



Report Highlights ▶▶ Spring 2006 Annual Producer Survey



Prepared for:

The Canadian Wheat Board

Prepared by:

Innovative Research Group

May 24, 2006

Robust Methodology

- ▶ 1,303 Canadian Wheat Board permit book holders were asked to complete a 30 minute telephone interview.
- ▶ The survey was conducted through eNRG's Winnipeg telephone centre between March 15 and April 2, 2006.
- ▶ Interviews were completed with:

Province	Sample Size	Margin of error
Alberta	401	+/- 4.9%, 19 times out of 20
Saskatchewan	601	+/- 4.0%, 19 times out of 20
Manitoba	301	+/- 5.7%, 19 times out of 20
All respondents	1303	+/- 2.7%, 19 times out of 20

- ▶ Results weighted to represent permit book holders by province: 26% Alberta, 60% Saskatchewan, 15% Manitoba.
- ▶ *Note:* Graphs may not always total 100% due to rounding values rather than any error in data.



Five key things you should know

1. Farmers see bad times getting worse.
2. The CWB is gaining support, particularly strong support.
3. Producers remain divided on market options.
4. There is broad support for an activist Canadian Wheat Board.
5. Farmers want the final say on major shifts.



Farmers see a bad situation getting worse



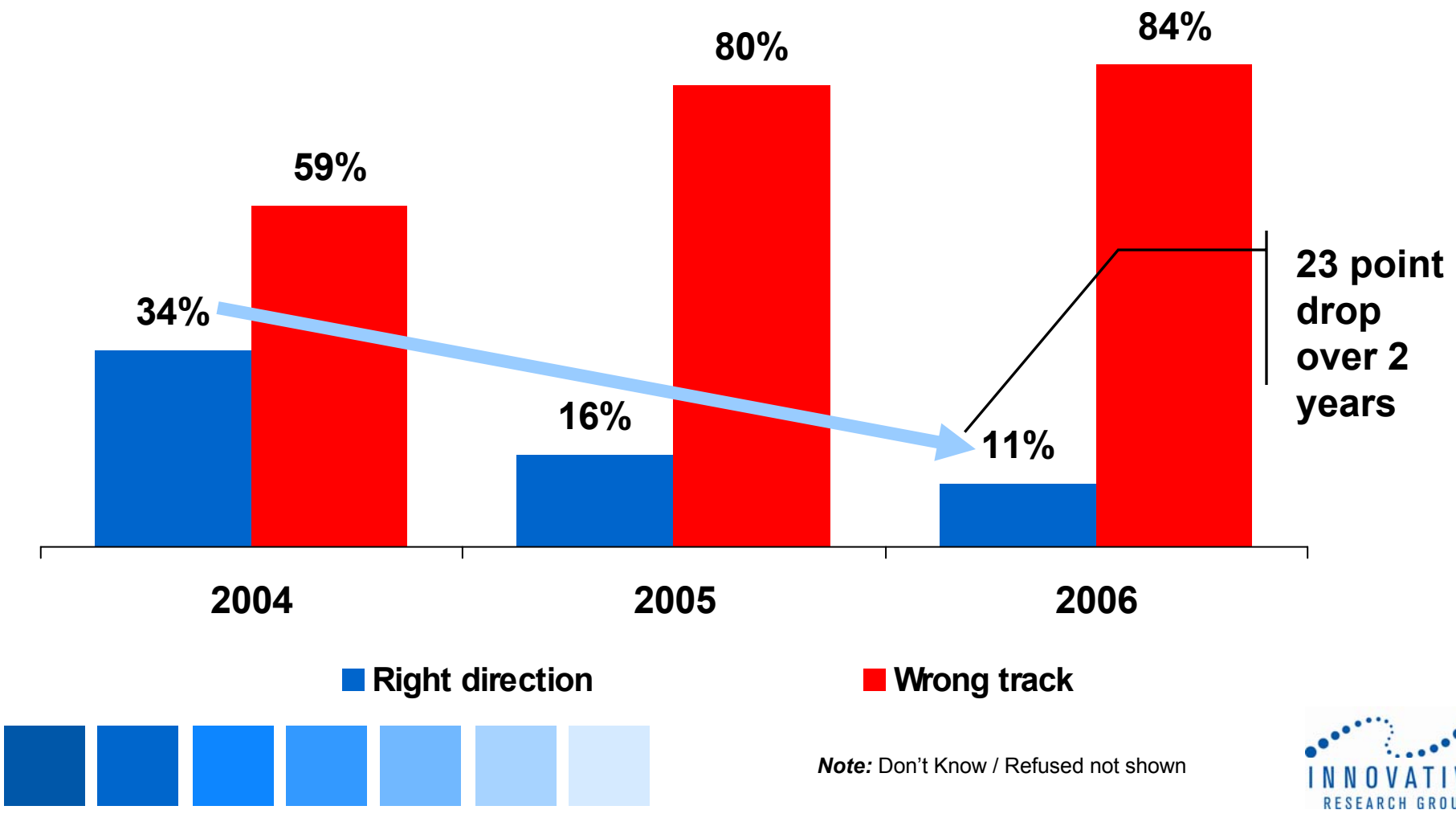
Farming in a difficult time

- Farmers are even more pessimistic than last year's low
 - One in ten say agriculture headed in right direction
 - 80% say outlook more pessimistic than last year
 - 70% expect to lose money
 - More than half the producers surveyed expect to be out of business within a few years
 - Segmentation analysis shows just 12% of farmers with overall positive outlook, almost two thirds with an overwhelmingly negative perspective, and just over one in five doing well this year but not so in the longer term.
- Rising farm input costs and low prices are driving pessimism



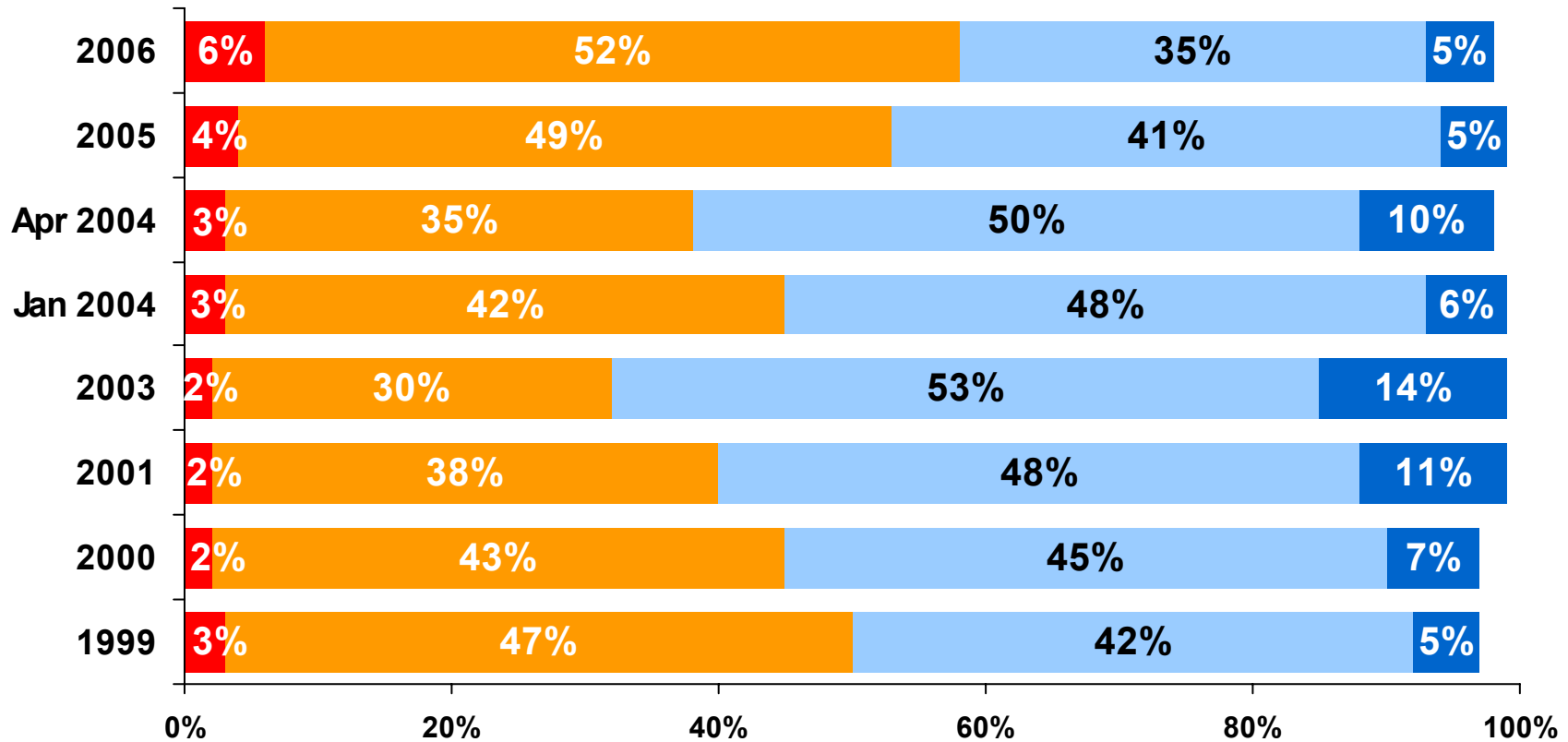
Increasing number believe industry headed in wrong direction 6

Q Do you feel things in agriculture in ___ are generally going in the right direction or do you feel things are off on the wrong track?



