadian Wheat Board election system	1%	2%
Farmers in Saskatchewan	1%	1%
Grain companies	1%	1%
Other Alberta farmers	1%	1%
The Alberta government	1%	1%
Farmers in other provinces (provinces unspecified)	1%	1%
The livestock industry	1%	1%
The Saskatchewan government	<1%	<1%
Other	13%	18%
None/No others	11%	11%
Don’t know/not stated	13%	13%

Base: respondents that prefer a changed system for wheat and/or barley (n=441)

The CWB's New Payment Options

Over the past few years, the CWB has introduced new programs that give farmers more control over how their crops are priced and when they receive payment. These include the Fixed Price Contract, the Basis Payment Contract, and the Early Payment Option.

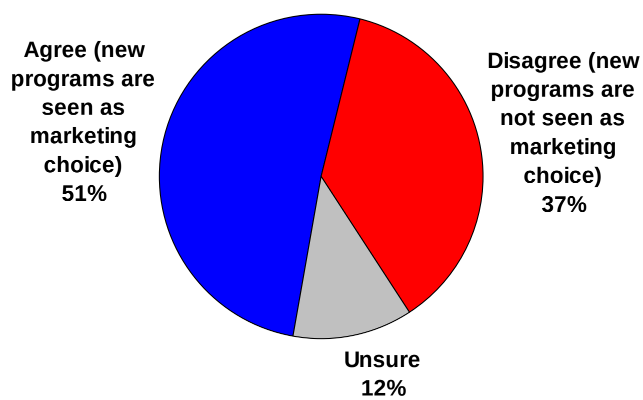
At this point in time, these new programs have only been used by 19% of producers. Usage has been slightly higher in the North (26%) and Central (22%) regions than in the South (12%). Of note though is the use of these programs is no different for producers who favour changing the system, than it is for those who prefer to retain the current system.

Is this marketing choice?

When asked if the CWB's new pricing and payment options are providing farmers with "marketing choice", one-half of growers agree.

CWB's New Pricing and Payment Options:
Is this perceived as marketing choice?

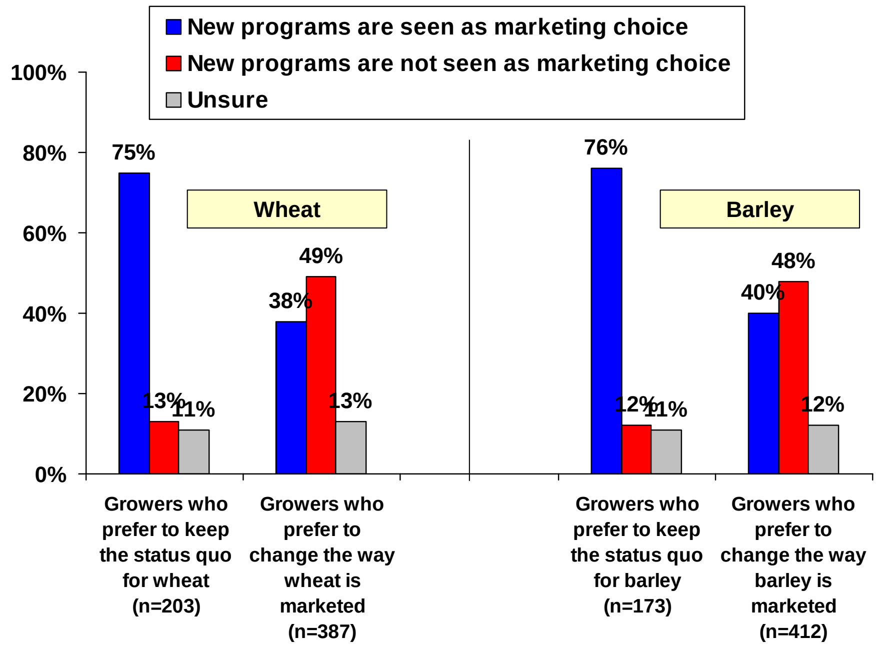
Over the past few years, the Canadian Wheat Board has been offering new pricing and payment options including the Fixed Price Contract, the Basis Payment Contract and the Early Payment Option. The Wheat Board says that these new options are providing farmers with marketing choice for their wheat and barley. Do you agree or disagree with this?



