

## 2009 Pre-Harvest Wheat Bulletin



### **ELEVATORS CAN SET DRYING STANDARD FOR DIRECT MARKETED WHEAT**

The Grain Section Committee of the Ontario Agri Business Association has been lobbying for changes to the moisture standard for wheat in Ontario to allow for better harmonization with the standards of the United States and other export markets. Approximately 65% of eastern wheat is exported to markets that require wheat at a moisture level of 13.5% or less.

OABA has met with the Ontario Wheat Producers' Marketing Board to discuss this issue and has discovered that the General Regulations that govern the operations of the Ontario Wheat Producers' Marketing Board contains the following clause regarding direct marketed wheat:

3.6 (1) The local board is not responsible in any manner whatsoever, including quality, quantity or terms of delivery with respect to any wheat that has been marketed.

There is no requirement under the regulations for the moisture standard for direct marketed wheat to be 14.5%. The Clause 3.6 (1) gives the buyer the ability to set the terms of delivery including the moisture standard.

The regulations do set the moisture standard for Board wheat:

4.4 (10) An agent shall condition all wheat received as agent for the local board so that the moisture content of the wheat is reduced to 14.5%.

As an elevator operator you have the option to establish your terms of delivery for direct marketed wheat that best meets your needs, the needs of your farmer customers and the needs of your downstream customers. It is critical that if the moisture standard is changed that every effort is made to communicate this to your producer customers and that appropriate changes are made to your contracts.

If you change the moisture standard for your elevator, OABA can assist in developing a new conversion table. Contact the Association office and provide us with the moisture standard and the amount of invisible loss you want incorporated into the table. OABA will provide you with the appropriate divisors, the establishment of drying charges remains the responsibility of the elevator.

**OABA  
2009**

**Pre-Harvest  
Wheat Bulletin**

**Ontario Agri Business Assoc.**  
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## **NEW MILDEW GRADING STANDARD**

The Eastern Standards Committee of the Canadian Grain Commission recently approved a new mildew guide for # 2 CERW wheat. This new guide has an increased tolerance for mildew and will become effective July 1, 2009. Studies conducted by the Grain Research Laboratory in Winnipeg indicated that the tolerance for mildew in CERW wheat could be increased without causing problems for end use markets. Those wishing to obtain the new Mildew Guide sample can do so by contacting Norm Woodbeck at 204-983-2780 or by email at [norm.woodbeck@grainscanada.gc.ca](mailto:norm.woodbeck@grainscanada.gc.ca) and providing him with your mailing address and number of samples requested.

For further information on mildew and other grading factors, please contact Garnet Snobelen at the Chatham CGC Office at 519-436-3190.

## **ARE YOU COVERING YOUR COSTS?**

OABA is strongly encouraging members to review all costs associated with marketing grain when determining basis and handling costs. Costs to be considered include increased fuel costs impacting drying and transportation; maintenance margin and margin call costs; costs of managing operating line of credit; and increased professional fees for consultants to help meet tighter reporting requirements from lenders. It is essential that all elevators conduct a thorough review prior to harvest and ensure that those costs are covered when purchasing and handling grain.

## **CONTRACT INTEGRITY SIGNAGE**

The Association has updated signage that provides producers with an overview of what is a contract, the legal obligations of a contract, and the importance of maintaining contract integrity. This sign can be posted at the pit or at the front desk, and is an excellent reminder to producers that a verbal agreement is just as legally binding as a signed document. The sign is a laminated legal size paper and includes the logos of the commodity groups that support the content of the notice. Signs can be purchased from the OABA office at a cost of \$2.50 for 1-10 copies or \$2.00 for 11 or more plus shipping and handling.

## **WHEAT BOARD REGULATIONS**

The Wheat Board has recently updated its regulations, it is recommended that all firms participating in the wheat industry review the regulations of the Ontario Wheat Producers' Marketing Board and contact the Board if they have any questions. The regulations are posted on the Wheat Board website at <http://www.ontariowheatboard.com> under form and publications.

## **LICENCE FEES**

The Ontario Wheat Producers' Marketing Board recently announced that effective June 1, 2008 the producer license fee is set at \$1.35 per metric tonne. This fee applies to all wheat produced in Ontario with the exception of wheat for the producer's own use or farmer-to-farmer sales. Fees are to be submitted to OWPMB at 100 Stone Road W., Suite 201, Guelph, ON N1G 5L3 by the 15<sup>th</sup> of the month following the transaction.