More farmers concerned about being forced out of farming

Q Among the following options, which best describes your situation?



- Will not make it past this year
- Will make it past this year, but if same, out in next couple of years
- In no real danger
- Am doing just fine

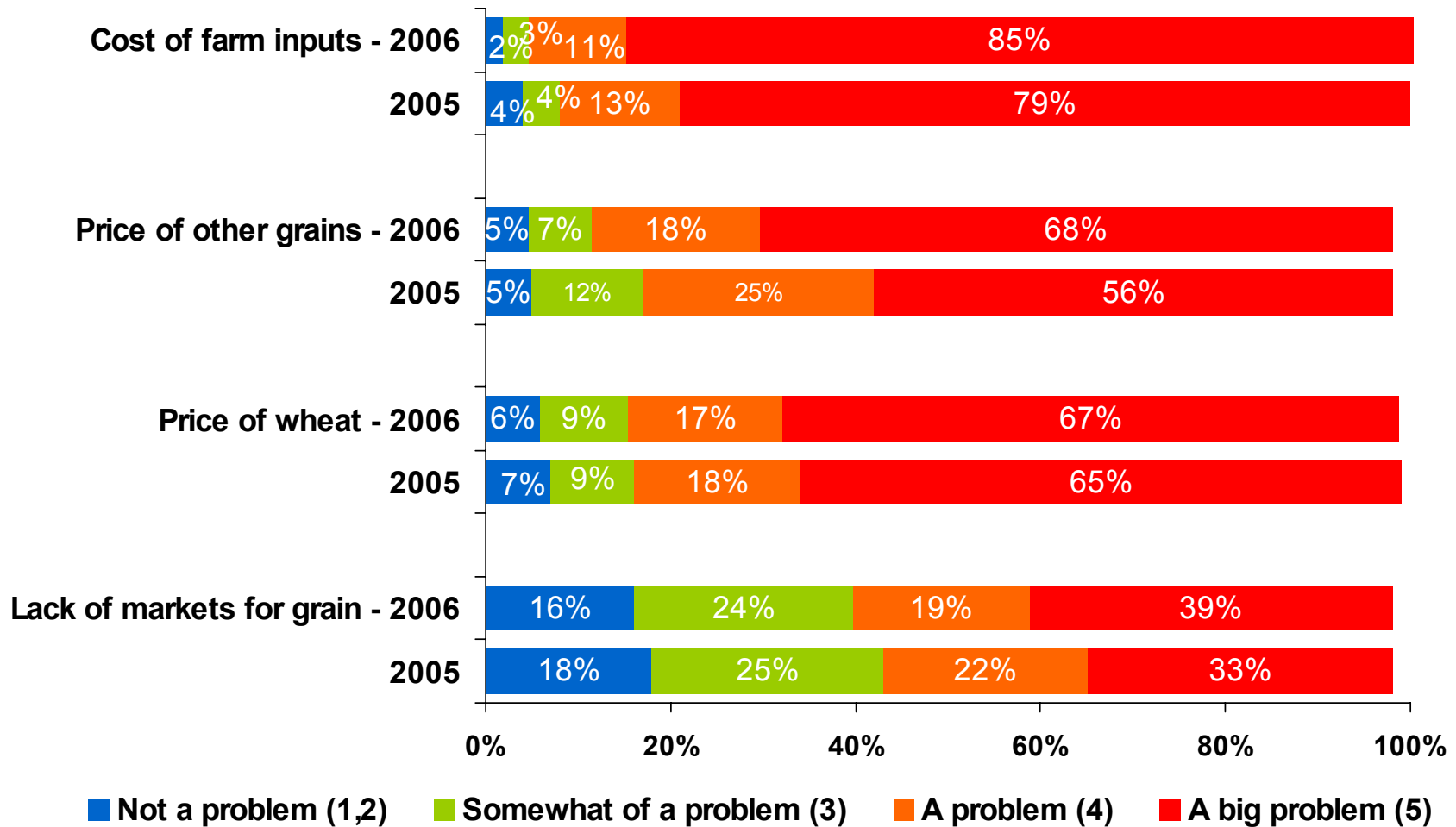
Note: Don't Know / Refused not shown



Cost of inputs remain biggest problem for farmers

Q

On a scale of one to five, where one means not a problem at all and five means a big problem, how much of a problem will each of the following be for your farm in the coming year?



Note: Don't Know / Refused not shown

CWB is gaining support, particularly strong support



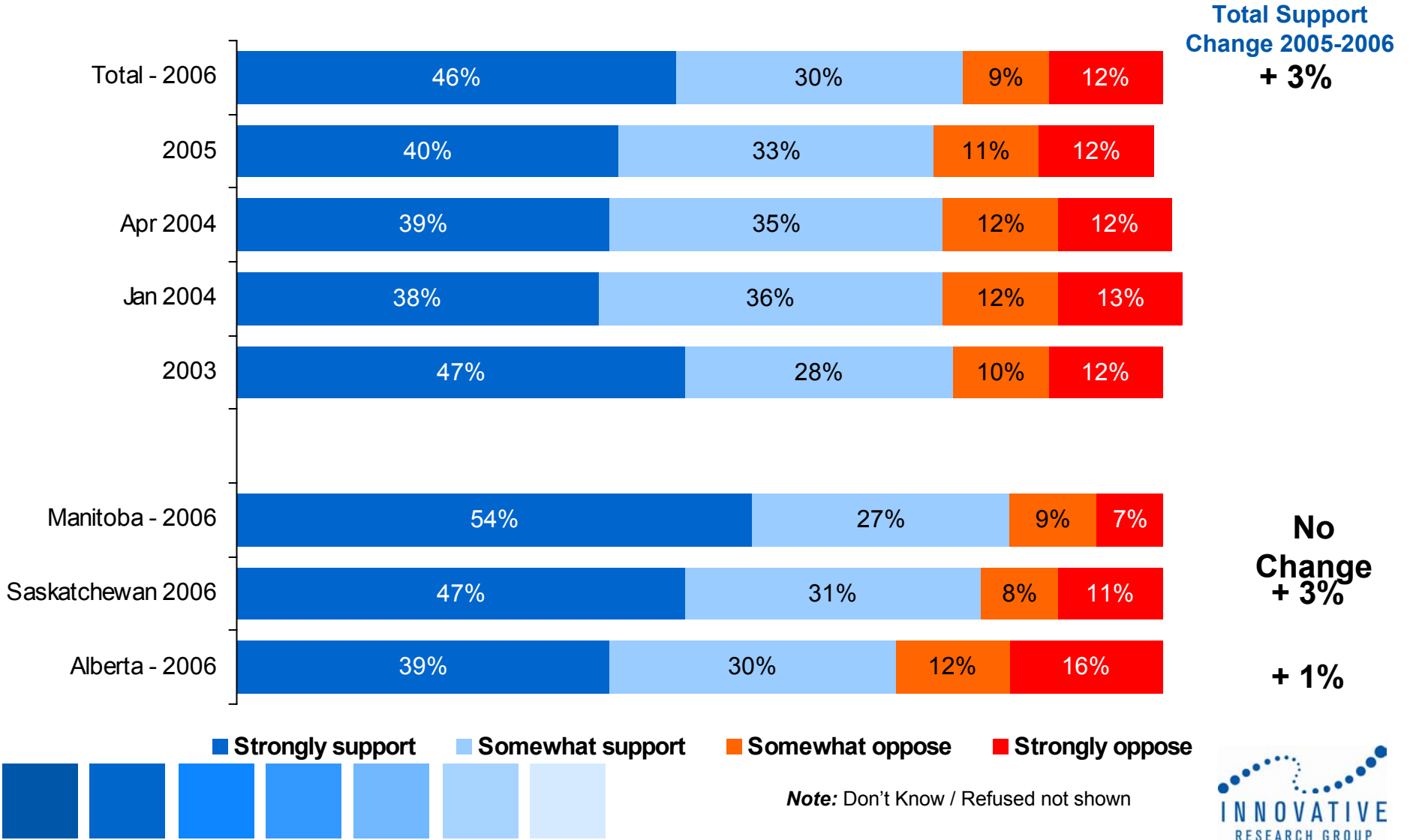
Intensity of CWB support grows stronger

- Three quarters of farmers say they support the CWB (including 7 in 10 in Alberta)
 - Primary single reason for opposition is that it takes control away from farmers, but concerns about the CWB's effectiveness (past problems, lack of competition, poor prices) dominate.
- Seven in ten say the CWB is close to their own views, gaining three points from last year and growing in intensity.
- More than seven in ten say the CWB gives them a sense of security.
- Farmers' assessments of the CWB's performance has increased on all commodities.