Base: All wheat/barley growers (n=600)

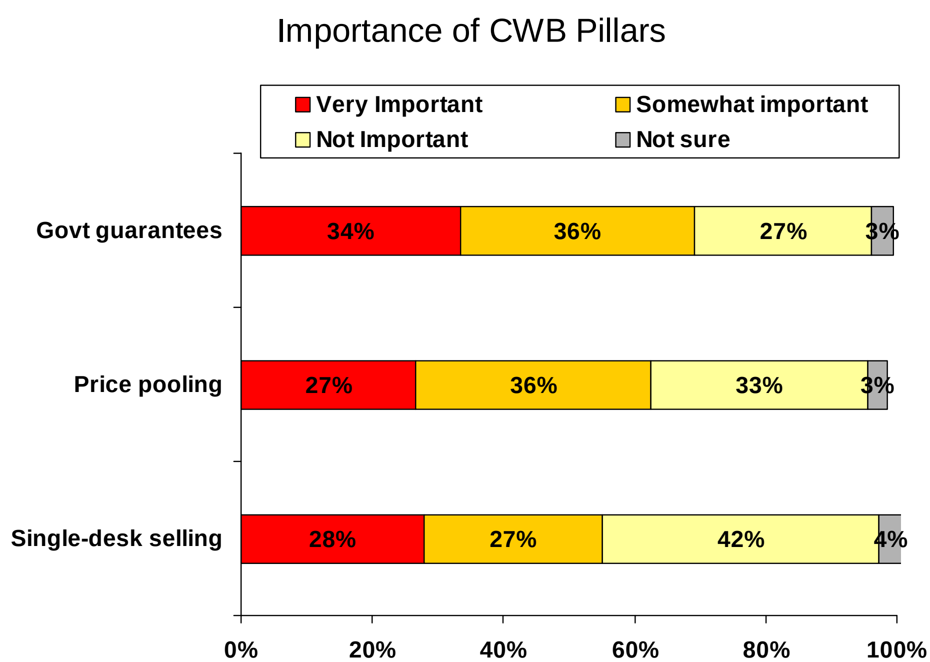
However, opinions on whether the CWB's programs are offering "marketing choice" differ greatly depending on whether producers are in favour of retaining the current system for marketing wheat and barley, or whether they want change. Three-quarters of those who prefer the status quo feel that the CWB's new pricing and payment option are providing marketing choice, yet less than 4 in 10 who want change see these programs as providing marketing choice.

CWB's New Pricing and Payment Options:
Who sees these as marketing choice?



Importance of the CWB Pillars

Of the CWB's three foundation pillars: single-desk selling, price pooling, and government guarantees, views are clearly mixed regarding their importance. In terms of a rank order, the government guarantees are seen as the most important, followed by price pooling. Just over half of producers consider single-desk selling to be either very or somewhat important.



Base: All wheat/barley growers (n=600)

Consistent with other opinions towards the CWB, views on the importance of the pillars vary considerably depending on whether producers favour change or the status quo. In general those who favour change don't find the pillars nearly as important as those who prefer the status quo. And this is most pronounced for single-desk selling.

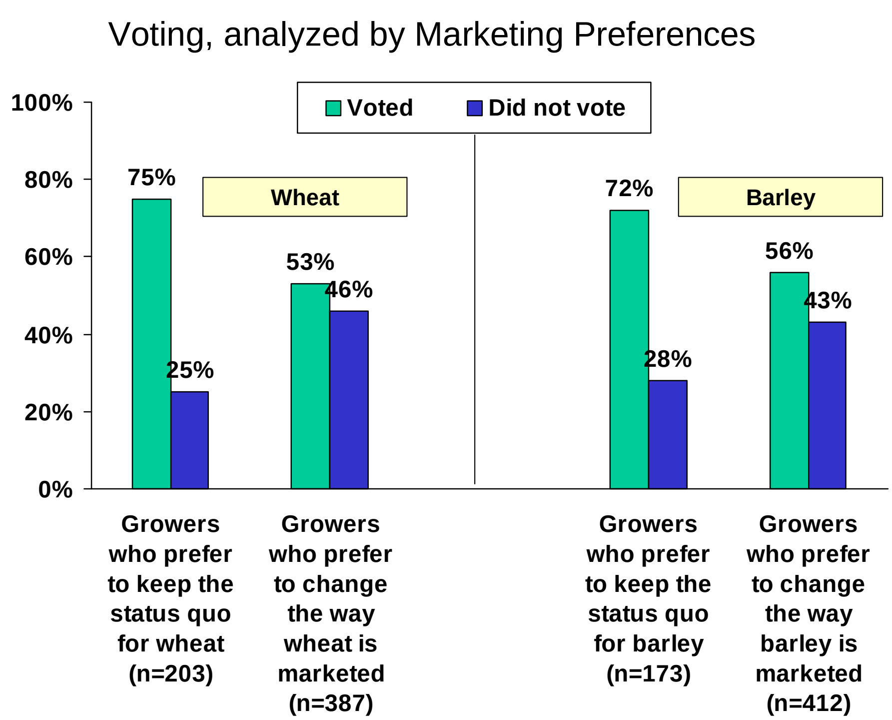
	WHEAT MARKETING		BARLEY MARKETING	
	Prefer Status Quo (n=203)	Prefer Change (n=387)	Prefer Status Quo (n=173)	Prefer Change (n=412)
Single-desk selling				
Very important	65%	8%	63%	12%
Somewhat important	24%	29%	23%	29%
Not important	9%	59%	12%	55%
Price-pooling				
Very important	59%	11%	60%	13%
Somewhat important	33%	38%	30%	38%
Not important	7%	46%	9%	45%
Govt guarantees				
Very important	56%	23%	56%	24%
Somewhat important	34%	37%	36%	36%
Not important	9%	36%	7%	37%

