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Chair

Mr. Gerry Ritz

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• (1110)

[English]

The Chair (Mr. Gerry Ritz (Battlefords—Lloydminster, CPC)): Good morning, everyone.

We're going to continue our probe into the—Mr. Anderson already has his hand up for a point of order.

Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Chair, I had some discussions with the members of the committee and I think there's a general feeling that we would like to focus more on the Canadian Grain Commission. We would like a couple more hearings on it.

I'd like to suggest that we have two more hearings on the Canadian Grain Commission next week and then go to our regular schedule after our break week. I would be interested in hearing whether the members would like to do this.

The Chair: Thank you, Mr. Anderson.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): I don't know what the clerk can tell us about how problematic it would be for our schedule. As we discussed at our last meeting, we are elected representatives and we can't just go with a consultant's report on this issue. It's extremely important. I agree with David that we have to have a more in-depth hearing and that it's crucial to do it now. So if possible, we'd like to stay on the schedule.

The Chair: We may want to take a moment and make sure the clerk doesn't fall, as Mr. Easter is agreeing with Mr. Anderson.

Mr. David Anderson: He'll do that more and more as he gets to know me.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): I was thinking that, but I didn't want to say anything.

The Chair: Somehow I doubt it.

We have that on the floor.

Is there anyone else for discussion?

Mr. Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): There seems to be a consensus. No matter what I say, the study will take us longer, and I don't formally object to that. However, I'd like to hear a few more arguments in favour of allowing us more time and I want

to know the names of the additional witnesses that will appear before us.

Yesterday, I had a discussion with David concerning this subject, and he suggested that the people from the commission come back to testify for another half hour. Have we not well prepared our schedule? If we need two additional sittings, I'd like them to be useful and I'd like us to really complete the work we have to do rather than realize, in the end, that we need more time. I don't want us to postpone our deadlines unduly. It's up to us to do our work, to make sure that we've heard each and every witness that we need to hear. However, I'd like to know who the additional witnesses that will appear before us will be. Perhaps David can give us more information.

[English]

The Chair: I'll allow Mr. Easter and Mr. Anderson to put those forward. They may have some witnesses that are similar, but they may also have some that are different.

What's being discussed, André, is two meetings next week in which we would continue on this just for continuity's sake. Then the week after the break we would drop right back to what we'd proposed for next week, which is the trade situation and the golden nematode. It's just a postponement of next week's meetings for the week after the break week.

Mr. Anderson, Mr. Easter, did you want to say anything about the witness list and who you want to include?

Mr. David Anderson: I will give you or the clerk the witnesses we'd like to see. Clearly, there's been interest from the industry in this report. There are a lot of people concerned with value-added sectors who want to see this discussed further and to find out what the effect of the suggested changes would be on their industries.

The minister has given the committee an opportunity to play a significant role in how the recommendations will go forward and possibly what shape the legislation will take in the future. He wants the committee to play this role. He's given us the opportunity, so I think we should take it. This is going to set the direction of the grain sector in Canada for a long time. It's in our interest to consider where we want it to go and what's important about it.

The Chair: We have a letter from the minister saying that legislative and regulatory changes will come out of this and that fuller hearings would be good.

• (1115)

Hon. Wayne Easter: I agree.

I don't have the list yet, though I have a number of requests. I think we could probably do it in two meetings.

We absolutely must deal with the golden nematode issue, so we don't want to move that back more than a week. When we're dealing with an issue, we should try to complete it. That's the idea.

I believe there are possible impacts on eastern Canada as well, and we need to hear from witnesses on this issue.

The Chair: As to your point about bringing the commissioner back, this may happen in one of the three meetings we have towards the beginning of December, just to get her interpretation of what's been put forward. She's also putting together some recommendations to the minister, and this will take some time.

Alex.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): I'm just wondering what impact this will have on our schedule in light of the fact that we looked at the 17th and 19th and were going to switch them around to tie in with the visit of the fruit growers from British Columbia. Does this now mean they'll be pushed back a week, or do we keep this and try to throw the golden nematode next week somewhere else? How do you plan on doing that?

The Chair: Logistically, it would still make sense to have the fruit growers, and so on, here on the 17th, because they are in town already. Is that your point?

Mr. Alex Atamanenko: That's right.

The Chair: Logistically, that would still make sense. We may have to juggle somewhat that week, but I think we can do it.

Mr. Alex Atamanenko: I don't understand then where we'll put the golden nematode and the Canada-U.S. trade relationship.

The Chair: Those are things we'll have to work out. We're just going to sort this out next week, and then we'll do the fallout for the week following at that point.

Mr. Easter.

Hon. Wayne Easter: Is there any way, Mr. Chair, that we could maybe hold an additional meeting on a Wednesday or something?

The Chair: That's entirely possible, yes.

Hon. Wayne Easter: And then we can make up for that lost space.

The Chair: Sure. Keep the fruit growers on the 17th, because they're here; put the nematode on the Wednesday; and then we'd go into the trade issues on the Thursday. That's fine.

Hon. Wayne Easter: And update the schedules?

The Chair: Yes, we would have to figure that out. But it could be an early morning or an evening, or whatever Jean-François can organize for a room.

Alex.

Mr. Alex Atamanenko: So then where does the Wheat Board go? We have them now on the 30th.

The Chair: I guess it depends on whom you talk to.

Some hon. members: Oh, oh!

Mr. Alex Atamanenko: Don't forget, you're impartial, Mr. Chairman.

The Chair: Well, that was an impartial statement.

An hon. member: Oh, oh!

The Chair: Again, this is the first time we're starting to work with this, so certainly there are going to be some bumps and some hurdles, but I think we can make it work. And if we start to fit in that extra meeting, I think we can smooth that week out quite substantially.

Mr. Alex Atamanenko: We also have the possibility of extending those sessions.

The Chair: Yes, we do.

Mr. Alex Atamanenko: That's another possibility.

I just want to make sure we have enough time for the golden nematode and the....

The Chair: Right.

Everything that's on the calendar will be covered. It's just a matter of juggling the schedule to try to expand this CGC, for continuity's sake, because we're on the schedule now, so we can get on with regulation and the legislative changes that will be required. That's it. But we will do our best to accommodate everyone.

Mr. Miller.

Mr. Larry Miller: Thank you, Mr. Chairman.

We have a lot of issues on our plate here and one doesn't like to add any more to them, but there's no use in doing a job half right. That's why I believe we should have the Grain Commission here and deal with this. I can understand the concern on the nematode, and we need to deal with that ASAP.

One witness that I think is really important for the review that's been done on the Canadian Grain Commission is the biofuel industry, given the fact that new strategies are coming out on biofuel. I think it would not be good if we did not at least give them a chance to be here. So they certainly should be at the top of the list, if we can get them here.

The Chair: Speaking to the licensing of the new varieties and so on.... Okay.

Mr. Steckle, a final word.

Mr. Paul Steckle (Huron—Bruce, Lib.): Basically, I don't have much to add to what's already been said. I would simply say that we have already given, at the end of this session, two meetings where we have not included anything. So if we have to push some of those less important things into that area.... Where we possibly can, we always need to accommodate those people who are already in town, so we don't have to bring those people in.

I think we will accommodate all these things.

The Chair: Thank you.

Is there anyone else with a final point?

All right, good. We'll continue on with our meeting then.

Joining us this morning, we have Dr. Conrad Winn and Tom Halpenny of COMPAS Inc., which put together the report we're discussing at this point.

Gentlemen, you have ten or twelve minutes for opening statements. Then we'll move to the round of questioning.

• (1120)

[Translation]

Dr. Conrad Winn (President, COMPAS Inc.): Thank you very much, Mister Chairman.

I will limit my observations to three points so as to give you enough time for questions.

[English]

There are three ideas why I think it's important to look at the issues we're here together for. One is global, the other is continental, and the third is Canadian.

The international/global situation is one in which there are so many changes and so many new competitors that Canada's traditional position is not as sure as it once was. That's not to raise any questions about any player in the value process; it's just a true fact that the international situation puts us in a state of potential competitive threat we haven't had to face in the past.

A second reason to look at these issues is the continental situation and the unique role of ethanol in biofuels, as one member raised a moment ago, simply as a result of the security situation. It's the international security situation that gives ethanol an extraordinary place it might not otherwise have.

The third reason to look at these issues is that values and public expectations about accountability, transparency, efficiency, and ways of doing things change with every generation. On a lot of these issues, especially the ethical issues, public expectations rise greatly with each generation, and that's another good reason to look at some of the issues we raised.

We presented 100-odd recommendations. Rather than go through them, I thought—and Tom agreed with me—we could simply open it up to questions.

The Chair: That's excellent.

Tom, do you have any points to make at this juncture?

Mr. Tom Halpenny (Collaborator, COMPAS Inc.): As Conrad stated, I think the most effective use of time is to allow members to ask us questions, and then we can provide answers.

The Chair: Mr. Steckle.

Mr. Paul Steckle: You talk about things changing, and all of us around this table would agree. Whether they always change in a positive way is a matter of interpretation for those who are affected by those changes.

When I look at what is happening in marketing and retail in this country, and when I see who is involved in your organization and who has the biggest share in Agricore United, it's none other than ADM. I have to wonder whether the Walmarts, the ADMs, and the Cargills of this world are positive attributes in terms of the distribution of wealth in this country or whether it's centralized

wealth that's going into the hands of those who are not necessarily Canadian. I wonder if you can give me some sense of where you feel we're going in terms of this Balkanization of corporations.

You talk about competition. Do you want more competition? I gather from your opening comment that you really don't want more competition, that this isn't good for the marketplace. I'm just wondering how you interpret all that and how that makes some sort of sense in this economy of ours.

Dr. Conrad Winn: I'm from COMPAS Research, the public opinion customer service firm, and it's wonderful to hear people say positive things about us. But we're not a multinational; we're a small firm.

Like most other research firms, we probably think there's too much competition in our industry. But if you're asking me whether I think competition is good—sure. I think no one improved on Lord Acton. Power corrupts, absolute power corrupts absolutely, and that means you need competition.

Mr. Paul Steckle: I agree with many of the recommendations of COMPAS. I think we've expressed this morning that there's a need for us to continue to have witnesses come before this committee to bring a fuller picture of where we're going.

But I can never forget. I look at some of the things here this morning....

You're simply here from COMPAS. I thought we were talking about Agricore United coming to this table this morning.

• (1125)

The Chair: That will be in the second half.