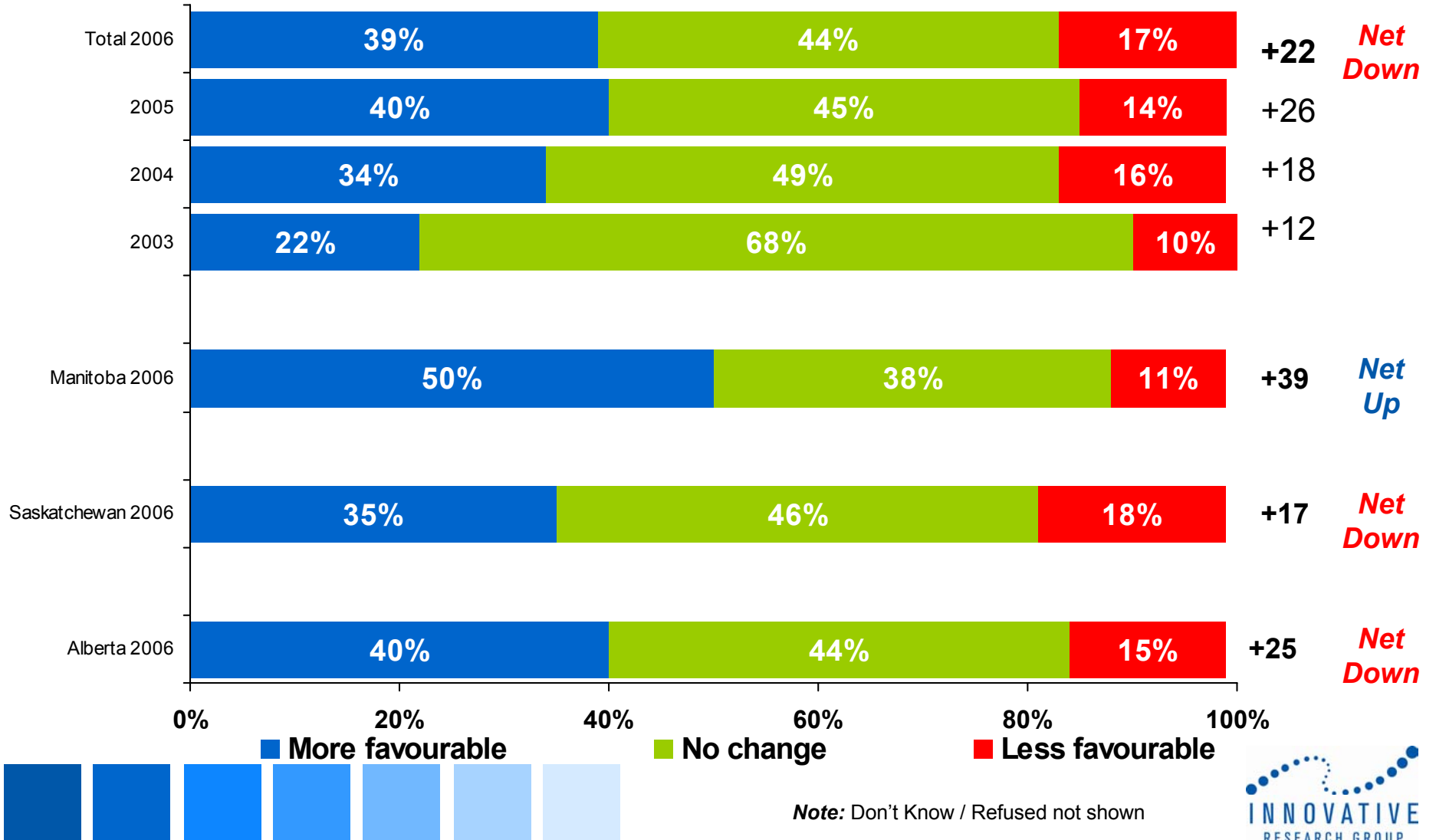
Support for CWB remains solid

Q All things considered, do you support or oppose the Canadian Wheat Board?



Net impression slightly down, but the CWB maintains strong overall positive momentum ¹²

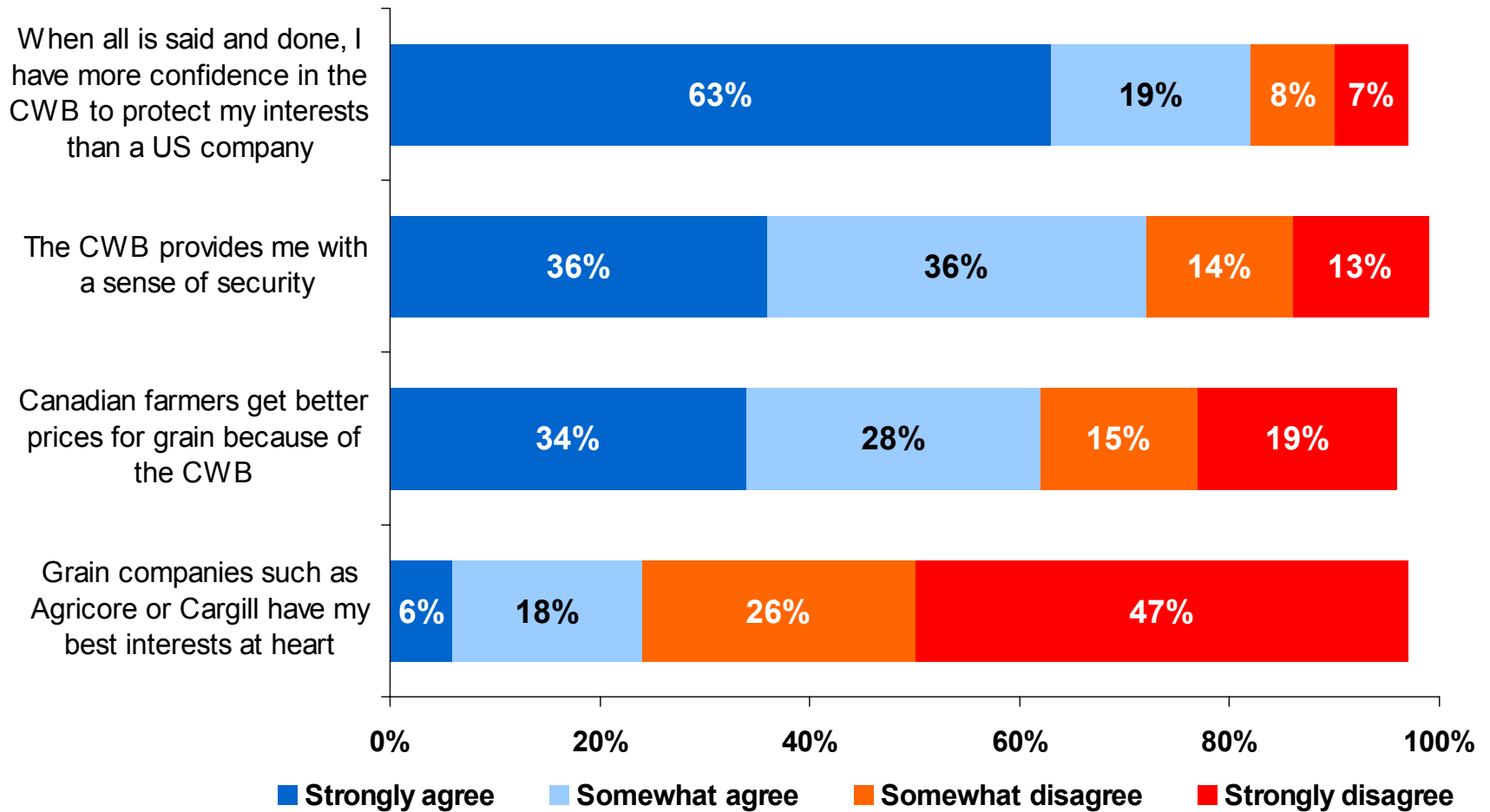
Q Which of the following best describes your impression of the Canadian Wheat Board compared to two years ago?



Majority of farmers hold positive views of the CWB and negative views of private grain marketers



Now I am going to read you some statements that various people have made about aspects of the grain marketing system. Please tell me whether you agree or disagree with each statement.