Voting in CWB Director Elections

Six in ten producers (61%) with at least a quarter section of wheat/barley voted in the last CWB Directors' election (i.e. in 2000 or 2002), 38% did not vote, and 1% were unsure.

Of interest is that growers who would prefer marketing choice over the status quo were not as likely to vote in the last elections as those who want to keep the way wheat and barley are marketed today.

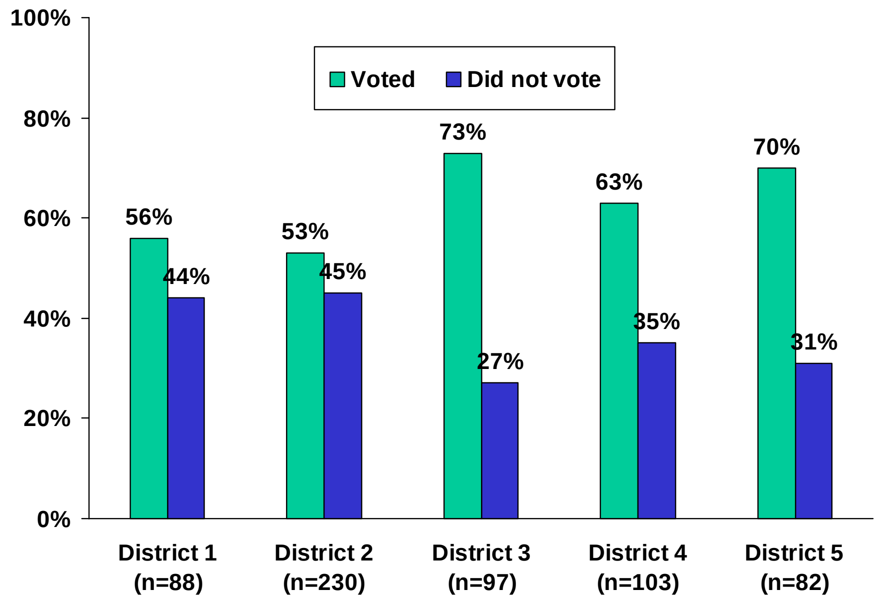
Three-quarters (75%) of those who want to keep the way the wheat is marketed today voted in the last election, while 53% of those who favour marketing choice voted. For barley, the differences are similar: 72% of those who prefer the status quo for barley voted in the last election, while 56% of those who want change voted.



District by District Voting Analysis

In 2002, elections were held in Districts 1, 3, 5, 7 and 9. Directors in all other districts were elected in 2000. Across the five CWB electoral districts in Alberta (1, 2, 3, 4, 5) producers in Districts 3 and 5 were slightly more apt to vote than producers in Districts 1 or 2.

Voting in each of the CWB Electoral Districts



Although sample sizes are small (and caution must be used interpreting these results), it appears that across every district, growers with a propensity to keep the current system were more likely to vote than those who favour marketing choice.