## **GRAIN STORAGE RECEIPTS FOR LASER PRINTERS**

The Ontario Agri Business Association has grain storage receipts available that can be used in laser or inkjet printers or the 'traditional' forms for dot matrix printers. If you have questions about grain storage receipts or would like to order contact the OABA at (519) 822-3004.

## **POISON WARNING SIGNS**

OABA reminds members to remain vigilant for contaminated grains and oilseeds and to make sure that producers are fully aware of their liability if they deliver contaminated product. As part of a program to increase producer awareness of the risks associated with delivering contaminated grains and oilseeds to country elevators, terminals and processors, OABA has developed warning signs that state: "it is unlawful to deliver grain that has been treated or infected with any poisonous substance or compound." These laminated signs also contain the logos of OABA, OCPA, OSG, and OWPMB. Signs can be purchased from the OABA office at a cost of \$2.50 each, or for orders of 11 or more \$2.00 each + shipping & handling.



## **DIRECT MARKET WHEAT**

### **REPORTING REQUIREMENTS**

The Ontario Wheat Producers' Marketing Board would like to remind all buyers of Direct Marketed wheat that they are obligated to perform the following: deduct the Board's licence fees from money payable to the producer; remit the license fees to the Board not later than the 15<sup>th</sup> day of the month following the purchase; file a report with the Board on the wheat marketed via Eleview either manually or electronically within 30 days of purchase.

The Wheat Board has developed a position paper entitled "The Information Reporting Requirements for Direct Marketed Wheat". Copies of this paper were mailed to OABA members, the report is also available on their website [www.ontariowheatboard.com](http://www.ontariowheatboard.com), the website also contains copies of all necessary forms.

The regulation of the OWPMB '3.6 (2)' sets out what information is required from purchases of wheat.

Reports for direct - marketed wheat can be submitted either manually or electronically to Eleview. For more information on the Eleview system and producer registration information, contact:

### **Eleview**

Suite 107, 100 Stone Road West, Guelph, ON N1G 5L3  
1-866-766-AEBG (2324) or (519) 821-1473, fax: 519-821-1401  
web site: [www.eleview.ca](http://www.eleview.ca) E-mail: [info@eleview.ca](mailto:info@eleview.ca)

### **SUBMISSION OF MANUAL REPORTS TO ELEVIEW**

Elevators not on the Eleview system will email, mail, fax or courier (prepaid) wheat producer sales reports to Eleview. Reports to be submitted under the existing legislative/policy guidelines of the Wheat Board. The Wheat Board has created a spreadsheet template for those elevators not submitting the information electronically. For more information contact the Wheat Board office.

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## **BOARD WHEAT**

### **REPORTING REQUIREMENTS**

The Ontario Wheat Producers' Marketing Board is continuing to use the Eleview system for the electronic transmission of producer sales information to the board office. For firms not on the Eleview electronic system, Form 3's should be submitted manually to the Ontario Wheat Producers' Marketing Board. Agents should read section 4.11 (a) (ii) of the Wheat Board General Regulations to ensure that all the required information is shown on the producers' settlement of Board wheat.

### **POLICIES FOR HANDLING BOARD WHEAT**

**Change of Title** - In past, the OWPMB has taken ownership of the wheat as soon as it is dumped in the pit. Due to the number of different programs available, the OWPMB has changed its Regulations to state that the OWPMB only takes possession of Board wheat when the initial payment is paid to the producer, or a forward contract is settled.

**Control of Board Inventory** - OWPMB agents are allowed to ship Board wheat in whatever fashion best meets their needs unless they receive written instructions from the OWPMB in advance of harvest.

### **WHEAT BOARD MAINTAINS SYSTEM OF LANDED BASIS INITIAL PAYMENT FOR 2009**

As was the case in 2008, **the Wheat Board will not pay handling fees, conditioning fees, cleanliness fees or transportation directly to agents.** The initial payment will be set on the basis of a marketable position (i.e. terminal or processor) rather than a country elevator position. Therefore, it will be the responsibility of agents to post a basis, which reflects the cost of handling and transportation to a marketable position. The function of the landed basis is to place wheat in a marketable position at the lowest possible marketing costs and to utilize the efficiencies of the handling system.

Landed basis Initial Payment will place direct responsibility and risk on the individual agent to post a price to producers for wheat received. Agents must be aware of their delivery points and transportation costs in order to post a basis to handle wheat on behalf of the board for producers. Using the example of a Gross Landed Basis Initial Payment of \$129.00 established by the Board, the following would apply.