Mr. Paul Steckle: Then I apologize, because we really didn't get into that part of it. But it is a concern and I will raise it at a future time.

There are many things you've brought forward. I've briefly gone through the COMPAS report, and I think there are many things that need to be...because the industry has indeed changed in the direction I was alluding to. So I apologize, because I came here prepared to ask my first question to the other people, and I wasn't watching there.

I'm going to defer my time to the next speaker, and I will take it out on the next questioner.

The Chair: Do you want to pick up at this point, Mr. Easter? You still have roughly two and a half minutes.

Hon. Wayne Easter: Why don't you just go to the next one?

The Chair: Fine.

Mr. Bellavance is next for seven minutes, please.

[Translation]

Mr. André Bellavance: Thank you for being here. I thought that we were going to hear a shorter summary of your report or, at least, a less detailed presentation. This report does however contain nearly 200 pages. I was expecting you to tell us what had happened and that you would talk about your mandate.

What exactly was your mandate concerning this study? Tell us what the parameters were, on the whole, without going into details. You no doubt had a sufficiently clear mandate to be able to present this report? What was it?

Dr. Conrad Winn: You're quite right. The mandate was simply to do a completely independent review of the Canadian Wheat Board and of the statute. That was our objective, our mandate, and quite simply, our mission.

[English]

We did not have a mandate to look at the Wheat Board, for example. To the extent that we looked at the Wheat Board, it was only to ask ourselves, "Among all the different opinions about the Wheat Board that are reasonably well known, if some of those opinions took effect, what implications would it have for the Grain Commission?"

Do you want to say anything else about our mission?

Mr. Tom Halpenny: Yes. Thanks, Conrad.

On the other elements of the mandate, some things were prescribed, such as generating a discussion paper, which we issued on a public basis nationally. There were also eight public forums that were prescribed, so we held public forums in Quebec, Ontario, Manitoba, Saskatchewan, and Alberta. That was an opportunity for stakeholders to provide us feedback on the discussion paper we generated, to ensure that the issues we identified were those of stakeholders. Then they could provide their opinion on those issues that we identified in our discussion paper. That helped guide our final report.

Dr. Conrad Winn: Our style was to present a very emotionally and policy neutral discussion paper that didn't advocate anything, in order to avoid any risk of prejudicing feedback.

Also in that style and spirit of objectivity, COMPAS launched an online survey and invited hundreds of stakeholders to participate. We also made it possible for other members of the public who had not been invited to participate.

So our approach was to be extremely objective. It frustrated a number of people, because they didn't know where we were going. Our purpose was to make it possible to receive all feedback. Then with the evolution of the forums we gradually became more candid about the direction in which we were going.

[Translation]

Mr. André Bellavance: There is a list of people that were consulted. I understand that it was stated, in a short note, that they all had been more or less consulted. However, there is quite a complete list of all the people who were consulted.

It appears that my colleague, Wayne, is mentioned. However, at the last meeting, he told me he hadn't been consulted. I also see the

names of the Minister of Agriculture, Fisheries and Food of Quebec, Mr. Yvon Vallières, as well as the name of the spokesperson for the Parti québécois for Agriculture, Fisheries and Food, and that of the former Minister, Mr. Maxime Arseneau. So, some people from Quebec were consulted.

I see the name of my colleague, Wayne, and that of my colleague, Alex, but I don't see mine, not that I really want to. I'd like to know what influenced your choice of people to consult and why the Bloc québécois was not consulted. I'd also like to know how extensively Mr. Vallières and Mr. Arseneau were consulted and what they told you concerning the Canadian Wheat Board.

• (1130)

[English]

Dr. Conrad Winn: I don't think we said specifically that they were consulted. We said this was a list of people we invited to give us feedback and advice. We simply selected among politicians, among elected officials. We went simply by rules. All the provincial ministers of agriculture were invited automatically, for example. We did not make judgment cases.

[Translation]

Mr. André Bellavance: That doesn't answer my question.

For what reason, were we, the Bloc québécois, excluded? We're the third most important party in the House of Commons.

Dr. Conrad Winn: Frankly, I have doubts. When I return to my office, I'll enquire but I have some doubts, because our rule was simple, it was to write to every federal political party leader to invite them to give their opinion and advice.

Mr. André Bellavance: In the 102 recommendations contained in your report, there seems to be a tendency in favour of what the grain companies want.

You stated that you had meetings with farmers and grain producers, but does the report really reflect what they want? I think they will be the first to be affected by all the changes that could come about. How many farm producers and how many companies did you meet? Which portion of the opinions expressed in your report represents their opinion?

[English]

Dr. Conrad Winn: That's a good question. I'll answer that initially, and then I'll ask Tom to answer.

We obviously met far more farmers than grain company executives. If the criterion were initial happiness with us, then you'd have to say the farmers loved us and the grain companies didn't. That wasn't the criterion by which we made our recommendations, nor were we particularly interested in the conflict between grain companies and farmers. We were much more interested in issues of accountability and transparency.

We live in a modern, democratic age, and it is extremely important that everyone feel it's easy to know who makes the decisions and it's easy to know the basis of their decisions. An example is our proposed modification in the act about "in farmers' interests". The act, which Tom can speak far more eloquently on than I can, talks about that in general.

Whenever you have anything in general there's a huge risk that nothing in particular will ever happen. Why is the air polluted? Because nobody owns it. Why are public desks written on? Because no one owns them. Try to write on your mother's desk and see what happens to you. Because someone owns it, it's your mother, she's going to kill you.

We looked at what is viable, what would work, and how to protect farmers. We believe producers are far more adequately protected by making the protection very specific.

Tom, do you want to talk?

Mr. Tom Halpenny: Yes. I will answer the question more directly as it relates to how many agricultural producers, although I don't have the numbers in total in terms of the attendees at the forums. One thing that's very important to note is that Agriculture and Agri-Food Canada was responsible for the advertising that was done for the public forums, not COMPAS. That being the case, we understood our forums were held in the last half of June, and that's traditionally a busy time. We were in the middle of the growing season for producers, and we acknowledged and recognized that. We made extra special efforts by making personal phone calls as well as follow-up e-mails to as many of the producer organizations as were identified, with the assistance of Agriculture and Agri-Food Canada. I think you can see we have a very broad list.

We had fairly decent representation at the public forums and with regard to written submissions from the various producer groups. Having individual producers come and making sure that approximately 100,000-plus producers in Canada who grow grains were aware of this process was obviously something that was logistically impossible, so we did the next best thing. We tried to address their representative organizations, and hopefully those organizations could provide the opportunity and information for their members to invite them to come, as well as the public advertising that was part of the process by Agriculture and Agri-Food Canada.

• (1135)

The Chair: Thank you, gentlemen.

Thank you, Mr. Bellavance.

Mr. Miller.

Mr. Larry Miller: Thank you, Mr. Chairman.

Thank you, gentlemen, for coming here. I'm going to ask all my questions and then let you answer them.

Your report states that the grain sector is at a crossroads. Of course, one of the things it mentions is biofuels, which I had mentioned earlier, and I think it's an important part of this process. Animal feed grain, and with it the ethanol that's basically low protein, that kind of thing, which is the opposite of what we're using for human consumption.... Basically, there's going to be a transition in there for government through the market and this kind of thing. I'd like to know how long you think that transition will take.

When it comes to research undertaken by the Grain Research Laboratory, it's probably going to require government funding. I'd like to know what you think the cost to the government is going to be. Basically, it's a cost that's attributed to modernizing the Canadian Grain Commission.

On another item, our high quality of grains are recognized worldwide. Can we ensure that a reform of the agency that's responsible for this quality won't raise concerns among our trade partners around the world? We don't want to lose our place globally that way.

Also, do other countries that import and export grains have a similar agency like the Canadian Grain Commission? Can you give us some examples?

Dr. Conrad Winn: I'll be really brief, and then I'll ask Tom to also address your questions.

Let me summarize that with biofuels, ethanol, and the global situation, we're in an era of tumult. The history of economic forecasting is that people aren't very good at forecasting tumultuous times. That's why we're not recommending solutions. We're not saying that biofuels are going to take over, that hog production is going to sweep the country, or that everyone is going to be driving ethanol-fuelled cars at 25% ethanol. All we're saying is that these changes are taking place, so what processes do you need to enhance Canada's competitive position?

First, you need a lot of research. It's dumb not to have a lot of research. We're in a knowledge-based era, and we've been underfunding research. Other countries, like Australia, have been investing more in research than we have.

Two, we can't forecast exactly how much each of these areas is going to contribute to the economy or to agriculture. What we can say is let's be as transparent and open as possible. A lot of our reporting has to do with recommended forms of consultation, forms of round tables, between the commission and all the interested parties. I mean, we can't even know who the interested parties are, because in this case there are so many of them. That's why one of the headaches we had was deciding what a board of directors might look like. In the end, we decided not to recommend one, just because there are so many interested parties.

So we can't even know who the interested parties are, we can't forecast the demand for ethanol or biofuels or hogs or anything like that; we can just come back and say that process really matters, that transparency and accountability—

Mr. Larry Miller: Perhaps I could interrupt you there. Specifically, I think you know the direction that government has said they want to go in, and that's basically my question. I'd like you to tell me, knowing what you know out there—and I'm not going to go into the details because of time—how long the transition period would be in there, considering what we have made clear we intend to do, or would like to see, as a government.

Dr. Conrad Winn: You're talking about...?

Mr. Larry Miller: Biofuels.

Dr. Conrad Winn: With biofuels, a fair rule of thumb is that all major changes take longer than initially forecast. So I think a decade is a reasonable assumption.

Mr. Larry Miller: Okay.

Go on the other question, if you would.

Mr. Tom Halpenny: If I could, I'll perhaps answer some of your questions directly. But first, with regard to biofuels, we could probably have a whole afternoon in discussion on the policy requirements and the timing and the reaction from the marketplace in terms of meeting the commitments that Canada has put forward for four years' time for standards for renewable fuels and transport fuels.

But let me come back to the four questions you originally posed. You asked about the transition of new feed varieties, how long it would be. I think you're aware of the proposal for a general purpose wheat class, which basically preserves kernel visual distinguishability for the two main wheat classes—Canada western red spring wheat and Canadian western amber durum—but allows the requirements for visual distinction of the other classes of wheat to not be a registration criteria for varieties. That's in the works. I believe CGC is looking to implement that in about a year's time.

There are varieties that are on the shelf that may very quickly be registered that have different characteristics, and of course new ones will be developed, given this policy. That's the timeframe. You asked how long. That's a rough estimate.