Why Producers Did Not Vote

Four over-riding themes emerge when we examine why producers did not vote in the last CWB Directors' election:

- ✓ A feeling of apathy (not interested/felt it wasn't important, my vote wouldn't matter) held by 24% of growers
- ✓ Timing – an issue for 22% of growers
- ✓ Disengagement from the process (don't sell to the CWB, not eligible to vote, no longer a grain farmer) – exhibited by 14% of growers
- ✓ A lack of knowledge of the candidates, mentioned by 15% of producers

Reasons for not voting	
Too busy/ Missed deadline/ Poor timing	22%
Not interested/ Felt it was not important	18%
Lack of knowledge/ I don't know enough about the candidates	15%
Opposed to the Canadian Wheat Board (general)	9%
Don't sell to the Canadian Wheat Board	8%
My vote would not change anything/ CWB is not accountable regardless	7%
I was not eligible to vote	4%
Wasn't notified about the vote	4%
No candidate represented my interests	3%
No longer a grain farmer/ switched to livestock	3%
Other	5%
No reason	2%
Don't know/not stated	4%

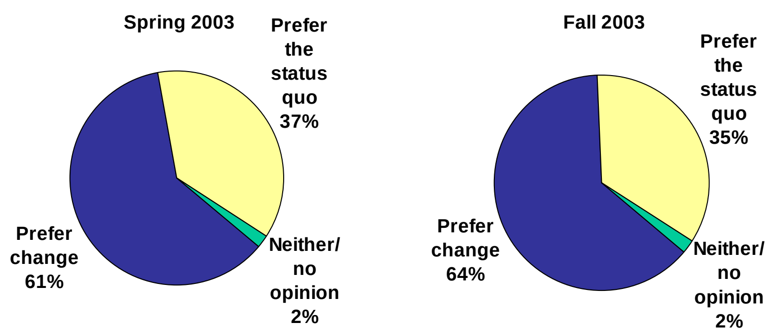
Base: respondents that did not vote (n=234)

When reviewing the results above, it helps to bear in mind that those who did not vote were more apt to be producers who favour a change to the way wheat and barley are marketed.

5. CHANGES IN OPINIONS SINCE SPRING

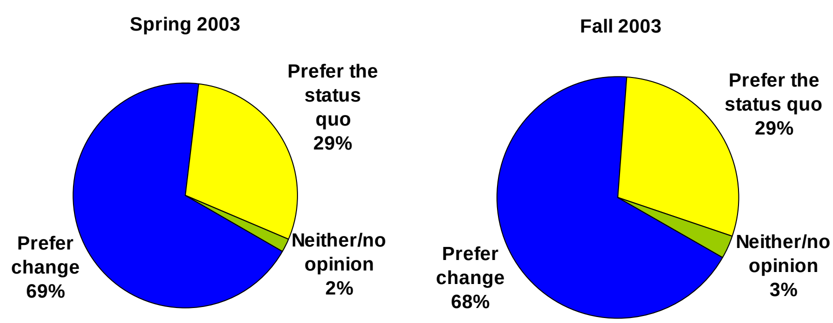
The following charts provide a comparison of the current study results with the initial Marketing Choice Study conducted in the spring of 2003 (interviewing occurred April 1 through 10). While there is a slight difference in the preferences towards marketing wheat, these differences are not statistically significant. Preferences for marketing barley show no difference since spring. Therefore, we conclude that growers' opinions on how their wheat and barley should be marketed have not changed since the spring of 2003.

Preference for Marketing Wheat



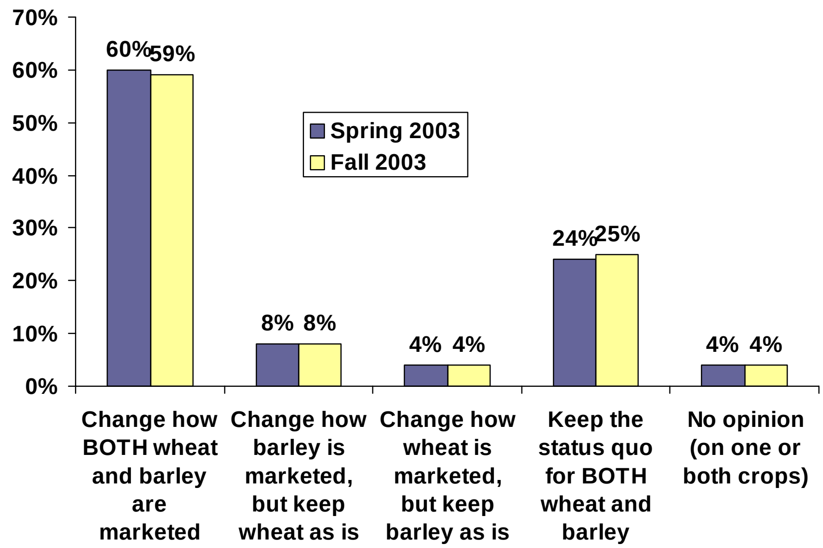
Base: All wheat/barley growers (n=600)