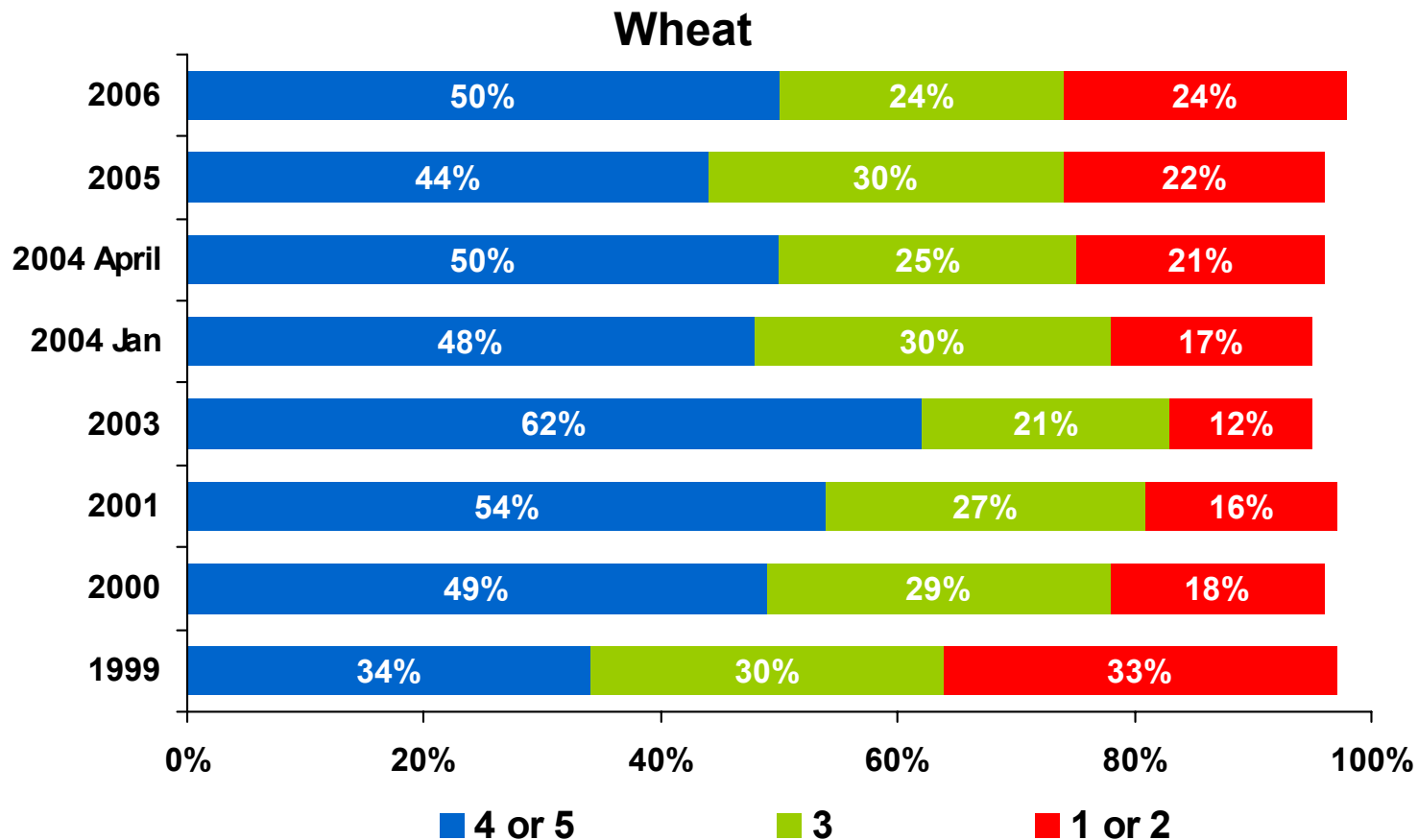


Note: Don't Know / Refused not shown

The CWB performance on wheat marketing increases ¹⁴ six points despite general dissatisfaction with prices



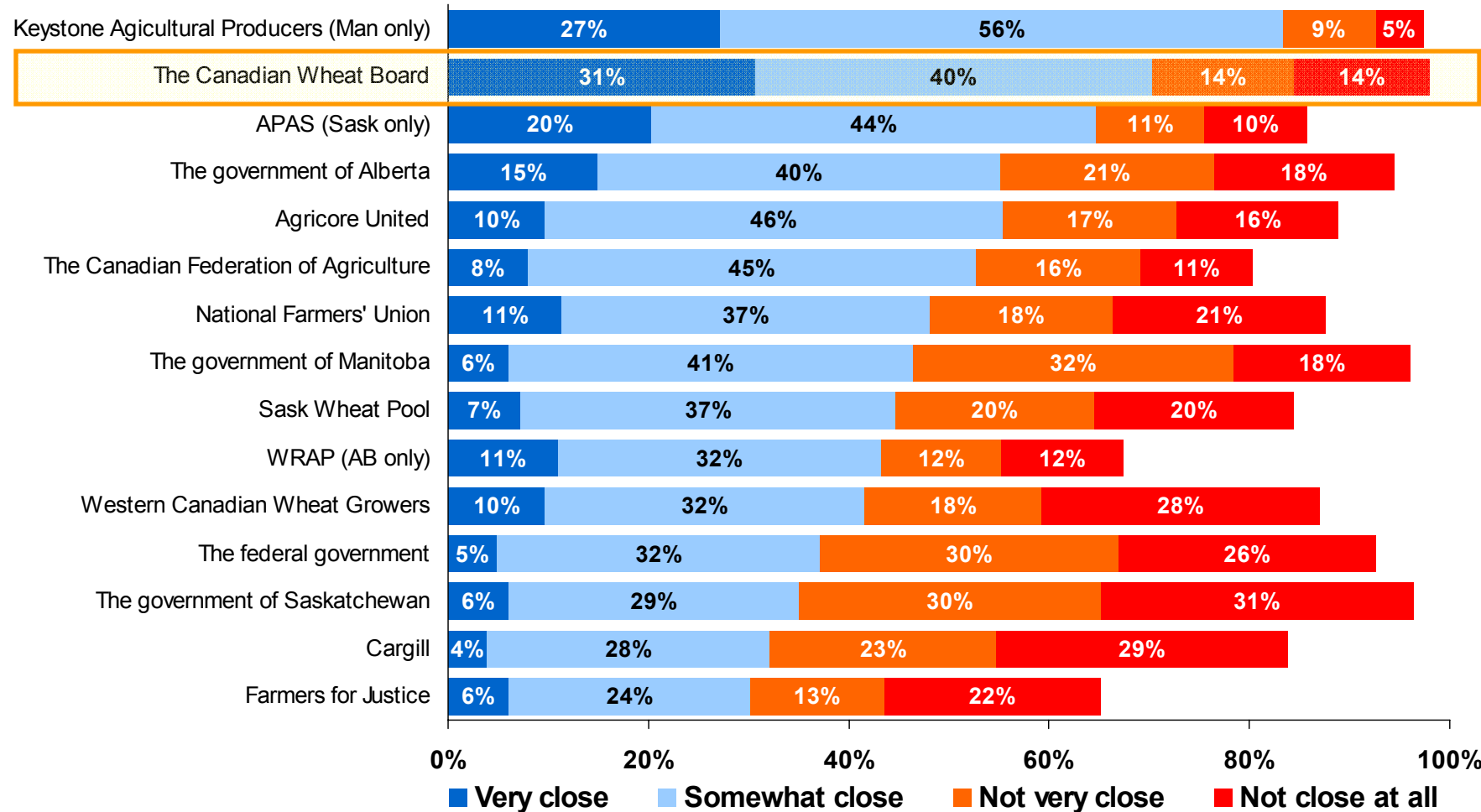
On a scale of one to five where one is very poor, five is excellent and 2, 3 and 4 are in between, please give your rating of the performance of the Canadian Wheat Board in the marketing of the following grains...?



Note: Don't Know / Refused not shown

Farmers feel the CWB shares their views

Q On the farming issues most important to you, how close are the views of the following to your own – very close, somewhat close, not very or not close at all?



Note: Don't Know / Refused not shown



Producers remain divided on Market Options



No major shifts in marketing debate

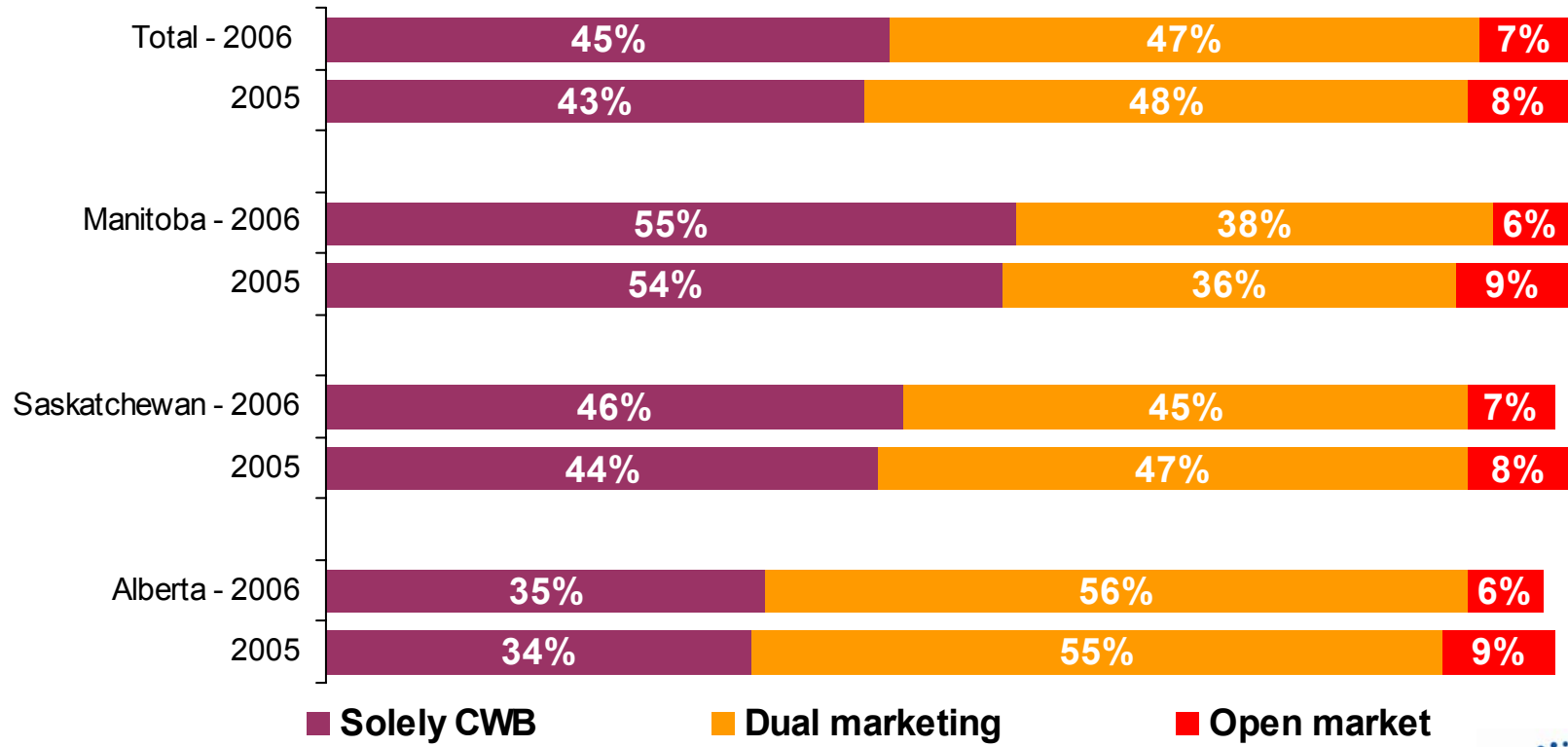
- Farmers remain divided on dual marketing as an option for wheat
 - Six in ten producers believe the CWB can survive a dual market although a majority of those who support single desk disagree
 - Support for single desk highest in Manitoba, and lowest in Alberta
 - Support for dual marketing is driven by desire for control over delivery of crop and belief that competition will increase value of wheat
- In direct match-up, six in ten opt for the CWB over totally open market (including half in Alberta)
- A majority of more than six out of ten farmers are worried about marketing their own wheat without the CWB