You asked what the impact of our recommendation on government funding for research was. In general terms the research budget is approximately \$10 million, which rests with the Canadian Grain Commission. We recommended over a seven- to ten-year time period an increase of four times, or fourfold that amount, to take it to \$40 million. We also recommended that this money be given not only to the Grain Commission but also to establish a separate fund that would provide funding for universities and other private research groups, so it's collaborative, so it's not just money for the Grain Commission.

We're targeting research overall, and this is research primarily relating to quality and quantity control for grains. The budget for research in agriculture and specifically for grains is considerable, so we're talking about that piece.

On the third point, ensuring that reform of the agency doesn't cause concern with customers and our reputation, this was something we considered very seriously. For example, on the inspection of grain for export, although we recommend that the inspection of grain on inward movement into export terminals may be optional, at the request of shippers, we recommended that the outward inspection and weighing continue to be mandatory. It's for that very reason. We felt very strongly that there's an expectation of third-party unbiased documentation of quality and quantity assurance by customers. It's a competitive advantage in a reputation that Canada has that we feel strongly needs to be protected and preserved. That was the basic rationale for our recommending that the outward inspection continue to be mandatory.

Lastly, just very quickly—I won't take too much time—on your question about other countries, there are other countries that have agencies similar to the Canadian Grain Commission. Of course, the

aspects in each country are considerably different, but take, for example, numerical grading, which is a part of our framework in Canada. The U.S., France, Australia, the Ukraine—you can go down the list—all those countries have numerical grading for grain that is essentially established by governmental regulation and standards.

There are a number of different agencies. I won't take too much time there, but we can go into some more.

● (1140)

The Chair: Sorry, you're done at this point.

Mr. Atamanenko, seven minutes, please.

[Translation]

Mr. Alex Atamanenko: Usually, when we begin a study such as this one, we want the results to be representative, don't we? We want the report to reflect what people think in the agricultural sector.

Do you think this was the case during this process? During the process, were there some weak points during the consultation phase?

My name appears on the list of persons. I know that sometimes, my memory is not as good as it used to be, because of my age, but I don't recall having answered those questions. If that's the case, what percentage of those people really participated in the study?

Those are the three first questions I wanted to ask.

Dr. Conrad Winn: Do you want me to answer the last question first?

M. Alex Atamanenko: Yes, because my memory is not as sharp as it used to be.

[English]

Dr. Conrad Winn: Okay.

On the last question, no, we never said we received feedback; these are the people we invited feedback from. There are other people we received feedback from too, but we didn't put their names in because they spoke as individuals and wouldn't want their opinions to be associated with their organizations. Maybe a quarter of those gave sustained feedback, probably more.

You ask two good questions: to what extent this reflects the population and what the weaknesses are. You may not have had a chance to go through the report, but the report is very process-oriented, because we don't believe you can forecast what the economy is going to look like with any kind of precision. On the issue of trying to figure out how to be reflective of the different stakeholders, one of the constant refrains is that we don't have objective information, we don't have surveys.

One of our many recommendations is that Agriculture Canada itself should be surveying producers. This is very important. The grain companies told us.... They are so competitive that some of their people even told us they almost break the rules to give the producers a good deal. Then some farmers told us that nothing has happened in 85 years and that they are still the robber barons of old.

How do we know? We're in no position to know. So you survey farmers.

A key issue, for example, is how, given the decline in the number of elevators and therefore the increase in the distance to elevators, these changes affect competitive opportunities of individual farmers. We have no objective evidence; all we have is hearsay and those people who choose to show up at meetings or send us e-mails.... There is a lack of information.

We dealt with this in one area, for example: the recommendation having to do with the assistant commissioners, who are political appointees. Their role is unclear, because sometimes they are really just part of patronage heaven and sometimes they're energetic advocates for producers, without always knowing the limits of the law that might govern what they can or can't do for producers.

Some producers say they're essential, but we have no objective information. At some forums, no one has ever heard of them. There are even people at forums who live in the same town as an assistant commissioner but had never heard of the person. In other cases we believe they were very active, energetic, and delightful in what they did. So we said we don't have objective evidence, but move them out.

It's so absurd to have a bureaucratic organization where you have patronage appointees brought in at the middle and essentially in a position of insubordination and with an unclear mandate or mission. But some producers say they're needed, so we recommended on a temporary basis a grain farmer advocacy organization until we find out from regular surveys about the proper mission and what farmers really need. Are the grain companies Mother Theresas in drag, or are they throwbacks to the Dirty Thirties? Again, we don't have objective information and we need it.

• (1145)

Mr. Alex Atamanenko: Just to follow up on this, isn't the process flawed then? You have commissioners who are there to represent the farmer. You're not sure whether they do or not, depending on what you've heard. You're recommending that we throw them out and we have an office of advocacy, which is reviewed in three years.

Is not the potential there that in three years there will be nobody to advocate on behalf of the producers?

Dr. Conrad Winn: There are umpteen potentials, but right now we have good reason to believe the assistant commissioner role is ineffective and improper.

Mr. Tom Halpenny: Conrad, let me add, just to be very clear on the distinction between the commissioners, who are the executive head of the organization, that there are three of them, one identified as the chief commissioner, one as the assistant chief, and one who is called an ordinary commissioner. The assistant commissioners we're talking about are people who are appointed by order in council and

who work in eight different regions across the country. They'll have a prescribed region and they work in those areas.

Those are the positions we're talking about when we talk about this change to the office of grain farmer advocacy.

Mr. Alex Atamanenko: But I just heard you say there wasn't any objective way of evaluating whether they're really doing their job, and at the same time you're saying you've come to the conclusion that they're not effective. I don't quite understand that.

Dr. Conrad Winn: There is no objective way of knowing the demand for the various missions they fulfill. There are pretty good anecdotal and other ways of assessing to what extent they're doing their job well, and there's a very mixed review, with some existing commissioners doing outstanding work historically and others being part of patronage heaven.

But even the outstanding work is a problem. Even if they were all outstanding, we have a problem, and that is the very strange situation where they're below but don't report to the senior people. That is so absurd.

• (1150)

Mr. Tom Halpenny: And they're politically appointed. Again, there was no job description we could actually compare to what the expectations were. It was very broad and very general. Essentially, they're political appointees.

We felt very strongly that without having benchmarks, check marks, accountability to the organization.... There were some examples we were presented with where it generated some dysfunction and undermined the overall credibility of the organization. Many individuals did an admirable job and generated benefits to producers. We acknowledged that, and we recognized that it should be preserved for the future. That's where we said make the mandate very clear and put it into a new organization called the office of grain farmer advocacy. That is the primary benefit provided by that role, as we understood it from stakeholders.

Dr. Conrad Winn: If you look at two principles we can all accept, accountability and transparency, the assistant commissioner role does not meet either of those. There's no transparency because there's no clear mission, and they're not at the top. There's no accountability. Who are they accountable to? How can the chief commissioner be accountable to anyone for people who are not accountable to her?

The Chair: Thank you, Mr. Atamanenko.

Mr. Easter, second round, for five minutes, please.

Hon. Wayne Easter: Thank you.

You mention in your report about the balancing of conflicting interests. I think the key to the Canadian Grain Commission is the mandate and governance structures—the mandate itself and in whose interest it operates. The rest are technicalities that can be amended one way or the other. But fundamental to the CGC is its mandate.

I went through your recommendations. With respect to the issue of mandate, how would you interpret that the mandate would change? What are the implications of the mandate you have proposed? The emphasis has always been on protecting producers. From a number of standpoints, in my personal point of view, there has never been greater need than at the present time for protection of producers. Could you respond to that? I think that's key. Would you just interpret the implications of your recommendations on mandate for primary producers?

Dr. Conrad Winn: Well, there's the theoretical position and then there's the practical position. Theoretically, everything the commission heretofore has had to do should have been to prioritize producers. In practice, that hasn't been so, and it couldn't be so. It couldn't be so—and I don't think one needs to be a lawyer to know this—because it might never stand up in court. How could one have any regulatory agency prioritize some stakeholders over others?

It's also impossible because you have producer conflicts. Look at biofuels and look at ethanol. Some of the biggest conflicts are not between producers and grain companies; they're between some kinds of producers and other kinds of producers. These are really the conflicts of the future.

Finally, to the extent that you think it's very important to protect producers—and Tom has taught me that Mr. Easter's concern to protect producers is a very valid one—the more focused you make it, the more real it is.

Mr. Tom Halpenny: Before your next question, I would add that one of the other things we were striving to do was to improve the overall credibility and perception of the organization while maintaining the key fundamental protections for producers. A very easy criticism from non-producer stakeholders about decisions the Grain Commission has made is that it was acting in a biased way in favour of producers and that it was unfair. In some respects they may have had some justification for that, but it may also have been an unfair decision.

With respect to the implications you asked about, in practice I think the Grain Commission has effectively been doing what our mandate prescribes, which is to be fair and judicious with all stakeholders with regard to the standards for quality of Canadian grain and regulating the grain-handling industry. However, to be prioritizing and biasing producers in certain areas, for example, the protections we outlined in the second part of the mandate, where those protections are the main focus of decisions.... So by distinguishing that, it allows the Grain Commission to operate in a fashion to diminish that very easy criticism, in my view, and yet still preserve the protection for producers provided by the act.

• (1155)

Dr. Conrad Winn: I can add that it's not a question of reducing the ability of the Grain Commission to exercise influence over one or another category of stakeholders; it's about changing the way they do things. In some ironic ways the commission, under our proposals,

would have a lot more power over grain companies, to the extent that you may be concerned about that, because we recommend that they have financial power that they don't have.

Right now all they can do is take a grain company's licence away, and there has been a case of one grain company that, without any consequence, did not fulfill its obligations for reporting information.

Hon. Wayne Easter: There is no argument from me there, on needing more power to control grain companies. Acting in a biased way in favour of producers would be a wonderful change. It wouldn't bother me a bit.

I have two quick points.

The whole object here, and I think most of us around this table would agree, is that we do need the opportunity to get into other crops, whether it's for ethanol or biodiesel. But what is extremely important is that we not jeopardize the quality of our grains. We're world-renowned, and we cannot undermine that in any fashion.

Do you have any ideas on how we can find that balance, in terms of maintaining the quality while opening up those other opportunities? We will be calling some other witnesses in that area.

On the whole issue of budget, the Canadian Grain Commission has been coming back to the government always short of budget. You're proposing some contracting out. How do you see saving money by contracting out? Any time I've seen us contract out, we've lost control, and it has cost money at the end of the day.