Preference for Marketing Barley



Base: All wheat/barley growers (n=600)

Overall Preferences for Marketing Wheat and Barley



Base: All wheat/barley growers (n=600)

6. RESPONDENT PROFILE

The following lays out the key characteristics of producers participating in the study.

Total Cultivated Acres

On average, growers had 1606 total cultivated acres in 2003.

	% of growers
319 acres or less	7%
320 to 639 acres	21%
640 to 1279 acres	36%
1280 or more	36%
Not stated	<1%

Typical Wheat and Barley Acres

In a typical year on average, growers in Alberta seed 868 acres of wheat and barley combined.

	% of growers
160 to 319	32%
320 to 639 acres	33%
640 acres or more	35%

[Growers that typically grow less than 160 acres of wheat and barley combined were disqualified from the study.]

2003 Wheat and Barley Acres

As expected, producers grew less wheat and barley in 2002 than in a typical year. Acreage of the two crops combined was 857.

	% of growers
Less than 160	8%
160 to 319	27%
320 to 639 acres	30%
640 acres or more	35%

Future Wheat/Barley Grower

The majority (86%) still plans to grow wheat and barley when they look into the future five years ahead.

Operation Type

Just over half of wheat and barley producers in Alberta have a mixed (grain and livestock) operation, with another four in ten who are primarily grain.

	% of growers
Primarily grain	34%
Primarily livestock	10%
A mixed operation	57%

Age

The average age of growers in the study was 54 years old.

	% of growers
Less than 35	4%
35 – 44	20%
45 –54	32%
55 – 64	25%
65 or older	18%
Not stated	2%

Education

Roughly half have education beyond high school. Of those with university or other technical/post-secondary education, 16% have a degree in agriculture and 30% have a diploma in agriculture.

	% of growers
Grade school or some high school	21%
Complete high school	31%
Some university	8%
Technical / post-secondary	27%
Complete university	9%
Post-graduate degree	2%
Not stated	2%