Farmers continue to be divided between single desk and dual marketing for wheat 18

Q If you had to choose between three different approaches to marketing wheat, which of the following would you prefer?

1. That wheat marketing, for export and domestic human consumption, remain the sole responsibility of the Canadian Wheat Board.
2. The dual marketing option, where private companies and individual farmers could compete with the CWB for wheat sales in the domestic and export market.
3. That there be a totally open market for wheat without the Canadian Wheat Board.



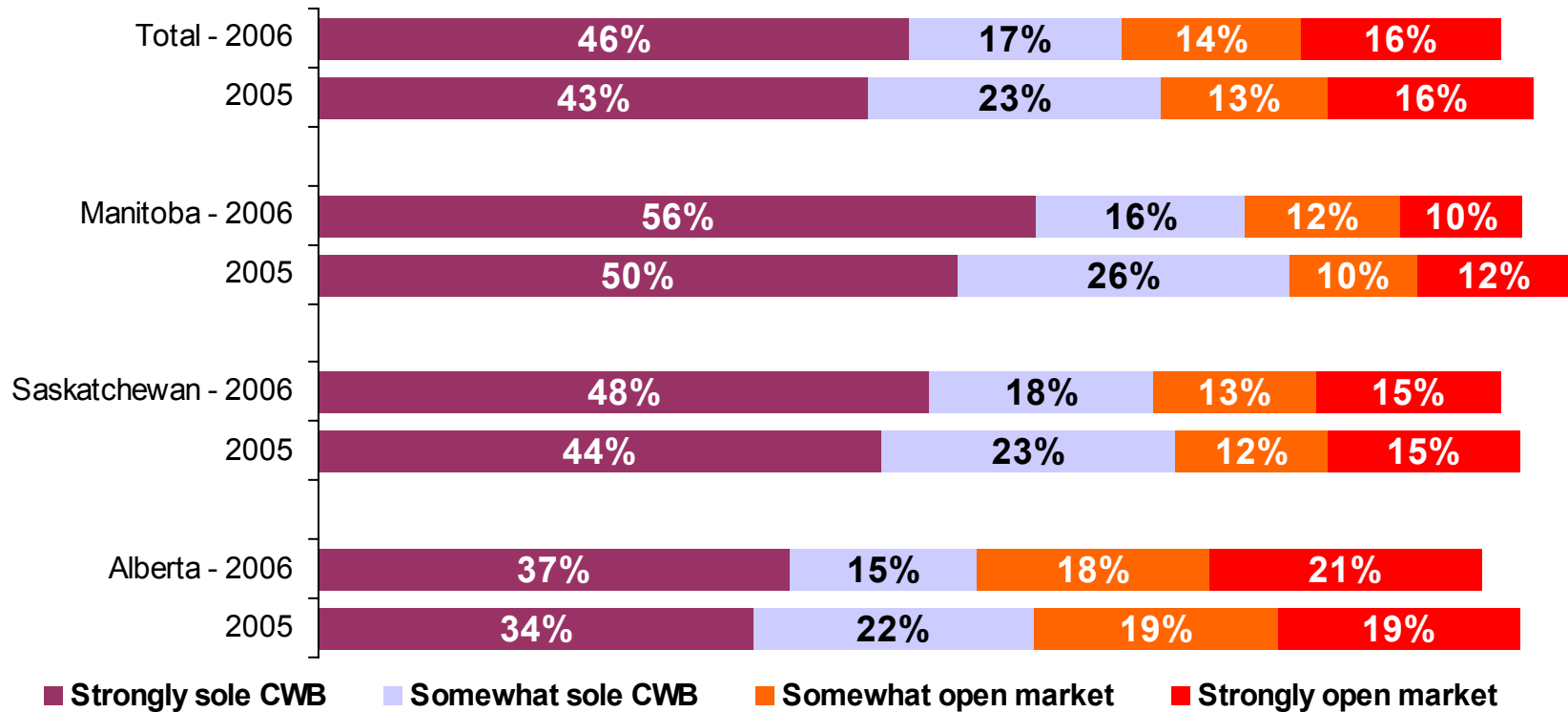
Note: Don't Know / Refused not shown

The CWB remains top choice over open market for wheat

Q If you had to choose between two different approaches to marketing wheat, which of the following would you prefer?

1. That wheat marketing, for export and domestic human consumption, remain the sole responsibility of the Canadian Wheat Board.
2. That there be a totally open market for wheat without the Canadian Wheat Board.

Would you support that option strongly or just somewhat?

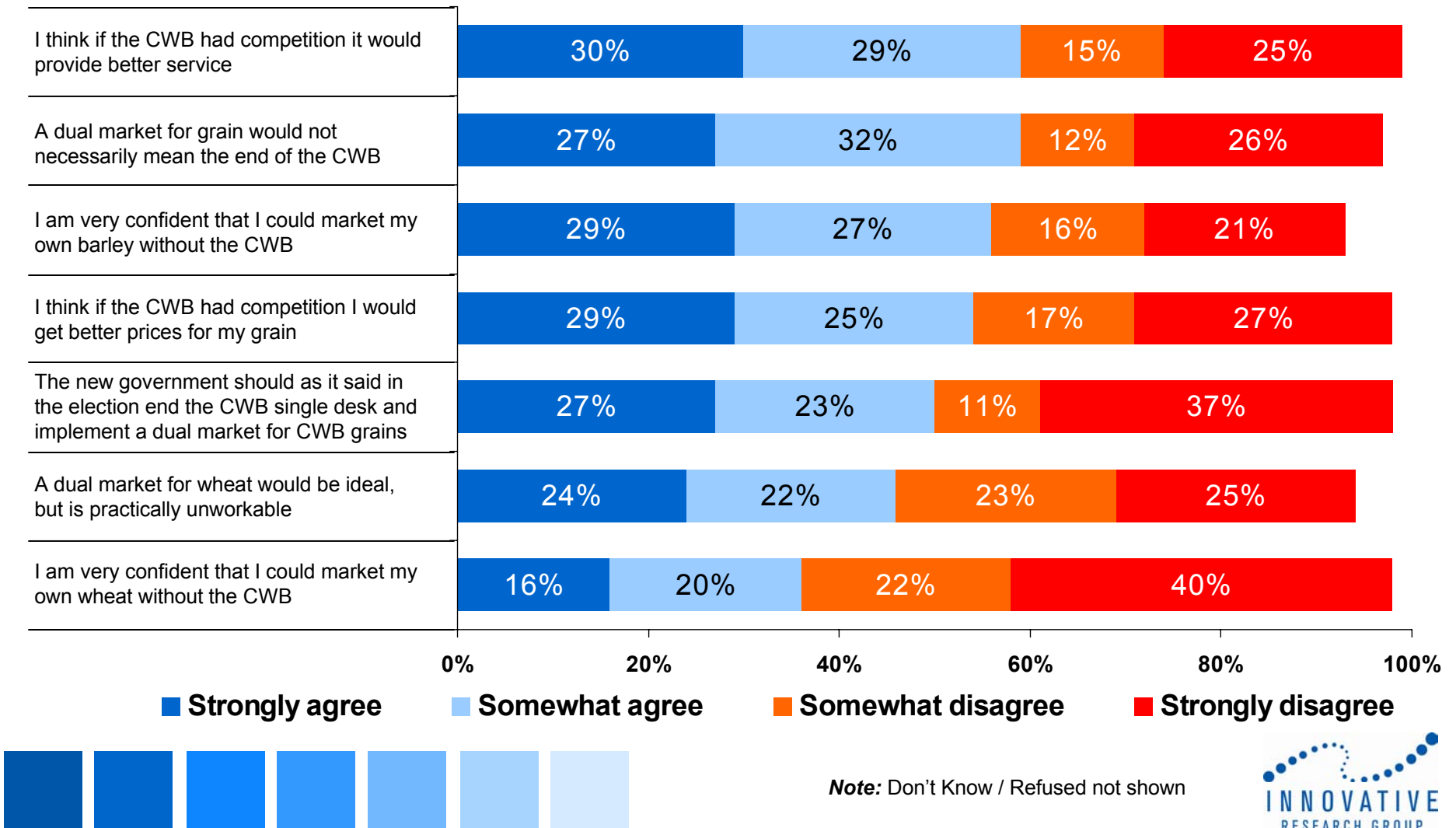


Note: Don't Know / Refused not shown

Dual marketing seen as road to better the CWB through competition



Now I am going to read you some statements that various people have made about aspects of the grain marketing system. Please tell me whether you agree or disagree with each statement.