I just don't see it as a cost saving, and there is absolutely no way, when we come up with final proposals here, that we can impose additional costs on producers. We should be taking costs off, even if it means the taxpayers of Canada have to pay for it, because this is about quality control; it's about opening up opportunities; it's about bringing foreign dollars back to Canada.

Please comment on the budgeting issue and the contracting out.

The Chair: Thank you, Mr. Easter.

Gentlemen?

Dr. Conrad Winn: We didn't, for a second, anywhere in that report say that money would be saved by contracting out. We said that service would improve by contracting out because it would give the Grain Commission the power and flexibility it does not now have to lower the costs throughout the value chain. To the extent that needless costs are passed on to shipping companies or grain companies or any other part of the value chain, these are ultimately absorbed by producers, so all we did was argue for more flexibility.

The Chair: James, you have five minutes.

Mr. James Bezan (Selkirk—Interlake, CPC): Thank you, Mr. Chair.

I want to thank the two of you and your company for doing this study. I think it's great that we can all put together this group of recommendations, and it's a great dialogue and debate in the country over the future of the Grain Commission.

One of the things I was concerned about and that you addressed in your report is the whole system. We've already been talking about it, and Wayne was talking about making sure farmers, rather than just grain companies, have a fair bias. Part of that, in my opinion, is the whole grading system—the KVD, the way the research is done, crops possibly even inhibited in this country because of CGC regulations.

When you start looking at things, what's making a little more money on the farm these days versus just growing grains and exporting them is the value added—it's the ethanol, the biofuels, the farm feeding that's happening out there. I really want to know if you think there's a way forward here so that we can have the flexibility in the system. You've mentioned we've got competing groups fighting and that this animosity is increasing. Can we fix that through the regulations of the CGC and its mandate so that it can actually address this whole problem of bringing in place more varieties, quicker approval of varieties—meeting the needs of all segments of the industry so that all farmers can be in a win-win situation?

● (1200)

Dr. Conrad Winn: That's exactly it: so that they can all be in a win-win situation.

I'll ask Tom to speak in a moment, but we already see evidence of this in terms of a new class. Our general approach is to say that we can't give you the answer in terms of the end product, but we can tell you the best process. It's similar to saying that we can't tell you which party or politician to vote for, but we can tell you that countries with democratic elections and elected legislators have people who are much happier and much richer than those without.

By that logic, we say we can't tell you exactly how to change your grading and classification and other systems, but we can tell you that in this kind of situation, you need a lot more consultation, a lot more round tables, and a lot more transparency.

Mr. Tom Halpenny: To follow on that, essentially on the question about KVD, to be very clear, the key grading issues relate to wheat and to KVD. The other concerns and comments that we heard would be a drop in the bucket compared to those particular issues. That's really where some of the malcontent rests, with regard to that and the pressures that you very well identified between competing interests.

That said, it's also generally accepted or acknowledged that we can't compromise the quality that is in place and is perceived by our customers in the very effective segregation that's provided by KVD for those core classes, being Canada western red spring wheat and Canada western amber durum. The process that I think the Grain Commission went through to get there in terms of this recommendation for a new class involved very extensive consultations, according to what we were presented with, so that's what's going to be required as an industry-based approach to move to the next step.

To be very clear, there may be technological changes that help us accelerate in this balance between innovation, which is really what

we're talking about, how you foster innovation while preserving and protecting the reputation we have with our existing system, the existing varieties, and the process for registering them.

On the DNA testing, any form of rapid or effective testing, the work is being done now to try to discover that. If there's a breakthrough and it's rapid and cost-effective, this might change very, very quickly.

As to methods to identity-preserve products, the protocols are in place. In fact, Canada, in my view, does a better job than probably anyone else in the world in being able to balance these two things currently. Over one million tonnes per year are sold by the Canadian Wheat Board through identity-preserved or variety-specific programs. The whole designated barley process ensures varietal purity of well up to 95% to 99%.

The Chair: You have 30 seconds.

Mr. James Bezan: Okay.

A different sideline altogether is the whole study you guys did in the area of dispute resolution. There is a real concern out there that there is a perceived bias when the mediator is also the grader and inspector. I want to find out your thoughts on that, how we fix it to remove the real or perceived bias that exists in current dispute resolution.

Dr. Conrad Winn: I think there are two issues. I'll ask Tom to talk about the dispute resolution proposal.

The other issue is accountability. We specifically say there ought to be no laws that protect the Grain Commission from legal action. Regulatory agencies and government shouldn't have any special protection compared to business, non-profits, or charities. In a democratic society, everyone should be accountable under the law on an equal basis.

There have been some newspaper reports that misunderstood our recommendation on compensation in the two bankruptcy cases. We did not say that the Grain Commission has to compensate. We don't say that. In fact, if all the stakeholders agree that it's better not to have any kind of insurance or licensing or accountability or compensation system, that's for them to decide. We said, in this particular case, that the communication of the Grain Commission, in our judgment, could be reasonably interpreted as a commitment to compensate. For that reason, we recommended in this case that there be compensation.

Do you want to talk about dispute resolution?

• (1205)

Mr. Tom Halpenny: Yes. With regard to dispute resolution, a number of specific cases were presented to us where there was no opportunity for stakeholders to have a hearing on the implementation of policy with the Grain Commission in any type of fashion to have their concerns addressed, without having to leapfrog right to the very costly process of taking them to court. Based on that and also on the fact that throughout the grain industry, as we earlier described, there are different conflicts that arise, having a process for mediation and arbitration—those two being distinct and different—for dispute resolution in matters relating to grain issues, commercial transactions...probably the logical place to put it is in the Canada Grain Act. In fact, some of those services may be able to be provided relatively cost-effectively by government through some existing mediation services that are provided through the farm debt mediation service, which is national in scope. So there's no real additional overhead. It can really be pay-as-you-go for those who choose to use that type of service for mediation.

On the arbitration side, the Canada Transportation Act has some framework that we feel is maybe appropriate for some higher-level dispute resolution, where one or the other...it may be final offer arbitration, for example, and a cast of arbitrators proposed by the minister and accepted by complainants. It gives them an opportunity to have resolution in a cost-effective, efficient, and timely way, as opposed to burdening the court system and expending a lot of money to try to get it resolved.

The Chair: Thank you, Mr. Bezan.

Mr. Roy.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mister Chairman.

My questions are for Dr. Winn. But before I ask them, I'd like to share my opinion with you.

I'm from a sector where we tried contracting out, that is Fisheries and Oceans Canada. In fact, I think Wayne must remember this. I'm going to tell you where this process took us.

Inevitably, contracting out has led to higher costs and lack of government accountability. It's quite clear that when you contract out, you give subcontractors a certain responsibility and you award them a one year contract and then you start having problems. But the government says that it's a subcontractor, that they've signed a contract with him, and that when the contract is over, they'll try to solve the problem with another subcontractor. I know my opinion won't be mentioned in your report because I wasn't consulted. But contracting out has in fact brought on a lack of accountability on the government's part.

Some words are often repeated in your presentation. First of all, you mentioned an impartial report. I don't think your opinions are impartial. I find it difficult to conclude that your opinions are impartial.

Secondly, you told us that your mandate was to reflect various opinions that were being circulated concerning the commission. Have you heard any positive opinions concerning the commission,

or have you only heard negative opinions? If you wish to present these opinions, you should hear not only negative opinions but positive ones as well. Have you heard any? I heard nothing in your presentation today that would lead me to believe that you heard even one positive opinion regarding the commission.

Then you talked about transparency. You told us that no one was responsible. I don't think it's impartial to say something like that. You talk constantly about transparency. In my opinion, transparency is a catchall word. I could say the same thing concerning just about anything. If I'm badly informed, I'll turn to my neighbour and I'll tell him it's because he's not sufficiently transparent or because he hasn't told me everything. The notion of transparency doesn't mean anything.

Tell me what you mean, with regards to the commission, when you talk about the notion of lack of transparency.

[English]

Dr. Conrad Winn: You ask some good questions.

On the issue of positive feedback, we didn't receive much, to be honest. But that doesn't mean that we feel negatively. If I conveyed the idea that we feel negatively toward the commission, I apologize. We tried to write our report so as not to suggest that they had done anything improper or wrong, or were indolent or unprofessional. In fact, our emphasis on the need for a better research budget, for example, is in line with our view that they actually performed extremely well, given the limitations of their budget.

On the issue of transparency, you're right, unfortunately. But you're only half right. Transparency isn't always compromised because observers have their eyes closed. Sometimes, it's compromised because things actually are hidden. There's a problem with particular assistant commissioners. I don't want to focus on that, and I don't consider it the high point of our report. But there's a problem. It's as if the junior people in your office were appointed by the Prime Minister of Canada. It's bizarre. You have to appoint the people in your office yourself, not somebody else. There's a problem of transparency and accountability there.

What else did you ask?

• (1210)

Mr. Tom Halpenny: I'd like to put in a word here. The nature of the consultation, the nature of the public, is that people come forward with their concerns, not necessarily with their bouquets. If the conversation is negative, it masks the fact that people with a general level of satisfaction probably didn't come forward to talk to us. It was people who had concerns. We acknowledge that. In fact, there were areas in which we had positive comments.

For example, the work of the Grain Appeal Tribunal was heralded as being a good process. All stakeholders felt it was fair. This is the process for appealing decisions about grading. It is dispute resolution by the Grain Commission between what people think their grain should be and what it actually is. There's a lot of credibility in that process. This suggests that most stakeholders feel that the organization, on balance, provides objective services. However, then they would follow up with their concerns, and that's what guides some of the conversation.

I don't want you to have the impression that we feel negative about the Grain Commission as an organization. In the end, we say it needs to remain as an agency and continue its services, but that the reforms we mention might improve it.

The Chair: Thank you, gentlemen. As you can see, it won't be hard to fill two more meetings on this topic. We're barely scratching the surface.

Thank you so much for all the hard work, and thank you for your appearance here today on short notice.

This meeting will suspend while we do a little witness shuffle at the end.

As quickly as we can, folks; we're already running late.

•(1212) _____ (Pause) _____

•(1217)

The Chair: Welcome, folks. Thanks for coming on such short notice.

We are just getting under way, as you can understand, with the Grain Commission hearings that Dr. Winn put forward in his report. You sat in this morning, so you have some idea of where we're going with this.

As you can see, we're already running behind, but if each of you has a short presentation...