Gross Farm Sales

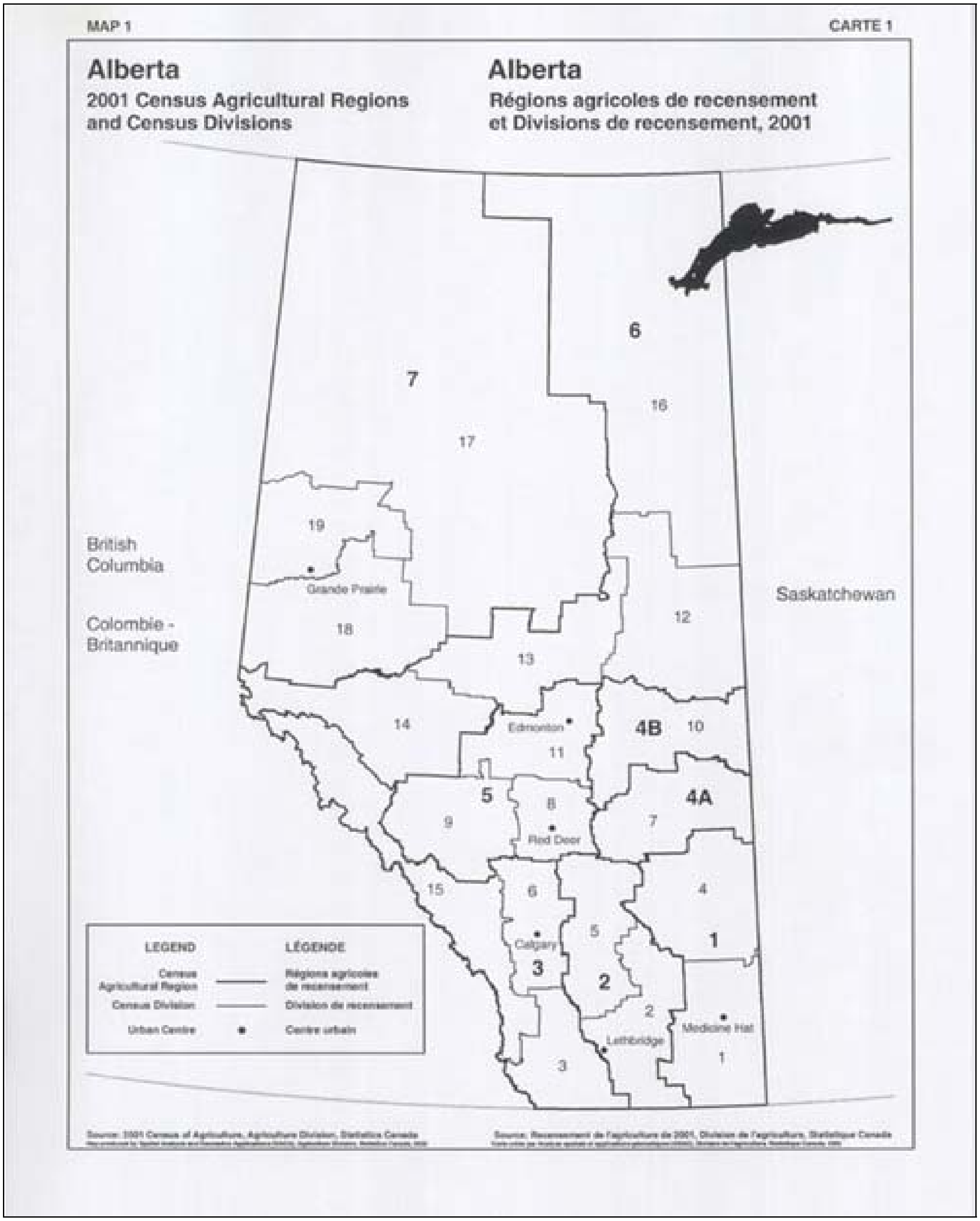
In line with expectations for "commercial-scale" producers, almost all growers in the sample have in excess of $50,000 in total sales from their farm, and almost three-quarters have sales over $100,000.

	% of growers
Less than $50,000	6%
$50,000 to $99,999	18%
$100,000 to $249,999	37%
$250,000 to $499,999	22%
$500,000 and over	12%
Not stated	4%

APPENDIX 1 -- MAPS

Wheat Board District Map for Alberta

Map of Alberta's Census Agricultural Regions and Census Divisions



APPENDIX 2 – QUESTIONNAIRE

FINAL QUESTIONNAIRE

INTRODUCTION:
Hello, my name is [**First and Last**] and I'm calling to invite you to participate in a research study about how you would like to see your wheat and barley marketed and the role of the Canadian Wheat Board. I'm with Ipsos-Reid, and we specialize in agricultural research. Tonight, we are calling a small number of farmers from across Alberta on behalf of the Alberta government, and would very much like to include your input.

The interview will take about 10 minutes to complete and your identity will be kept <u>strictly</u> confidential.

SCREENING QUESTIONS:
SCR1) May I please speak to the person that makes most of the overall business decisions regarding your farm operation? (INTERVIEWER NOTE: An operation may have more than one decision-maker but only one questionnaire is to be completed for each operation.)

Yes
No
Joint

IF YES OR JOINT, SKIP TO SCR3; OTHERWISE, CONTINUE

SCR2) May I speak with that person?

Yes
No, not available now
No

[IF YES: When respondent answers, repeat Introduction and then begin interview with Q.SCR3]
[IF NO, NOT AVAILABLE NOW: Arrange a callback]
[IF NO: Thank and terminate: "We apologize for the disturbance, thank you for your time."]

SCR3) In a typical year how many acres of wheat do you seed?

SCR4) And in a typical year how many acres of barley do you seed?

[IF WHEAT AND BARLEY ADD UP TO 160 ACRES OR GREATER THEN CONTINUE, OTHERWISE THANK AND TERMINATE]

[IF WHEAT AND BARLEY ACRES > 0 AND TERMINATED: Thank you, but we have filled our required number of growers who typically grow that amount of wheat or barley. I hope that we will be able to complete a survey with you on a different topic in the near future. Thanks again.]

[IF WHEAT AND BARLEY ACRES = 0 AND TERMINATED: Thank you, but we are looking to speak with farmers who typically grow wheat or barley. I hope that we will be able to complete a survey with you on a different topic in the near future. Thanks again.]