Pricing Options:

Low awareness, moderate interest



Pricing options

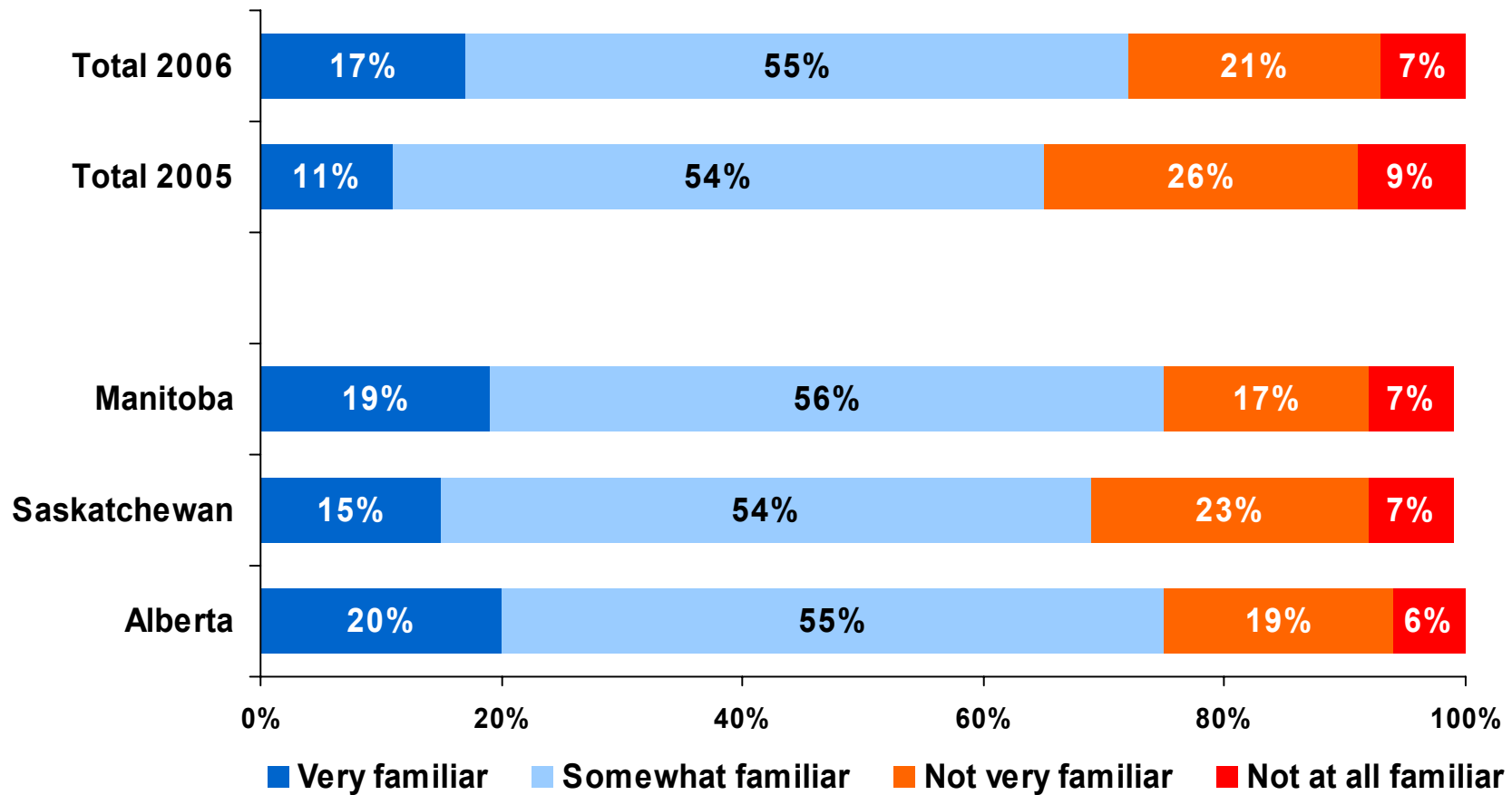
- While a majority are familiar with pricing options introduced in recent years, less than one-in-five are very familiar
 - Familiarity is lowest in Saskatchewan



Familiarity with pricing options available up 7 points

Q

The CWB has introduced some pricing options such as fixed price contracts, basis contracts, guaranteed delivery contracts and early payment options. How familiar are you with those – very familiar, somewhat familiar, not very familiar or not at all familiar?



Note: Don't Know / Refused not shown

There is broad support for an activist Canadian Wheat Board



The CWB's role in making farms more profitable

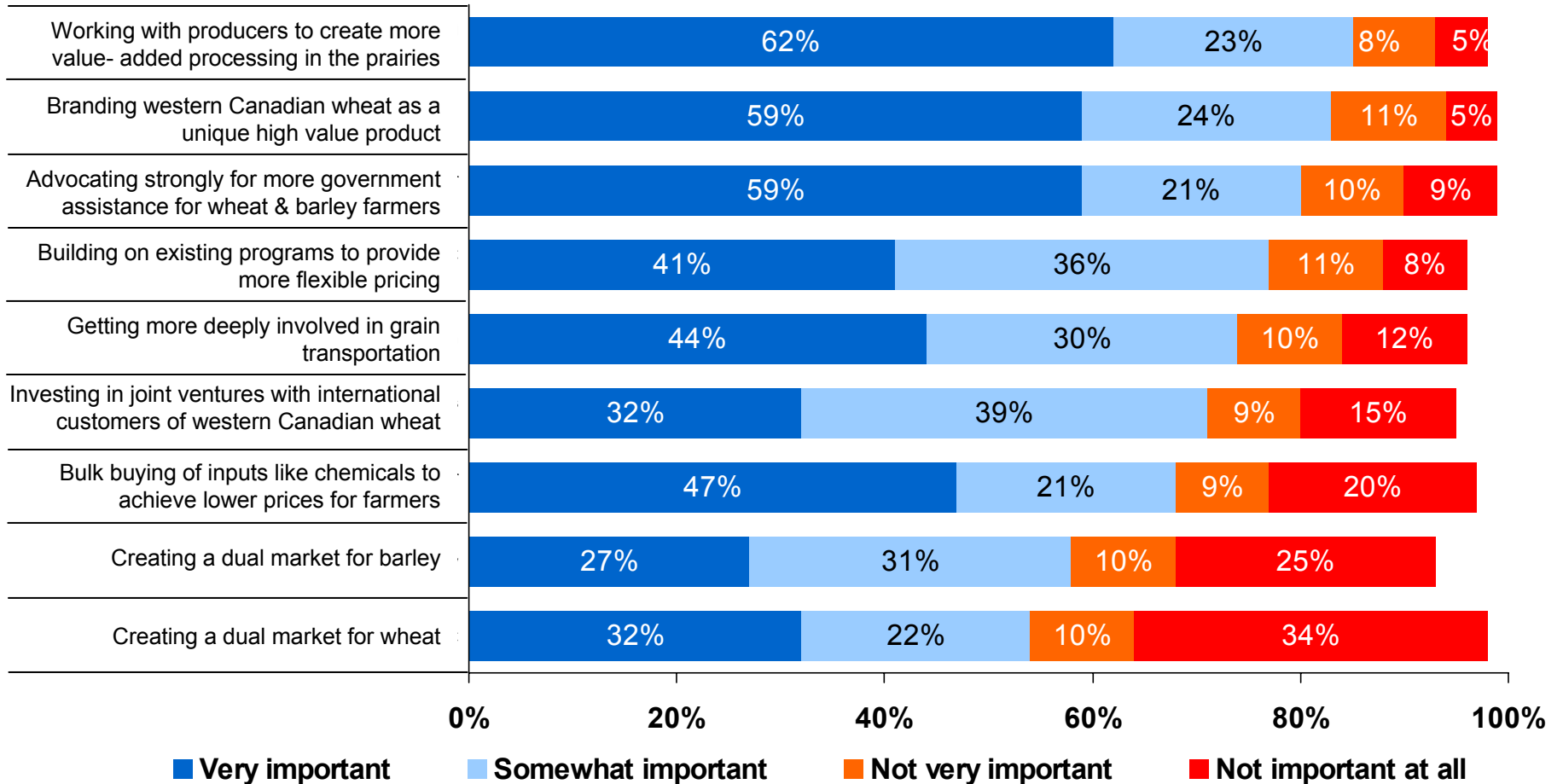
- Farmers view local value-added processing as an important initiative for the CWB, while joint ventures with foreign customers are viewed as less important
- Eight in ten think branding Canadian wheat as a unique high value product could be a very important CWB initiative
- Eight in ten feel the CWB should work to provide more government assistance to farmers
- Building on existing programs that allow greater flexibility in pricing is viewed as important by approximately three-quarters of farmers
- Seven in ten say the CWB should become more involved in grain transportation
- Consistent with the high level of concern about input costs, there is significant interest in the CWB helping to reduce input costs through bulk buying
- More than half of farmers believe creating a dual market could help their profitability, but is far less important than the items noted above



Value-added processing and branding most important²⁶ possible CWB initiatives



Thinking about what would make your farm more profitable, how important to you would be the following possible initiatives from the CWB. Would it be important, somewhat important, not very important, not important at all?