The Western Grain Elevator Association is represented by Wade Sobkowich and Cam Dahl. The National Farmers Union is represented by Terry Boehm and Colleen Ross.

Who would like to go first with a short presentation?

Everybody looked to you, Terry, so I guess you're the guy.

Mr. Terry Boehm (Vice-President, National Farmers Union): All right—and I'll pass it over to Colleen.

Ms. Colleen Ross (Women's President, National Farmers Union): Thank you for the opportunity to speak with you today. My name is Colleen Ross, and I'm the women's president of the National Farmers Union. I'm also a grain and oilseeds farmer in the Seaway Valley, about an hour south of here.

I'd like to introduce you to the National Farmers Union. We're a democratic direct-membership farm organization made up of thousands of family farmers across Canada. It is the only farm organization in Canada to be chartered under a special act of Parliament, on June 11 of 1970.

The NFU is a non-partisan organization. Our goals include economic and social policies that maintain the family farm as a basic

food-producing unit in Canada. To realize these goals, we work to create, expand, and safeguard orderly marketing and supply management systems. We work to promote policies that safeguard the interests of farm families, and we work to ensure that Canadian food is safe, nutritious, and available to all who need it. We also work to encourage farming practices that protect, enhance, and sustain the environment.

In all the work that we do, we ask two very key and basic questions, and I encourage the members of this committee to always ask these questions. Those questions are: who profits and who pays?

As we move into today's discussion, I'd like to introduce my colleague and friend, Terry Boehm. Terry is a grain and oilseeds farmer from the Prairies, from Saskatchewan. He farms over 4,000 acres on the prairies.

I'd like to hand it over to Terry now.

Thank you.

Mr. Terry Boehm (Vice-President, National Farmers Union): Thank you, Colleen.

Colleen mapped out our mandate, criteria, and reason for being an organization. This mandate is essential and fundamental to the goals, action, and analysis undertaken by the organization.

Mandates and terms of reference are critical components of the functioning of institutions, acts of Parliament, and even the tone and character of private consultant reports, such as the COMPAS report reviewing the Canada Grain Act and the Canadian Grain Commission.

This report recommends altering the mandate of the Canadian Grain Commission, and as such the consequences flowing from this temper all the other recommendations that follow, positive or negative.

Under the current act, section 13 of the Canada Grain Act reads as follows. The terms of reference of the Canadian Grain Commission are under the title, "Objects of the Commission":

Subject to this Act and any directions to the Commission issued from time to time under this Act by the Governor in Council or the Minister, the Commission shall, in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.

"In the interests of the grain producers"—I want to repeat that, "in the interests of the grain producers"—is not a superfluous line. It is fundamental.

This is the result of and recognition of the abuses and domination of farmers that took place at the hands of the grain companies and railways a century ago. Farmers were forced to take or leave a price and a grade deemed by the grain company of the day, regardless of the quality of grain the farmer was trying to sell. They were cheated on weight and even access to delivery.

The possibilities for this behaviour and other untoward behaviour are today even more threatening with the increased concentration of grain companies and the likelihood of further concentration. Today a handful of companies dominate the grain trade around the world. Without a strong regulator with a mandate to act in the interests of these grain producers, the consequences will be grave for farmers. These grain companies recognize the economic gains they can make on the backs of farmers if the mandate changes over time. This will be an incremental but relentless process.

The COMPAS report removes this critical line, “in the interests of grain producers”, from the general mandate of the commission and narrows it down to specific rights. This is where our fundamental critique of the report rests.

Their text would read:

Subject to this Act and any directions to the Commission issued from time to time under this Act by the Governor in Council or the Minister, the Commission shall:
1) establish and maintain the standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.

It's very similar to the original text except that “in the interests of grain producers” is missing.

They then define it in part two:

2) in the interests of producers, provide the right of delivery access by grain producers to primary or terminal elevators, provide the right to third party grade and dockage verification, provide the right of a grain producer to access a producer car for shipment of grain and to have third party weighing and inspection of that unload, provide the right of grain producers that their commercial grain transactions with licensees under this Act be secure.

Section two of this text narrows “in the interests of producers” to some very specific but not unimportant rights for farmers. The flaw is that the role of the CGC under this scenario is narrowed to ensuring quality standards for Canadian grain and to regulating grain handling to ensure a dependable commodity is now no longer focused on grain producers' interests, but it is left loosely open to interpretation. Quality standards beneficial to grain companies may result in grave economic consequences to producers.

Under this language, there's no distinction made among grain companies, farmers, or other players. The economic power and balances are the obvious divergence of the interests. The divergence of the interests are less clear but important nonetheless.

• (1220)

The regulation of grain handling may ensure a dependable commodity for domestic and export markets, as the act requires, but it could very easily accomplish this with onerous conditions placed on grain producers by the grain trade: either over time, by excessive quality demands, resulting in downgrades and price discounts; or by excessive handling requirements and pricing that could still fulfill the mandate of dependability and quality but that could leave producers in even more dire economic straits.

Placing the interests of grain companies and farmers on equal footing is a folly that does not recognize the power imbalances existing between them. In the strongest possible terms, we recommend maintaining the language of the act as it exists now, within the interests of grain producers, as the *raison d'être* for the

Canadian Grain Commission and the standards of quality in grain handling regulations in Canada.

We do not object to the further definition, as written by COMPAS in clause 2 of their text, in the interests of grain producers, but we object strenuously to it being limited to those specific rights.

I think the mandate is critical. What I'd also like to address are some of the recommendations within the report itself. There are positives and negatives in the report.

One of the things that was debated earlier with the COMPAS people was the issue of governance and the issue of the assistant commissioners and what appears to be an ambiguous relationship to the chief commissioner. This was a studied construction and not an attempt to create patronage heaven, as referred to in the report. The assistant commissioners have the ability, when necessary, to act in the interests of producers, sometimes putting them in conflict with the chief commissioner, who is a government appointee.

This was absolutely fundamental as grain handling tariffs increased and producers attempted to alleviate this problem by constructing their own producer carloading facilities where they could, along tracksides. The chief commissioner of the day was adamant that these facilities should be licensed as primary elevators, and then under the act they could not load producer car facilities.

It took one assistant commissioner in particular, acting on behalf of producers, pointing out that the chief commissioner was in contravention of the intent of the act. There was very real pressure from grain companies for this particular individual to be dismissed or to be shut up.

In the end, the Grain Commission decided that because no monetary transactions take place—this is just a service where the producer carloading facility loads the car, gets to the terminal and is unloaded, and the Wheat Board makes payment to the producer and it's administered and weighed by the Grain Commission—they weren't required to have licences as primary elevators. This allowed producers to maintain the fundamental right, which they've had since the turn of the past century, to have an option in moving their grain to port other than through the elevator companies. This is a very real control and cap on the level of tariffs and fees that a producer can be subjected to in the handling of his grain.

While some definition as to the duties of the assistant commissioners perhaps would be appropriate, the office of grain farmer advocacy, as envisioned in this report, is very unclear. If it is an office operating outside the Grain Commission, how would it access records in times of dispute on grades, etc. Would these be separate jurisdictions? Would that be available to them? The fact that they suggest that after three years this office could disappear is extremely worrisome. First, we see it as little more than an ombudsman with ill-defined or no powers. Second, what would happen then to producers, particularly in reference to this changed mandate as suggested by COMPAS?

On the issue of inward inspections, COMPAS recommends this be optional. Inward inspections are the weighing and grading that takes place when railcars or trucks arrive at transfer or terminal elevators. The Grain Commission conducts third-party grading and weighing services. We think this is a value that's important to maintain in the system because it prevents the contamination of large lots with possible off-types of grain, etc. It also serves as an auditing process to make sure that the volumes in and out are equivalent and that there aren't any losses taking place in the transfer system, which would be detrimental to producers.

• (1225)

On contracting out, there were points made here about the costs and the accountability. The other question is, as the COMPAS report suggests that you need competition with contracting out, the reality is that these are very specific services that tend to be consolidated in one private company when this happens. We see this in Industry Canada with weights. And often there are significant relationships formed between these private contractors and/or the grain companies, which we confront right now, which are just a handful.

On cost-recovery and government payments, we agree that the government should be financing the Grain Commission and covering its deficits. We disagree with the COMPAS recommendation that the government finance not only the infrastructure but also the services the Grain Commission provides. We feel that the taxpayer should contribute to that too. Where deficits arise, producers are paying a significant portion of that.

I'd like to address—and Colleen will very quickly—the consultation model proposed by the COMPAS people in their report. They suggest on numerous issues that the consultations between so-called stakeholders should take place based on the Canadian Food Inspection Agency's model of consultation. I am very familiar with one of those models in particular, as I sit on the National Forum on Seed, which they have been touting as a template for consultation for all other government agencies. It presents particular problems as a mechanism for producers to participate in a consultation-model system.

The other model, which Colleen will address, is the idea of doing surveys online.

• (1230)

The Chair: I hate to interrupt, but very quickly, please. We're way over time already.

Ms. Colleen Ross: The process is flawed. The CFIA model is not one that we want to emulate. The CFIA model, which they used

quite often throughout their different departments, which is online consultation, is really impossible for farmers to access.

For one thing, farmers don't go to the CFIA website, nor would they go to the COMPAS website. Very rarely do they go to the Agriculture and Agri-Food website.

Understanding the complexity of the issues...and then having the opportunity, as a public consultation online, to give feedback, is really not public consultation at all. Even in the example of the National Forum on Seed, the national forum on fertilizer.... You have these national forums that are public consultation by invitation only. They are also extremely flawed.

For farmers, who are not publicly funded, not privately funded, but self-funded, to participate at these national forums is literally impossible. It's very difficult. And the online consultation is ridiculous. It's not something you want to emulate.

For example, we have the CFIA regulating certain GMOs. Recently they regulated high-lysine corn, and there was an opportunity to speak to the issue of high-lysine corn. Now, they regulated it based on substantial equivalents, but countries around the world have not regulated high-lysine corn because the science is flawed.

But they did not do it on a science base. The CFIA says they are science-based, but they actually regulate based on substantial equivalents. It's one example of its being highly flawed. Unless you understand the science and you understand the process, it's very complex.

The consultations done online or through public or national forums are flawed, and it's impossible for the public to participate.

The Chair: Thank you.

Wade.

Mr. Wade Sobkowich (Executive Director, Western Grain Elevator Association): Thank you very much, Mr. Chairman. I have to say right at the beginning that Cam and I feel a little inappropriately dressed, based on the comments earlier about the grain companies being Mother Theresa in drag, so next time we are invited before the committee we'll make sure we dress appropriately.