INTRODUCTORY QUESTIONS:

[IF RESPONSE IN SCR3 GREATER THAN ZERO, ASK Q1]

1. In a typical year, about what percent of all your **wheat** would you sell to the Canadian Wheat Board?

[IF RESPONSE IN SCR4 GREATER THAN ZERO, ASK Q2]

2. In a typical year, about what percent of all your **barley** would you sell to the Canadian Wheat Board?

MAIN QUESTIONS:

[IF RESPONSE TO SCR3 = 0, INSERT FOLLOWING TEXT BEFORE Q3 "I realize that you typically do not grow wheat but I would still like your opinion on how wheat is marketed."]

3. Now please think about your **wheat** and how you would like to market your **wheat** crop in the future. Which of the following two options is closer to your opinion? (READ AND ROTATE)

    I would prefer to keep the way wheat is marketed today, which means I can sell my milling quality wheat to the Canadian Wheat Board **only**, and I can sell my feed wheat either to the Canadian Wheat Board or on the domestic open market.

    OR

    I would prefer to change the way wheat is marketed, so that I have the option to sell both my milling and feed wheat to anyone, in any market including export markets and including to the Canadian Wheat Board.

    (DO NOT READ) Neither/no opinion

[IF RESPONSE TO SCR4 = 0, INSERT FOLLOWING TEXT BEFORE Q4 "I realize that you typically do not grow barley but I would still like your opinion on how barley is marketed."]

4. Now please think about your **barley** and how you would like to market your **barley** crop in the future. Which of the following two options is closer to your opinion? (READ AND ROTATE)

    I would prefer to keep the way barley is marketed today, which means I can sell my malt barley to the Canadian Wheat Board **only**, and I can sell my feed barley either to the Canadian Wheat Board or on the domestic open market.

    OR

    I would prefer to change the way barley is marketed, so that I have the option to sell both my malt and feed barley to anyone, in any market including export markets, and including to the Canadian Wheat Board.

    (DO NOT READ) Neither/no opinion

IF RESPONDENT RESPONDS "NEITHER/NO OPINION" TO BOTH Q3 OR Q4, SKIP TO Q7

IF RESPONDENT PREFERS THE STATUS QUO FOR <u>EITHER</u> WHEAT OR BARLEY, ASK NEXT QUESTION. IF RESPONDENT PREFERS THE STATUS QUO FOR BOTH Q3 AND Q4 INSERT "wheat <u>and</u> barley". IF RESPONDENT PREFERS STATUS QUO FOR Q3 BUT NOT Q4 INSERT "wheat". IF RESPONDENT PREFERS STATUS QUO FOR Q4 BUT NOT Q3 INSERT "barley".

5. I'd like to understand why you would prefer to keep the current system for marketing [INSERT CROP]. Can you please explain your reasons? (OPEN ENDED. PROBE ONCE: Any other reasons? CAPTURE FIRST MENTION SPECIFICALLY, AND CAPTURE ALL OTHER MENTIONS.)

IF RESPONDENT PREFERS CHANGE FOR EITHER WHEAT OR BARLEY, ASK NEXT QUESTION. IF RESPONDENT PREFERS THE CHANGE FOR BOTH Q3 AND Q4 INSERT "wheat and barley". IF RESPONDENT PREFERS CHANGE FOR Q3 BUT NOT Q4 INSERT "wheat". IF RESPONDENT PREFERS CHANGE FOR Q4 BUT NOT Q3 INSERT "barley".

6. I'd like to understand why you would prefer to have the option to sell your [INSERT CROP] to anyone, into any market, including to the Wheat Board. Can you please explain your reasons? (OPEN ENDED. PROBE ONCE: Any other reasons? CAPTURE FIRST MENTION SPECIFICALLY, AND CAPTURE ALL OTHER MENTIONS.)

7. In the last Canadian Wheat Board directors' election that you were eligible to vote in, which was either in 2000 or in 2002, did you cast a vote? (INTERVIEWER NOTE: RESPONDENTS WOULD HAVE CAST A VOTE THROUGH A MAIL IN BALLOT)
   Yes
   No
   (Don't know/not sure)

[IF NO IN Q7 ASK NEXT QUESTION, OTHERWISE SKIP TO Q9]

8. What is the main reason why you did not vote in the last election? (OPEN ENDED)

IF RESPONDENT PREFERS CHANGE FOR WHEAT (Q3), OR FOR BARLEY (Q4) OR FOR BOTH, ASK Q9 AND Q10, OTHERWISE SKIP TO Q11

9. A system where you have the option to sell your wheat or barley to anyone, into any market and including to the Canadian Wheat Board has been referred to as a system of "marketing choice" by the Alberta government. What benefits do you think a system of marketing choice would bring to you? (OPEN-ENDED. PROBE ONCE: Any others? RECORD ALL MENTIONS.)