Gross Landed Basis Initial Payment .....	= \$129.00/tonne
Board Licence Fee.....	= -1.35/tonne
Posted Basis (as determined by the Agent).....	= -15.00/tonne
<b>Posted Board Price - Net to Grower =</b>	<b>\$112.65/tonne</b>

**Please Note:** The \$15.00 posted basis indicated above as posted basis is for illustration purposes only - it is emphasized that individual agents will have the responsibility of determining their posted basis value. It should also be noted that the \$112.65 is subject to further deductions by the agent for grade discounts and drying charges. In order to effectively establish the basis, agents must be aware of their final delivery point and the cost incurred in getting the wheat to that position. It is imperative that agents adequately cover the associated risk of handling board wheat. Consideration must also be given to the type of internal sales program the agent may be involved with (ie. Feed, seed, or purchasing wheat from the board). The Wheat Committee would also encourage agents to give consideration to maintaining adequate allowances for handling. The agent has the ability to ship wheat to a transfer elevator, a processor, an agent, or purchase the wheat from the Board.

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## **OWPMB OFFERS 'FORWARD CONTRACTING FOR CASH'**

Continuing for the 2009 crop, the OWPMB will be offering forward contract for cash for producers. As in the past, agents handle forward contracted wheat delivered by a producer in the same manner as pooled wheat. All producers receive their landed basis initial payment less any handling charges or transportation fees deducted at the country elevator. Forward contract cash prices are available on DTN, Ontario Wheat Producers' Marketing Board website, by calling Farm Market News (1-877-637-6397), or contacting the board office at 1-800-943-2809. For more information, call the board office.

## **2009 PAYMENT STRUCTURE, LANDED BASIS INITIAL PAYMENTS AND DELIVERY POINTS**

Class / Pool	Gross Landed Basis	Less License Fee	Net Landed Basis Price
SWW (Pool A)	\$ 123.00	\$ 1.35	\$ 121.65
HRW (Pool B)	\$ 129.00	\$ 1.35	\$ 127.65
HRS (Pool C)	\$ 173.00	\$ 1.35	\$ 171.65
SRW (Pool E)	\$ 117.00	\$ 1.35	\$ 115.65
HR (Pool F)	\$ 117.00	\$ 1.35	\$ 115.65
Feed (Pool G)	\$ 103.00	\$ 1.35	\$ 101.65

The Wheat Board is reporting that Receiving Terminals will be: Goderich, Port Colborne, Prescott, and Sarnia. Owen Sound may be available on a case by case basis.

The Board asks that red feed wheat be binned separately from white feed wheat.

## **2009 GRADE DISCOUNTS**

OWPMB advised that Canada Eastern White Winter (CEWW) and Canada Eastern Soft White Spring (CESWS) wheat in Pool A will be received basis grade #2 and that grade discounts will apply only to grade #3. **Feed grade is designated to Pool G.** Canada Eastern Red Spring varieties (CERS) and Canada Eastern Durum (CED) wheat will be received basis grade #2, and discounts will apply to grade #3. **Feed grade is designated to Pool G.** Canada Eastern Red Winter (CERW) wheat will be received basis grade #2, and discounts will apply to grade #3. **Feed grade is designated to Pool G.**

CEWW & CESWS	CERS & CED	CERW
Grade #1 – nil	Grade #1 – nil	Grade #1 – nil
Grade #2 – nil	Grade #2 – nil	Grade #2 – nil
Grade #3 - \$10 / tonne	Grade #3 - \$10 / tonne	Grade #3 - \$10 / tonne
Grade Feed – Pool G	Grade Feed – Pool G	Grade Feed – Pool G

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## **2009 NEW PROTEIN SEGREGATION REQUIREMENTS FOR RED WHEAT**

Note: For Board wheat, the Ontario Wheat Board has eliminated Pool D for Hard Red Spring wheat. Any varieties not accepted for Pool C will be considered Pool F (HR).

Agents handling Hard Red Winter (HRW) and Hard Red Spring (HRS) will be required to protein segregate (no protein segregation on Grade #3), and will be responsible for protein outturns on red wheat shipped to terminals or processors. The Wheat Board has made changes on requirements for Hard Red Winter wheat for this year. Protein payments to producers for HRW and HRS wheat will be as follows:

### HRW (Pool B) – Hard Red Winter Varieties – Grade #2

Less than 10.9% = no payment  
11.0% to 11.9 % = \$8/tonne  
12.0% and greater = \$15/tonne

### HRS (Pool C) – Hard Red Spring Varieties – Grade #2

12.0% to 12.4% = \$10/tonne                      12.5% and over = \$18/tonne

Note: No protein segregation on Grade #3

Agents are required to protein segregate red wheat in the elevator as follows: **Hard Red Winter Varieties – Grade #2**: 10.9% and under; 11.0% to 11.9%; and 12.0% and over. **Hard Red Spring Varieties – Grade #2**: 12.4% and under; 12.5% and over. As noted above, there is **no protein segregation on Grade #3**.