Thank you for inviting the Western Grain Elevator Association's views on the COMPAS review of the Canada Grain Act and the Canadian Grain Commission. The WGEA is an association of eight farmer-owned public and private grain businesses operating in Canada, and they collectively handle in excess of 90% of western Canada's bulk grain exports. WGEA members own grain-handling facilities throughout the country and at the ports of Prince Rupert, Vancouver, and Thunder Bay.

While we do not agree 100% with all aspects of COMPAS's report, we do believe that the report's recommendations would reform the system to bringing in the flexibility required for the changing markets. We applaud this committee for its work to initiate this legislative review that has generated the COMPAS report.

One of the very positive aspects in this report that we would like to highlight right at the beginning is the premise that all stakeholders, including the CGC, should be liable for their mistakes or misrepresentations. This is an important policy shift and one that we support.

On the issue of mandate, the report splits the mandate into two parts, which you know. Establishment of standards of quality for Canadian grain and regulation of grain handling in Canada for markets would be for the good of Canada and therefore the industry as a whole. The CGC's role in the interest of producers pertains to the right of delivery access, etc., and this clarification retains the CGC's role as a producer advocate. However, the change removes the ambiguity from the mandate.

We believe the recommendation brought forward by COMPAS would help resolve some of the internal conflicts while maintaining the commission's mandate to function in the best interest of producers. The WGEA believes that the report brings forward a balanced suggestion for change and should be supported by the standing committee and the Government of Canada, and it should be brought forward in amending legislation.

On the issue of governance, the change from a three-person board of appointed commissioners to a single CEO with vice-presidents and other senior executives is a positive change. This would take out much of the politicization that has arisen from the current structure. This model would give clear lines of accountability and responsibility, with ultimate authority lying with the minister, as it should.

The recommended changes to governance are strongly supported by the WGEA, and we ask the standing committee to support this recommendation and request that the changes be quickly drafted into legislation that can be brought before the House of Commons.

On the grain farmer ombudsman issue, the removal of the assistant commissioner position is a good change, for the reasons Conrad talked about earlier and for the reasons he has described in the report. The creation of the grain farmer ombudsman is a positive suggestion that would ensure the farmer's ability to have concerns addressed, and it's an enhancement from the current approach.

The creation of an ombudsman independent from the CGC might also help remove politics from policy decisions made by the CGC. The role of ombudsman is common in both federal and provincial jurisdictions, and these existing models could be used to help develop the structure.

On funding, we wish to preface our comments with a note of concern that the current funding of the CGC's operations may hamper Canada's ability to export. For example, there's a concern that CGC's policies governing the inspection of vessel loading on late shifts or on weekends may result in inspectors being unavailable. The COMPAS report acknowledges these concerns and specifically recommends that all overtime costs associated with inspection services be absorbed by the federal government. We suggest that this particular recommendation be implemented immediately, before the arrival of this year's peak shipping season.

COMPAS's recommendations regarding funding in general are necessary and are fully supported by the WGEA. We strongly believe that costs for activities undertaken by the CGC for the good

of the country and/or the grain industry as a whole should be funded by the government and that cost-recovery components be limited to the marginal costs associated with individual services necessary for commercial transactions. Stable funding would help ensure long-run availability of a Canadian quality assurance system.

On the Canadian quality assurance system, we support the recommendation that the CGC collaborate with independent providers for customized inspection services.

● (1235)

One of the few positive items from the COMPAS discussion paper released in May was the recommendation that primary and export standards be harmonized. This recommendation is absent from the final document, and we respectfully request that consideration be given to preserving this change.

The report would make inward weighing and inspection optional, and the CGC's capacity to carry out inward weighing and inspection would be maintained at public cost in order to provide service to small handlers and farmers. We do not believe this recommendation would require legislative change, and we recommend the regulations be brought forward immediately. A move forward on this item would help relieve the budgetary pressure on the CGC in the short term.

COMPAS recommends the continuation of outward inspection and weighing. In our opinion, in the event that the CGC cannot provide these services, companies should be allowed the option of using third-party services. For example, we have a current situation in which the CGC may not be able to provide overtime services for outward inspection, yet they will not grant terminal exemptions.

● (1240)

Mr. Cam Dahl (Western Grain Elevator Association): I'd like to continue to talk a little bit about liability, misrepresentation, and the Certificate Final.

The recommendation that the CGC be liable for 33% of the harm incurred by revision to their Certificate Final is both positive and a concern. The recommendation would ensure that the government, through the CGC, would be liable for the integrity of the Certificate Final, which is a concept we can and do support.

However, limiting the CGC's liability to only 33% of the losses sustained when it initiates a course of action that causes economic harm to a stakeholder is unacceptable. If the CGC causes loss to a third party, either intentionally or negligently, it should bear the entire resulting cost. The principle of accountability would suggest that those who are responsible for damages should be held financially accountable for the impact of their decisions.

Furthermore, the recommendation itself assumes that the Certificate Final can be changed in the first place, which misses the point that Certificates Final are final. This runs contrary to general commercial principles.

We would recommend that the regulations governing the Canadian Grain Commission be amended to better ensure the integrity of the Certificate Final, to help assure that adjustments are not allowed after the certificates are issued.

The concept of CGC liability brought forward in the COMPAS report should also apply to situations in which the CGC makes changes to their interpretation of grain standards in the middle of the crop year. We have had three instances in the last two years in which the CGC has clarified their interpretation of grading standards. This has resulted in financial damages to the industry. We cannot purchase grain on one standard and then be expected to ship it on another, higher standard.

I will touch on the topic of licensing and security. While it is positive that the report carries forward the idea of accountability for the CGC when they fail to protect farmers, the point is missed that recent bankruptcies are simply the most current demonstrations that this expensive system does not work as advertised. COMPAS understands that the current system does not provide farmers with the protection they believe they have and it acknowledges the cases involved. However, COMPAS does not recommend reform.

Similarly, with respect to licensing, COMPAS has heard the concerns from new processors, such as trackside loading facilities, regarding the cost of becoming licensed. The recommendation, however, was not to reform the licensing system overall but to exempt some facilities.

COMPAS does recommend that the CGC initiate a consultation process as to whether any facility should be exempted or placed in a separate class. We would welcome such a review.

In touching briefly on dispute resolution, I will try to hurry along. The recommendations brought forward by COMPAS are positive and would provide structured and predictable protection for all members of the value chain, from farmers to shippers of various sizes. A structured dispute resolution process in which the CGC is compelled to participate would help ensure impartial application of regulation and rapid resolution of issues.

On the research side—again, in the interests of time I won't go through a deep review of our opinion—we do feel that research is critical and government funding of research is critical, so we think COMPAS has made some positive recommendations in the report.

The Chair: Thank you, gentlemen. We will move to—

Mr. Cam Dahl: Mr. Chairman, perhaps I could briefly address an issue that runs through the report. It's an apparent conflict between

companies and farmers. We feel it is important to directly address this particular issue because there appears to be an underlying premise that there is a conflict between farmers and grain companies.

In our view, this is very concerning and an observation we take very seriously. It is a fundamental fact that the profitability of grain companies is directly tied to the viability of Canadian farmers. We recognize that the consultant did not invent this sentiment and that it is an accurate feeling of some producers who participated in the consultation process.

One of the sources of this belief is the feeling that there is inadequate competition between the various grain companies. However, objective measures of the competitiveness within Canadian grain handling paint a different picture, one of an industry which is competitively driving down farmers' costs. For example, the Quorum Corporation, the independent impartial grain monitor charged with measuring how savings are passed on through farmers, has issued the following quote in its most recent report. I would like to read it in full:

...this result can partially be explained by the heightened degree of competition that has existed between the grain companies themselves, whether it be in terms of the deeper discounts they put forward in their bids to secure tendered grain movements or in the higher trucking premiums they have been willing to pay producers in order to draw grain into [the new] facilities.

We ask the committee and the Government of Canada to consider this objective evidence of competitive behaviour in bringing forward changes to the Canada Grain Act. We also recognize that additional work needs to be done to bring farmers and grain handlers together. COMPAS attempts to address this by recommending round table processes to enhance the ability of stakeholders to work well together and by creating an arm's-length farmers' ombudsman. We suggest that these recommendations would help alleviate the concerns, at least to a degree, that have been brought forward. Improvements to this area would be helpful and would assist you to bring forward reforms to the Canada Grain Act.

In closing, I would like to say that we believe the COMPAS report has provided the government and this committee with a path forward for reform. Some of these suggestions require only regulatory changes. We ask that they be brought forward very quickly. Some will require legislative changes, but we do ask you to move quickly on that as well. For example, we see no reason why legislation could not be brought forward before the next budgetary cycle. We look forward to working with you throughout that process.

Thank you very much.

● (1245)

The Chair: Thank you, gentlemen.

In light of the time constraints we face, is it agreed to go to one round of five minutes? That will get all four parties in. Are you okay with that?

Alex.

Mr. Alex Atamanenko: I think we should stay as long as necessary to make sure we have a chance to question these people in depth.

The Chair: I'm simply putting this before you. I'm open, but I know some people have to leave. I guess if you have to go, you will go, and the rest of us—

Hon. Wayne Easter: On my point, Mr. Chair, what about the motion?

The Chair: That's where we have a problem. It's in making sure we get to it.

Mr. Easter has a motion he wants to address at the end of the committee meeting. The longer we take, the less time we'll have for that.

Mr. Anderson.

Mr. David Anderson: Some of us are on duty and we have to go there as well.

The Chair: I know Mr. Boshcoff has to leave as well.

I'll open it up, but I will limit it to five minutes, with three minutes for a secondary round, so everybody gets a chance to get in. We'll go until we're done, and those who have to leave will leave.

Mr. Boshcoff, five minutes, please.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you, Mr. Chair.

If we were to instruct the witnesses as to the length of time available, it probably would help all of us.

Our Library of Parliament researchers on both Tuesday and again today mentioned the connectiveness of the Canadian Wheat Board and what kind of impact this study may have on the Wheat Board. The Grain Commission actually mentioned that they thought their inspectors and the Wheat Board's marketers...but in yesterday's editorial from the *Union Farmer* it is mentioned by Mr. Pugh that the farmers are feeling that all of these things are connected, that there is a systematic dismantling—with the Wheat Board, and then supply management. I'll ask both organizations if in this report they're viewing a strengthening or a dismantling tool for international grain and national grain production.