10. In your opinion, what are the biggest obstacles to marketing choice? DO NOT READ LIST. PROBE: Any others? RECORD FIRST SECOND AND THIRD MENTIONS SEPARATELY) (INTERVIEWER NOTE: IF RESPONDENT SAYS CANADIAN WHEAT BOARD PROBE AND CLARIFY "Could you please tell me what specifically about the wheat board you see as an obstacle", IF RESPONDENT SAYS GOVERNMENT PROBE AND CLARIFY "could you please tell me what level of government are you referring to", IF PROVINCIAL GOVERNMENT MENTIONED PROBE AND CLARIFY "Could you please tell me specifically which provincial government you are referring to")

    The Canadian Wheat Board Elected/Farmer Directors
    The Canadian Wheat Board's management
    The Canadian Wheat Board election system
    The Alberta government
    The Saskatchewan government
    The federal government
    Other Alberta farmers
    Farmers in Saskatchewan
    Farmers in other provinces (provinces unspecified)
    The livestock industry
    Grain companies
    Other – SPECIFY
    (Don't know/not sure)

ASK ALL

11. Over the past few years, the Canadian Wheat Board has been offering new pricing and payment options including the Fixed Price Contract, the Basis Payment Contract and the Early Payment Option. The Wheat Board says that these new options are providing farmers with marketing choice for their wheat and barley. Do you agree or disagree with this?

    Yes - Agree
    No – Disagree
    (Don't know/not sure)

12. Have you ever used any of the following new payment options: the Fixed Price Contract, the Basis Payment Contract or the Early Payment Option?
    Yes
    No
    (Don't know/not sure)

13. The CWB claims to operate with three pillars as its foundation: single-desk selling, price pooling, and government guarantees. How important is retaining (READ PILLAR. RANDOMIZE) to you? Would you say that this is very important, somewhat important, or not important to you? And how important is retaining (READ NEXT PILLAR. RANDOMIZE) to you?

    <u>Pillars</u>
    Single-desk selling
    Price pooling
    The government guarantees

DEMOGRAPHICS:

Finally, I have just a few more questions that will be used to group your answers with those of other producers.

14. Which county or municipality is your farm located in? (INTERVIEWER NOTE: IF RESPONDENT SAYS IT IS IN TWO OR MORE PROMPT WITH "Which municipality would the majority of your farm be located?) (OPEN ENDED, RECORD ONLY ONE RESPONSE)

15. How many acres of wheat did you seed in 2003?

16. How many acres of barley did you seed in 2003?

17. Thinking about the future of your farm operation. If you were to look into the future 5 years from now, do you expect that growing wheat and/or barley will be part of your farm operation?
    Yes
    No

18. Which one of the following would best describe your farm? (READ LIST)
    Primarily grain
    Primarily livestock
    A mixed operation

19. Do you currently hold a permit book?
    Yes
    No

20. In what year were you born?

21. And, what is the highest level of formal education you have completed? Please stop me when I reach the category that applies to you. (READ LIST AND RECORD ONE RESPONSE ONLY)

    Grade school or some high school
    Complete high school
    Some University
    Technical/post-secondary
    Complete University
    Post-graduate degree

[ASK NEXT QUESTION IF “Some University” OR HIGHER; OTHERWISE SKIP TO Q22]

22. Have you completed an agriculture degree or diploma program? (ACCEPT ALL RESPONSES)
    Agriculture Degree
    Agriculture Diploma
    No

23. How many cultivated acres in total did you have this year?

24. Finally, which of the following categories best describes your total farm sales in a typical year? Please stop me when I reach the category that applies to you. (READ LIST; RECORD ONE RESPONSE ONLY)
    Less than $50,000
    $50,000 – to less than $100,000
    $100,000 - to less than $250,000
    $250,000 - to less than $500,000
    $500,000 and over

That is all the questions that I have for you this evening. On behalf of Ipsos-Reid and myself I would like to thank you very much for your time. Have a good night.