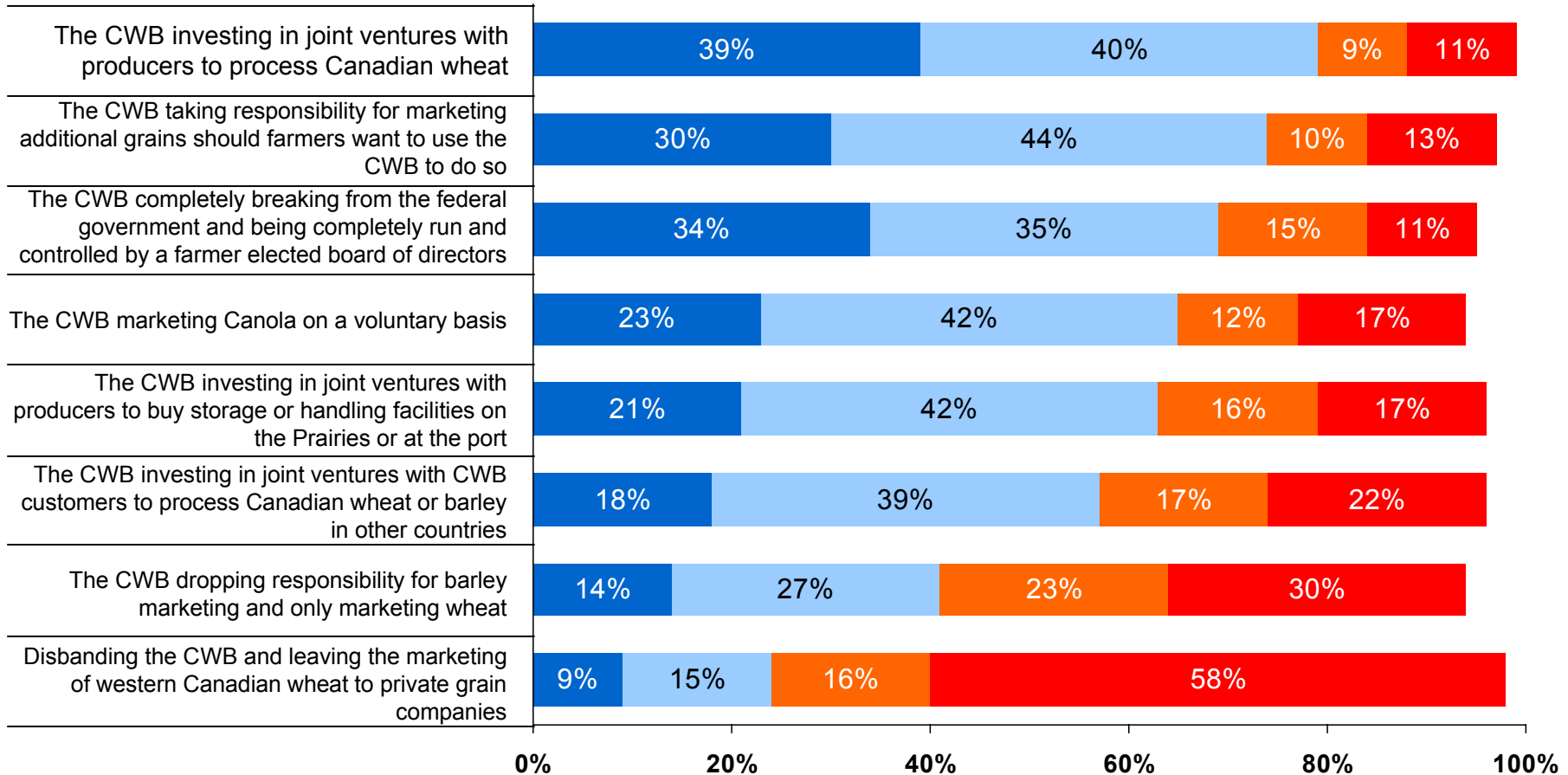


Note: Don't Know / Refused not shown



The CWB investing in joint ventures to process Canadian wheat receives most support

Q There are a number of ideas about how the CWB could change the way it operates. Please tell me whether you would strongly support, somewhat support, somewhat oppose or strongly oppose each of the following moves by the CWB:



■ Strongly support
 ■ Somewhat support
 ■ Somewhat oppose
 ■ Strongly oppose

Note: Don't Know / Refused not shown

Farmers want the final say on major shifts



Farmers see government currently controlling CWB but seek farmer control

29

- Most farmers believe major CWB decisions are still being made by the federal government:
 - Two-thirds in Saskatchewan and Alberta say federal government has more say, compared to just over half in Manitoba.
- Three out of four producers believe the government is still trying to control the CWB.
- Eight in ten want the CWB to speak out more for farmers.
- Almost nine out of ten producers want farmers to have the final say on changes, such as a move to a dual market.

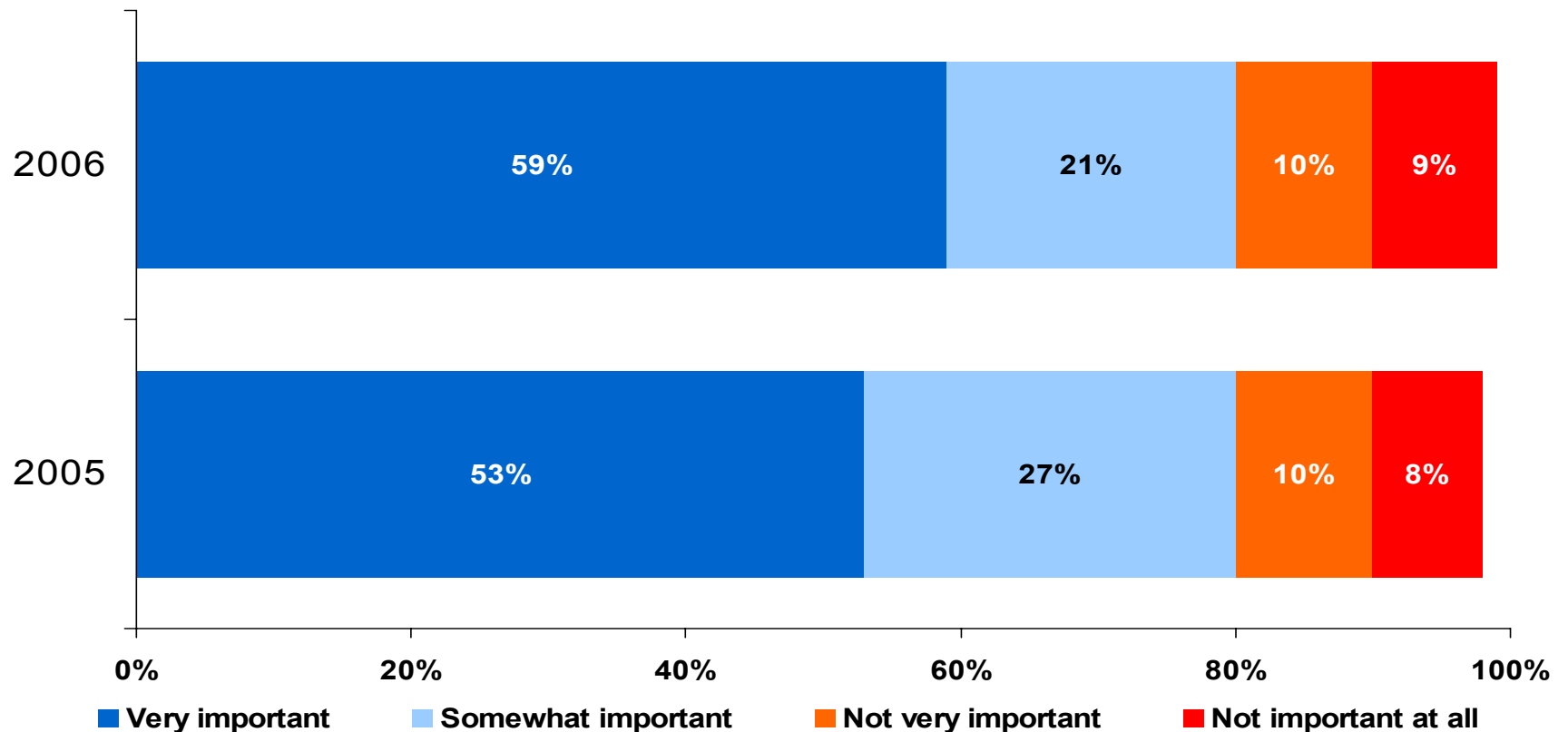


Support for advocacy grows in intensity

Q

Thinking about what would make your farm more profitable, how important to you would be the following possible initiatives from the CWB. Would it be important, somewhat important, not very important, not important at all?