Maybe you could start with that.

Mr. Terry Boehm: Thank you for that question.

Farmers are feeling particularly under pressure, and have been for some time. Monsieur Roy—or perhaps it was Alex—raised the issue of transparency. We're being confronted with transparency, accountability, competition, and deregulation constantly. Elevation tariffs and rail freight rates have risen drastically. Farmers have had to shoulder that burden—ultimately it comes back to them—while at the same time there are declining prices.

We have an agency like the CWB that brings premiums to us, and is under some threat. The Canadian Grain Commission has a mandate to act in the interests of producers, and that mandate is under some threat. So producers are under extreme pressure. We're worried that the economic wisdom of today, which we think is extremely illogical, is putting the idea in the minds of legislators and

the public that there are no alternatives, that deregulation and slavish adherence to free market economics is the answer and there is no other option.

But these mechanisms were put in place to alleviate the ill effects of those without any kind of market power at the bottom end—to give them a living wage, a decent return. They're as valuable today as they ever were.

● (1250)

Mr. Cam Dahl: I think Dr. Winn has very accurately portrayed the reasons for the changes to the commission. These changes are absolutely necessary in order to allow Canada to be competitive in a rapidly changing market. Those changes are independent of other changes that might happen to the marketing system. They need to be made in order to allow the Canadian grain industry to be competitive. I don't believe they should be considered as deregulation; they're modernization of the institution.

The Chair: Mr. Boshcoff.

Mr. Ken Boshcoff: On our efforts to eliminate monopoly power, an American trade magazine said that's what the Americans have been trying to do for decades, and now we are going to do it to ourselves.

From the WGA, how does that impact on inspection, delivery, and marketing?

Mr. Wade Sobkowich: From the WGA's perspective, we view these as being independent. We would like to proceed with changes to the Canada Grain Act, independent of any changes that may be coming forward on the Canadian Wheat Board. We don't really see a strong connection. These are the charges that need to be made, regardless of what happens to the Canadian Wheat Board.

If there are some implications, or some connections are found in the future, those can be adjusted. But sometimes if you bite off more than you can chew, you don't get to swallow anything.

The Chair: Thank you, Mr. Boshcoff.

Mr. Bellavance.

[Translation]

Mr. André Bellavance: I believe that a conservative ideology is beginning to emerge. It's been happening, in the case of the Canadian Wheat board, even if we don't want to see it and it's obvious in what we're doing with the Canadian Wheat Board, privatization and deregulation. We know that the Conservative Party has always put forward this type of policy.

I'm talking to the National Farms Union. When COMPAS appeared before us, I didn't really have an answer concerning the scope of the consultation, that is whether the producers had really been consulted and how many of them had been consulted. I mentioned the list that we were given. The names that appear on the list are the names of people whose opinion was sought. It's not quite clear. I hear you and I am not convinced that the general direction of the report reflects the changes that these producers want us to put in place.

We all know that the commission's situation must be reviewed, but for you, was it important that so many changes be brought? If so, what changes would you like that aren't mentioned in the report?

[English]

Mr. Terry Boehm: First, in regard to the consultation, I would say I did have the opportunity to meet with Mr. Winn and Mr. Halpenny. I also attended the public forum that was held in Saskatoon. Our president, Stuart Wells, attended a public forum in Regina. We had other NFU members attend other public forum meetings.

Although it was recognized at the beginning of the report that the National Farmers Union was consulted, we were puzzled that listing of any particular individual involved with the National Farmers Union was excluded; yet those people who were invited to comment but didn't were included. Barring that, in reference to the consultations, I was very troubled by Mr. Winn's comments that he didn't hear positive things about the Grain Commission per se. That is paraphrasing his language and it is probably not exactly right.

I was at that forum, and I have reasonable cause to be confident in the information about some of the other forums, where producers, one after the other after the other, got up and said, leave the Canadian Grain Commission alone; it works. It works for producers. The assistant commissioners work for us. We don't want any substantive changes made to the Canadian Grain Commission, in particular to its mandate. Yet we see that key point being deleted from the first sentence in the mandate, and that changes everything for us.

There were numerous examples in the meeting I attended in Saskatoon of producers having very positive experiences with the Canadian Grain Commission.

In terms of changes to the commission per se, there's a recommendation from COMPAS, for example, suggesting that samples need to be maintained for at least 24 hours after the producer or his agent unloads his grain at an elevator. Well, I really think that should be extended until settlement, because oftentimes a producer is confronted with a situation where he loads up a semi-trailer with his grain, it's delivered, and it's graded by the agent at that point, and he doesn't find out what happens until settlement time and he gets his cheque. If there's a dispute, a sample hasn't been retained. In my own experience, I've been told, well, we dumped it in the pit and that's too bad. So I think the recommendation COMPAS makes for 24 hours is in recognition of this problem that farmers are not delivering directly themselves any more but there are agents doing it for them. It's positive, but it does not go anywhere near far enough; those samples should be mandatory and should be official samples and should be retained until settlement is made. And give the producer the opportunity to exercise his rights under the act.

Another thing that I think is positive in the COMPAS report is they suggest that at the bottom of all contracts and whatnot that a producer signs, there should be a footer specifying what the producer's rights are underneath the act. That's positive; it should be there.

● (1255)

The Chair: Thank you, Mr. Bellavance.

Mr. Anderson.

Mr. David Anderson: I'm going to suggest that as Alex had a round of questions, in lieu, we'll defer ours till after, in the interest of getting done here on time. If he wants to ask his questions, he can have the five minutes remaining.

The Chair: Mr. Atamanenko, you're up, for five minutes, please.

Mr. Alex Atamanenko: Thank you very much, honourable colleague.

I have a couple, and the first one I'll fire out.

I think I have your answer in regard to contracting out, and I understand what you're saying, Mr. Dahl. My experience with contracting out, specifically in the highway sector in British Columbia, is that it has been a disaster in the area of quality, even going as far as safety is concerned.

I'd like to hear what you have to say, Terry and Colleen, in regard to that—and maybe you could pick up on this also. Do you see the quality of the work of the inspectors suffering if part of the work is being contracted out? If it shouldn't be contracted out, obviously there are budgetary implications. Then do we need more funding from the federal government for this? That's the first question.

Mr. Terry Boehm: To answer the tail end of that, we've been on the public record for some time asking that the Government of Canada backfill the deficits the Canadian Grain Commission experiences in operating and fulfilling their mandate. So we would agree that this would be necessary.

The issue of contracting out is quite disconcerting for us, because quality issues are paramount, of course. Contractors come and go. Public service inspectors, under a clear mandate from the commission, perform something in the public service, and I think this is important; this is fundamental to the issue.

Private contractors perform as defined by the terms of the contract. Who would be specifying those terms? Would it be the commission itself?

If the commission has a new mandate, what kinds of things would influence the commission in the structure of those contract requirements?

● (1300)

Mr. Alex Atamanenko: Very quickly.

Mr. Wade Sobkowich: I can comment on that.

Just to clarify, first of all, the report envisions that the CGC is still going to have oversight and it's still going to set the standards for what service is going to be provided. The other point to note is with the removal of mandatory inward weighing and inspection there should be theoretically less demand for their services, so there would be less requirement for it.

Just to speak to a situation that we have out there today, we have the CGC, which provides official weighing and inspection—and you have to have it—and due to lack of funding they are closing down service centres. So they are requiring that you use the service, but they're not prepared to provide it. It causes a huge gap out there.

We're saying if you're not prepared to provide the service, at least open it up so we can use other people, who are underneath your umbrella, to provide that particular service. What that will do is introduce an element of competition out there, because you have more than one game in town offering their services at a fair price. So there's a competition component on the price. There's also a competition component on the service, because we've criticized the CGC in the past for providing inconsistencies in grading, and if we introduce other agencies, the use will gravitate to those that can consistently provide excellent service.

Mr. Alex Atamanenko: What's your reaction to that, Terry?

Mr. Terry Boehm: My reaction would be that if you use other agencies and use will gravitate to those that can provide excellent service, you end up with concentration in the end, and you end up with probably one service provider. Then the idea of competition and quality disappears. We've experienced and watched that happen in numerous instances. So I would worry about that. I think it's fairly specific work, and you would have to have extreme definition as to responsibilities and whatnot.

I would just say that I feel these services are important enough, and actually, in terms of the balance of payment to the economy of Canada as a whole, it would be wise for the Government of Canada to look after those additional expenses to address the issues that the elevator companies find in service, fulfilling that requirement for inspection and having those people there—the CGC people—to provide it.

The Chair: Thank you, Alex. Your time has expired.

Ladies and gentlemen, thank you so much for your presentations here today. I'm sorry we ran out of time. It's a tremendous topic that needs a lot of work done.

Ms. Ross, thank you. Mr. Boehm, Mr. Dahl, and Mr. Sobkowich, thanks again.

Gentlemen, before we move right into Mr. Easter's motion, I'll remind you that our Tuesday meeting of next week is from nine until eleven, not eleven to one, due to the CCA luncheon, of course.

We also need a motion from the floor to allow us to have those extra Wednesday meetings to catch up. Mr. Easter makes that motion; the clerk has written one out. We will put it into the record.

Do you want to read it? Can we combine the two?

The Clerk of the Committee (Mr. Jean-François Lafleur): Sure.

The Chair: Okay.

He has it written as two separate motions and we'll combine it.

Go ahead.

The Clerk: It reads:

That, the Committee hold a meeting to study the situation of the Golden Nematode on Wednesday, October the 4th, 2006, and hold a meeting on Wednesday, October the 18th, 2006, to study the Canada-United States trade relationship and the Milk Protein Concentrates.

The Chair: Okay.

We have rooms tentatively booked; they're not really ours. We have 253-D and 237-C in Centre Block at this point. Hopefully we

won't get bumped, because they would be right close and handy after question period.

Mr. Thibault.

Hon. Robert Thibault (West Nova, Lib.): I have just a quick point of order, Mr. Chairman. Perhaps we could ask the chairman of the committee that meets previous to ours to try to respect his time schedule, so that we don't have to start 10 or 15 minutes late and then not have time to hear our witnesses properly.

The Chair: Excellent point. Thank you for bringing that up.

Our clerk will talk to their clerk. They'll have lunch and sort it out.

From a housekeeping perspective, we need a motion on the record that we will be doing Grain Commission meetings next Tuesday and Thursday, October 3 and October 5.

With a nod of the head, so moved by Mr. Bezan.

(Motion agreed to)

The Chair: Thank you.