Protein balancing up and down on out-turns of HRW will be basis 11.0% to 11.9% and 12.0% and over. HRS out-turns protein balancing up and down will be basis 12.0% to 12.4%, and 12.5% and over. Producers have the right to dispute at time of delivery; however, a charge will be levied by the Canadian Grain Commission.

## **TO CONFIRM SPACE FOR BOARD WHEAT - CALL THE RECEIVING TERMINAL ELEVATOR BEFORE DELIVERING**

You Must Call Before You Deliver. Some terminals may have requirements for registering trucks that must be completed prior to arrival. The importance of determining the posted basis value cannot be over emphasized and agents should be prepared to post basis subject to daily change. Basis may be a blend of delivery points and grades, or you may wish to segregate. If you have not already developed a strategy for the 2008 wheat harvest, we suggest that you do it well in advance of receiving your first load of wheat.

## **AGENT APPOINTMENTS**

Agents who have submitted their application for appointment to handle wheat on behalf of the OWPMB will be appointed to handle the designated classes. Agents must ensure that they have received the correct licence(s) from the OWPMB.

## **DECLARATION OF VARIETY – FORM 7**

Producers will be required to complete a Declaration of Variety – Form 7 for hard red winter wheat (Pool B), and hard red spring wheat (Pool C), which the agent must keep on file. The purpose of the Form 7 is to verify the variety of wheat delivered by the producer to the country elevator. Please note that certified seed is not a requirement for delivery to soft red winter (Pool E).

## **DOCKAGE DETERMINATION IN WHEAT**

The Canadian Grain Commission has advised that all dockage disputes in wheat that are submitted to their office for settlement will be tested using the Carter dockage tester. Agents are advised that the hand sieve method utilized by the country elevator system will not be used by the Canadian Grain Commission on disputed samples, and agents should be guided accordingly.

## **CLEANLINESS STANDARDS**

OWPMB weight deductions for dockage to 0% are required for producer deliveries to the BOARD. Net weight should reflect clean wheat with 0% dockage. This is a change from the past where a tolerance of 0.3% dockage for SWW (Pool A) and 0.5% dockage for all other classes was allowed. Dockage increments will be in tenths of a percent.

## **CLEANING CHARGES**

OWPMB will adopt a 1% dockage threshold before requiring cleaning charges for Board wheat. Cleaning charges will apply to any deliveries equal to or greater than 1.1% dockage. Dockage increments will be in tenths of a percent.

## **919 MOISTURE CONVERSION TABLES**

Copies of moisture conversion charts can be accessed from the Canadian Grain Commission website at [www.grainscanada.gc.ca](http://www.grainscanada.gc.ca). The following is a summary of 919/3.5 moisture meter conversion tables in effect for the 2009 crop:

- Eastern White Winter Wheat (SWW) – Table #5, issued July 2002.
- Canada Eastern Hard Red Spring (Table #1 CERS – July 1, 2000)
- Canada Eastern Hard Red Winter (Table #1 CEHRW – July 1, 2000)
- Canada Eastern Soft Red Winter (Table #1 CESRW – July 1, 2000)

The red wheat conversion tables will be used when there is documentation identifying the wheat class. If there is not documentation identifying the class, the following 919/3.5 moisture meter conversion table should be used:

Eastern Red Wheat – Table #1, issued July, 1990

## **AGENT BALANCING**

Value of shortage or overage will be calculated during agent balancing at the market price at that time. Agent balancing can take place at any time during the crop year. The OWPMB strongly encourages that agents conduct their balancing as early as possible.

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## **OATS, BARLEY, RYE & TRITICALE**

In following the policy decision made by OABA in 1992 to withdraw from publishing corn conversion tables and associated drying charges, the Association has also withdrawn from publishing these similar charts for oats, barley, rye and triticale. The historical drying charges and conversion tables from 1993 for these grains are available for information purposes from the Association office at (519) 822-3004.

### **919 MOISTURE METER CONVERSION TABLES**

Now is an excellent time to review 919/3.5 moisture meter conversion tables for oats, barley, rye and triticale. The following tables are in effect for 2009:

Oats	Table #6, issued August 2001 Table #1, for Light Weight Oats, less than 48 kg/hl, August 2003
Barley	Table #10, less than 52 kg/hl, revised 1979 Table #13, 52 kg/hl and over, issued July 2000
Rye	Table #5, issued February 1977
Triticale	Table #1, issued August 1981



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