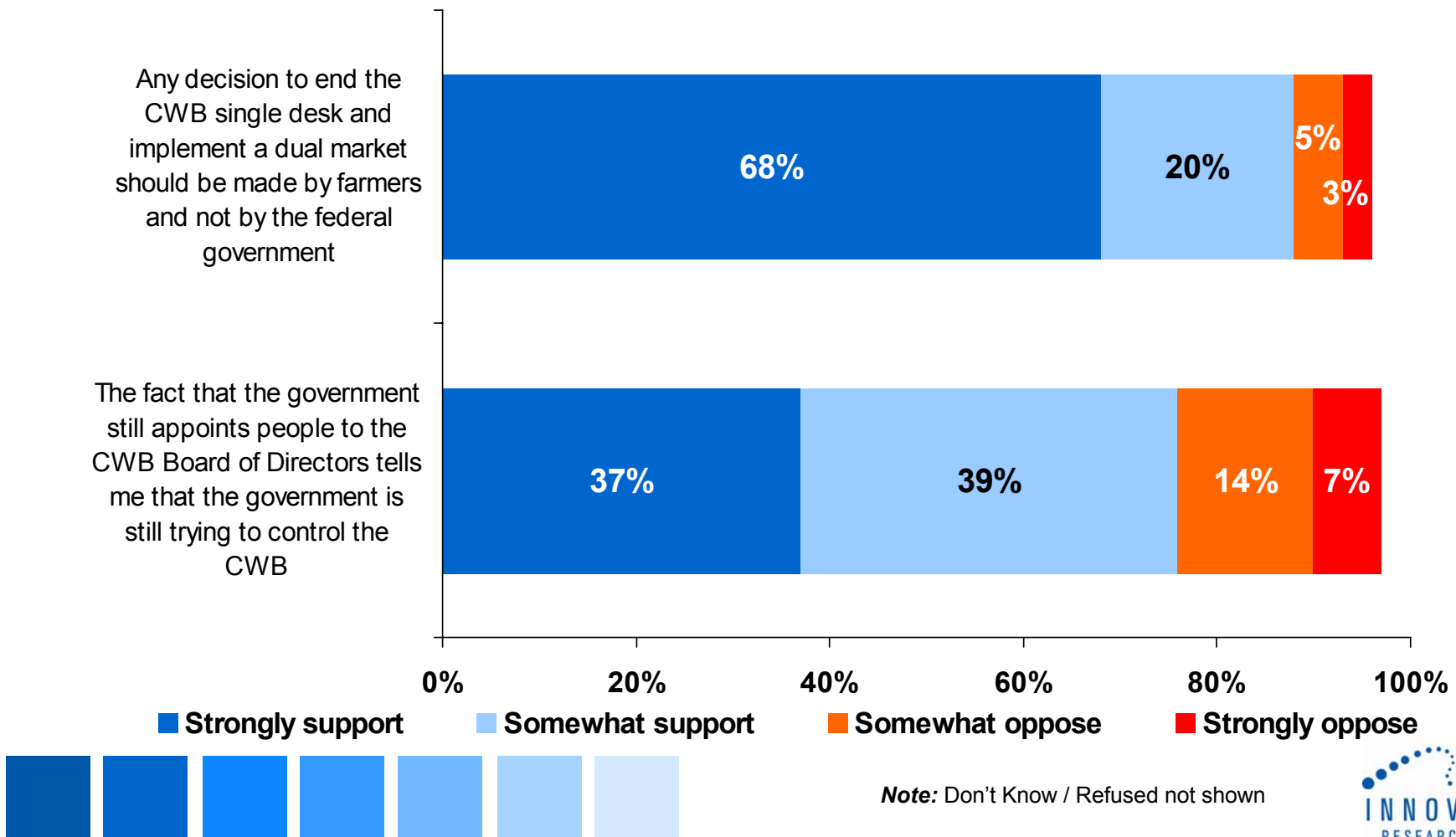
...Advocating strongly for more government assistance for wheat and barley farmers



Note: Don't Know / Refused not shown

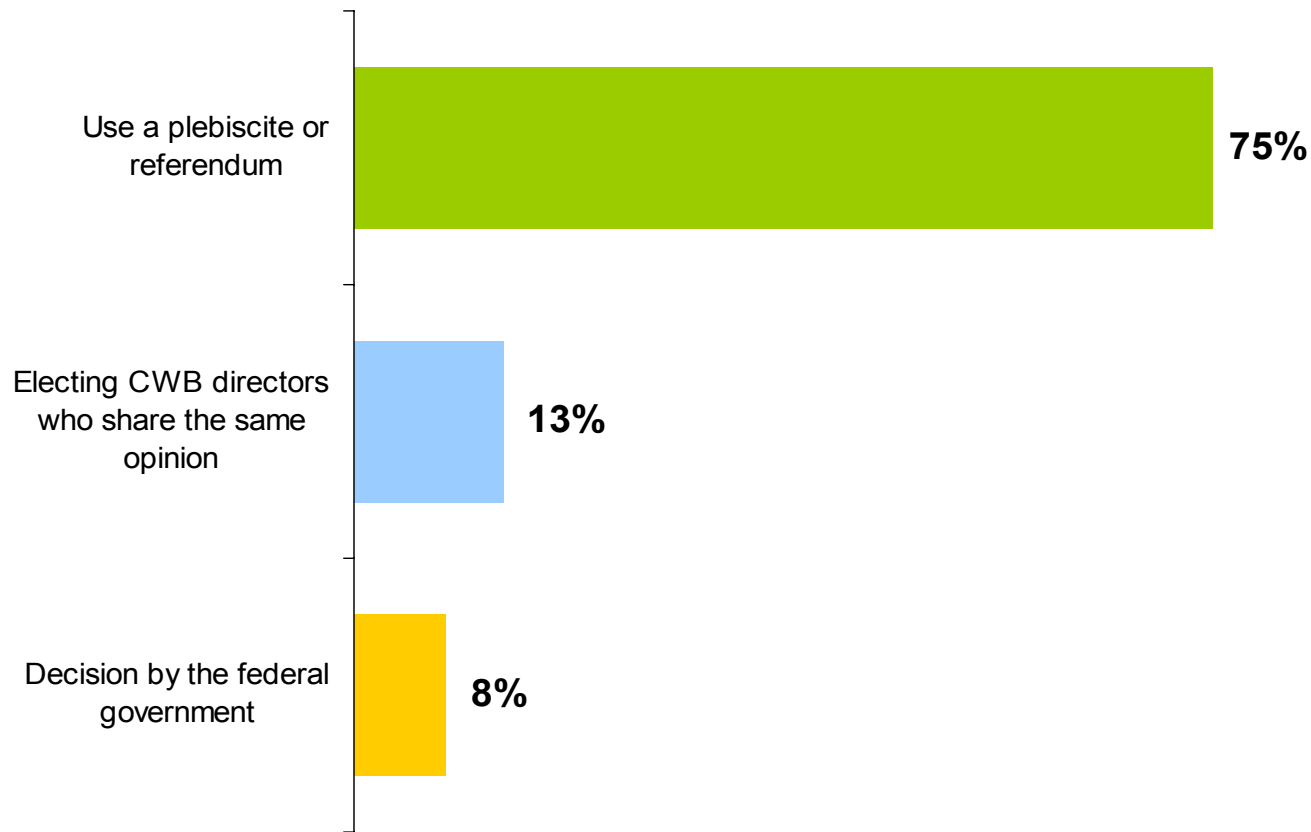
Farmers want more say

Q Now I am going to read you some statements that various people have made about aspects of the grain marketing system. Please tell me whether you agree or disagree with each statement. ...cont'd



Three-quarters want decision on future of CWB in hands of all affected farmers

Q If a fundamental change to the CWB is to be made, such as ending the single desk and making the CWB voluntary, which of the following is the most appropriate way of making that decision – a decision by the federal government, by electing CWB directors who share that opinion about the CWB, or by a plebiscite or referendum among farmers?



Note: Don't Know / Refused not shown

Conclusions:

The CWB is seen as a partner in difficult times

- ▶ Farmers are facing some extremely difficult times
 - Producers welcome anything the CWB can do to help secure a fairer share from the value chain, or reduce costs.
- ▶ Farmers fundamentally value the CWB
 - The CWB enjoys a strong reputation and is seen as being on the farmers' side, particularly when contrasted against private grain traders
 - 64% say they are against anything that would weaken the CWB and less than one in four support disbanding the CWB
- ▶ The level of current support for dual marketing is more about driving accountability and efficiency at the CWB than about opposition to the CWB
 - Most supporters of dual markets believe a dual market does not mean the end of the CWB
 - Creating a dual market for wheat is seen as the least important of nine initiatives the CWB could implement to improve farm profitability



Contacts

Greg Lyle

Managing Director
Innovative Research Group
glyle@innovativeresearch.ca

Ian Cummings

Director of Research
Innovative Research Group
icumings@innovativeresearch.ca

Innovative Research Group, Inc. | www.innovativeresearch.ca