Mr. Easter.

• (1305)

Hon. Wayne Easter: I have another point on the Grain Commission thing. Some of the witnesses talked about that liability section. I wonder if legal counsel with the Library of Parliament could give us a little briefing note on the implications of that. I worry about that liability section.

The Chair: On the binding arbitration.

Hon. Wayne Easter: Rather than coming in as a witness at this stage, perhaps they could provide us with a little synopsis of their interpretation of what liabilities could mean to producers and to the government in terms of costs, etc.

Mr. David Anderson: Including a discussion on the Certificate Final as well, which I assume you want to include.

The Chair: So the binding arbitration's Certificate Final and a briefing from the Library of Parliament.

Okay, good; J.D. has that under control.

Mr. Easter, your motion.

Hon. Wayne Easter: Mr. Chair, do I need to read the motion?

The Chair: Yes, into the record.

Hon. Wayne Easter: All right.

I so move the following:

That, the Committee invite Ms. Mary Lynn Charlton, President of Charlton Communication, to appear to answer questions regarding any representations she may have received from the "government, MPs and others" to undertake a "propaganda" campaign on behalf of those determined to undermine the Canadian Wheat Board.

Mr. Paul Steckle: I second that.

The Chair: Any discussion? This is a debatable motion.

Hon. Wayne Easter: Mr. Chairman, the reason for the motion is really quite simple. It's not about a letter-writing campaign by her—or by any other organization, for that matter. It's due to the simple fact that the email indicates that the company has been approached by government, MPs, and others to undertake a propaganda game. That is worrisome.

In fact, at least one of the recipients of the email is on the minister's task force, as is a representative of an organization on the task force. The question that really needs to be asked is whether this influence is from government itself.

There's a growing controversy around this issue. We have the task force, which, as members know, we're very strenuously concerned about. Increasingly there are connections back to the board of directors of Agricore, and there are connections with this Charlton Communications.

To even think that the government itself might be operating a propaganda campaign is worrisome. We do need to hear from this lady to find out if in fact that is correct.

The Chair: Mr. Miller.

Mr. Larry Miller: Due to the schedule we have, Mr. Chairman, I don't know where we're going to fit this in. On the other side of it, I think it would be...at this point, anyway, to have a letter from you as chair to this Charlton person and have them send forward whatever written material there is. We can make a decision at that point on whether we have to give up a meeting somewhere in order to have them in.

That would be my comment.

The Chair: I guess that points to the timeframe, to how soon.

Hon. Wayne Easter: In terms of a timeframe, Mr. Chair, we have a task force, operating under a four-week mandate, that is basically suspect now because one of the recipients of that email is in fact a member of that task force. So it would be—

The Chair: Mr. Easter, enlighten me on the time of the email. Was it before or after the announcement of the task force?

Hon. Wayne Easter: It was September 19, after the task force was set up. It was copied to Paul Orsak, who is a member of the task force.

The Chair: Thank you.

Mr. Anderson.

Mr. David Anderson: Mr. Chair, the minister was clear in the House that the government had nothing to do with contacting this person or influencing her choice of email. She's a private businessperson. We can't explore every email that's sent in this country. I don't think we have time to take a look at this. If we're going to study it, however, I think we should insist on doing it on a broader scale. We're getting a lot of emails from organizations—I know of one that seems to be sending several each night from the same fax number. We would be well advised to make sure that those faxes are written by the authors and represent their position accurately.

A number of farmers have asked me to explore whether the Canadian Wheat Board has the ability to write letters, send them out

from a database, and have other people sign for them. That's something we should probably take a look at.

Another question that's been raised with us is that some of our people had information and marketing reps from the Wheat Board phoning and inviting them to a meeting on Monday in Saskatoon. Coincidentally, on Monday in Saskatoon there was a group formed to support the board—single-desk position. Maybe we need to take a look at whether the board's been politically involved in this issue and whether they're spending farmers' money on it.

We'd also need to look at the databases accessed to contact those farmers—whether permit book numbers have been used and whether this is a violation of the Canadian Wheat Board Act. If we're going to go into it, we ought to explore it on a much wider basis.

• (1310)

The Chair: Mr. Bellavance, and then Mr. Steckle.

[Translation]

Mr. André Bellavance: In my opinion, it's impossible for us to analyze each and every allegation that we hear, except that, in the case mentioned by M. Easter, there is concrete evidence, that is, the e-mail that was sent. To repeat what my colleague Jean Yves said earlier concerning transparency, I fear that there is a clear link between a member of the committee created by the Minister and this person.

Whether we receive letters that are favourable to the Canadian Wheat Board or not is not unusual. I think that we receive many letters concerning each file, as well as e-mails and postcards. Everyone does this with his or her member of Parliament, it's quite normal. However, in this particular case, something smells rotten.

I think we should have the opportunity to hear this woman. However, I am worried about the committee's schedule. We had agreed to speak to the Canadian Wheat Board quite soon. As far as I'm concerned, we could invite this person. If Mr. Anderson has more than only allegations concerning the Canadian Wheat Board, we will be able to ask the representatives of the Canadian Wheat Board, when come to meet us, if they adopted a system with people who falsely signed or did something. I am not the one who alleges this; this is what I just heard. It might therefore be appropriate at this time while we are discussing this subject to summon this person.

[English]

The Chair: Thank you.

Mr. Steckle.

Mr. Paul Steckle: We're on a rather tight timeframe, but this person needs to come forward. This email implicates members of Parliament and the government. That is very serious. We see language asking to "get us into the propaganda game". If they're doing this, we need to know it. When people use language like that, it is serious and should be questioned. I think those people need to come before this committee. If our seating positions in this room were reversed, you would insist on it. I expect the same from you now.

The Chair: Mr. Atamanenko.

Mr. Alex Atamanenko: I was the first one to raise this in the House. I understand what David is saying and I agree with it. If only to clear the government's name, we should have this person appear, probably within the framework of the Canadian Wheat Board discussions. We should set a time limit and do it on a case-by-case basis. If we have other evidence coming up, we should be considering it at the same time.

Hon. Wayne Easter: There are a couple of ways we could have Ms. Charlton come forward. It would take some time even by teleconference. I think it's a good suggestion of André's to have her come when the Canadian Wheat Board is here as a witness. There is some urgency. The task force was already tainted enough, and this taints one of the members and suggests connections with another. I'd say we should move quickly on this matter.

The Chair: The Wheat Board meeting now is scheduled for the week of October 19, which is within that four-week mandate.

Is that suitable? No? What else do you propose?

Mr. David Anderson: I made my proposal that if we're going to look at this we take an extensive look at it and that we do a comprehensive study of it. That's what my proposal is, and if they want to look into it, let's look into the whole issue.

• (1315)

The Chair: Then let's put it forward in the form of a motion and we'll vote.

Hon. Wayne Easter: We have a motion.

The Chair: You do, but it doesn't entertain the timeframe component. That seems to be the discussion. No one is disagreeing with this, Mr. Easter. What we're saying is how do we do it and when do we do it.

Hon. Wayne Easter: I believe David mentioned the Wheat Board. They are here on October 19. That would cover both. And I think those are the two key bodies. So I think that would be fine.

The Chair: Okay.

Mr. Miller.

Mr. Larry Miller: Yes. With the information that I've heard here, just having that one day to hear Ms. Charlton and the Wheat Board, I don't think that's near enough time. There are all kinds of allegations out here, and to just plan on one day...I'm hearing that this thing has the potential to be a lot more detailed and complex than we're maybe anticipating.

The Chair: Our meeting for the Wheat Board too, just to remind you, is with Mr. Measner, Mr. Ritter, and Mr. Motiuk. So we had an hour and then a second hour and so on, and now we're going to add a third hour? Or how do you envision this?

[Translation]

Mr. Jean-Yves Roy: Mister Chairman, I think that before discussing a possible date, we should consider the motion. Do we or do we not allow this motion? If we do, we'll discuss the date. It's the logical way to proceed.

[English]

The Chair: Fair enough.

Mr. Anderson.

Mr. David Anderson: One point. If you're tying this into the Wheat Board, she does not mention the Wheat Board in the email, from what I understand. I've seen copies of it, so make your assumptions as you will.

The Chair: The motion is on the floor and I will call a vote. I will call the question on the motion.

Does everybody understand the motion? Those in favour of the motion, please raise your hands. Those opposed to the motion?

(Motion agreed to)

The Chair: Now we're back to the discussion of where, when, who, and how do we fit it in. Do we want to continue this discussion on Tuesday or do you want to stay and hammer it out today?

Hon. Wayne Easter: I do think we need to, because it's time-critical, Mr. Chair. I think it would be fine even if we added another hour on the Wheat Board day.

Mr. Anderson has made some allegations but has certainly not produced any evidence. Any organization can write letters, but the key on this one is that in her email, which obviously she never expected to become public, she says, "government, MPs, and others". I have seen the press release that Minister Strahl put out last night. I take him at his word. But Mr. Strahl is not the total government. So this is the key area that's coming from government itself, that they enter into a propaganda campaign to look like it's coming from producers.

That's a serious issue, especially with a task force that's already tainted. I would say on October 19, if you want to add another hour, that's fine with us.

The Chair: We'll put that in the form of a motion.

Mr. Atamanenko, do you have a point on that?

Mr. Alex Atamanenko: No. I just wanted to say that in light of what happened today, where we had two hours and we had one group for an hour and then two groups for less than an hour, evidently we do need more time.

The Chair: Mr. Thibault's point about making sure the other committee ahead of us is out of here on time would be very helpful. We were twenty minutes late getting started, and then we did have a fairly fulsome discussion on changes to the calendar. So when you add all that up, of course, we're constrained. But I take your point.

Mr. Bellavance.

[Translation]

Mr. André Bellavance: Mister Chairman, I would simply like to remind everyone that the every sitting during this last session has been very useful. We accomplished a lot, and I don't believe that we took much more time than that which was allowed. We are able to accomplish many things in the time that is allowed us.

[English]

The Chair: Good point.

Mr. Steckle.

Mr. Paul Steckle: I would propose a motion, because we do need a time. I would move that we do it on October 19 and if required add another hour.

The Chair: Okay. The motion is acceptable. We'll call the question.

Is there any discussion on the motion? I will call the question. Those in favour of October 19 and an extension of the meeting if required, please do indicate. Those opposed?

(Motion agreed to)

The Chair: The calendar will be adjusted accordingly.

Thank you, gentlemen.

This meeting stands adjourned.

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