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Chair

Mr. Gerry Ritz

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• (1115)

[English]

The Chair (Mr. Gerry Ritz (Battlefords—Lloydminster, CPC)): I'll call this meeting to order.

Thank you, ladies and gentlemen, for appearing before us today at our ongoing hearings on the future of the Canadian Wheat Board. Thank you all for coming.

Since we're starting 15 minutes late, we'll stretch into the second hour a little bit. We'll try to hold things as tight as we can.

I'm going to be very, very stringent with the time. We're going to hold you to ten minutes. I'll give you a one-minute warning, and then we'll have to shut you down. So give me your best shot in the first ten minutes, or shorter, if at all possible, to allow a full round of questioning in this hour as well. We will stretch into the second hour, because we're late getting going. The environment committee went a little longer than it should have.

The clerk has distributed a calendar to the members of the committee. This is what was discussed at the standing committee the other day. Have a look at it. If there is any discussion, take that up with the clerk at the end of the meeting. I'll attend that as well.

So without any further ado, we have William Van Tassel and Benoit Legault, with the Quebec producers; Wendy Holm, professional agronomist, as an individual; Stewart Wells, president of the National Farmers Union; and David Rolfe, president of Keystone Agricultural Producers.

Welcome again.

Who's wanting to lead off? According to my list, we have the Quebec producers up first. Mr. Van Tassel.

Mr. William Van Tassel (First Vice-President, Fédération des producteurs de cultures commerciales du Québec): Bonjour.

I will do my presentation in French, but I am ready for questions in French and English—no problem.

[Translation]

On behalf of the 11,000 family farms of Quebec producing grain and represented by the Fédération des producteurs de cultures commerciales du Québec, I thank you for your invitation.

More than ever, considering the very serious income crisis facing the grain producers in Quebec and Canada, we want to be involved in any issue having an impact on farm incomes. Therefore, you will understand that the changes proposed to the present powers of the

Canadian Wheat Board are a matter of great interest to our organization.

One of the basic principles that is very dear to Quebec grain producers is the right of the majority of farmers to decide what marketing system they want in order to ensure the efficient marketing of their production and to get the best possible fair prices for everyone. We believe that the Canadian Wheat Board exists and works on the basis of this principle.

Our Federation has received from a majority of farmers who produce wheat for human consumption the responsibility to ensure the marketing of their product. From the very first crop year, we understood how important it is for grain producers to take their place collectively in the marketing chain.

For example, the pooled marketing of wheat in Quebec has allowed us to sell more than 70 % of the wheat produced in Quebec on the market for human consumption, which is more lucrative, compared to less than 50 % in the past. This collective marketing gives obvious benefits to our producers.

Furthermore, at a time of increased concentration of buyers and intermediaries and of disappearance of the information required for the good operation of our markets, it becomes absolutely necessary to offer or, at the very least, to maintain the legal and regulatory tools required to obtain some negotiating power.

The weakening of the balance of power and the growing vulnerability of producers can also be observed in the US where the United States Department of Agriculture, USDA, is more than ever being called upon to ensure the good operation of the markets as well as the implementation of the Livestock Mandatory Reporting Act, a situation made even worse by the existence of farm production boards which have decided, through regulation, to impose the collective negotiation of prices and terms of sale.

Political decency implies at the very least that the Government of Canada let democracy operate. In Quebec, the implementation of a system of pooled marketing was not done without a clear and rigorous democratic process. All the producers of wheat for human consumption were consulted and 70 % of them spoke on the proposal to set up a system of pooled marketing. Out of those, two thirds have voted in favor of the proposal. We believe that the government has at a minimum the ultimate moral responsibility to respect the most basic rules of democracy.

For now, we think that the Government of Canada should invest all its time and efforts in helping the grain industry to come out of the crisis and not to exacerbate its difficulties and to divide farm communities that are already in great trouble.

Let me remind you that our industry generates annual revenues of 8.6 billion dollars, which represents more than 23.5 % of the value of our whole national farm industry, and that it provides jobs to more than 25 % of all our farm families. Our importance is in fact much more than that of a provider of a commodity since we are also a vital component of the farm economy and of the many companies involved in food production. In the end, the farming sector supports a long and complex value chain.

The grain producers of Canada are also very productive. In Eastern Canada, the average yield for corn is quite comparable to that of 50 % of the farms in the US. As for soybeans, the productivity of Canadian farmers is on average equal to that of two thirds of American farms.

The grain market suffers much more today from the increase of oil prices and from the spending policies of the US government. The other two factors that are detrimental to our industry are the higher value of our dollar and the weakening of our prices. Finally, the strength of the oil market and the economic growth of several very big countries in full development also have a direct impact on the prices of our inputs, which should have a direct impact on grain prices.

● (1120)

Unfortunately, the US Treasury, with its investments in farm subsidies, prevents the market from reaching its normal equilibrium. The crisis in the grain industry is very serious and has been deepening over the past 25 years with the various Farm Bills passed in the US and with the increasing supports provided by the American government to its industry.

Nowadays, the Government of Canada seems more concerned by the freedom of choice being demanded by a minority of producers as well as by the Canadian agrifood sector than by the dramatic life being forced upon grain producing families.

This situation has been generated by the subsidies provided in the US and Europe which distort the world grain markets. We refer here to the global impact of the 1.3 billion dollars of subsidies paid in the year 2000, and everything leads us to believe that the amount has even been much higher in the past few years. This is only one aspect of the problem where recurring subsidies disrupt the grain industry in Quebec and in the whole of Canada, and not only at the level of the markets.

Canadian farms are becoming less competitive, their debt increases and their net income is dropping much faster than in the country that is in their main competitor. Added to this is a growing lag in investment in new technologies and, obviously, in the protection of the environment. The impact on productivity is already being felt.

We believe it will be impossible to compete with the producers of a country whose government has made national security a priority. Everything leads us to believe that US politicians will ultimately make an additional priority of food security. Therefore, Canadian

farm producers can expect a continuation of the massive investments in the farming sector in the US, which is all the more an issue in the context of the recent failure of negotiations at the World Trade Organization.

Obviously, we will not be able to face such developments on our own. Canada does not have the luxury to implement a policy that would be very different from that of its neighbor as far as sectoral priorities are concerned. Each year, the United States invest massively in the grain sector, and nearly exclusively in that sector.

The Canadian government is now recognizing that its Canadian Agricultural Income Stabilization Program, CAIS, is not meeting the needs of the grains sector. Despite that, its latest initiatives have been characterized by continuity. This has to be added to the elimination of the Market Revenue Insurance Program in Ontario and to the reduced support capacity of provincial programs such as the Programme d'assurance stabilisation des revenus agricoles, ASRA, in Quebec.

It's quite clear that the grain sector has different needs than other sectors covered by CAIS. Consequently, risk management in the grain sector requires two different types of action: short-term support and long-term planning. The extraordinary situation facing the sector at the present time means that special attention and a specific plan of action are required from the government. Our objective should remain to provide adequate support to the industry.

In the short term, our plan should be aimed at resolving the problems and limits of CAIS for grain producers through the use of a more realistic measure of yields and prices and through ensuring enough flexibility to take account of the specifics of the various regions and various products. Our objective should remain to provide adequate support to the industry.

Transition measures should be implemented rapidly until the 2008 review of the agricultural strategic framework while introducing a new program and improving CAIS in order to compensate for the past, present and future damages — indebtedness — caused by US subsidies. This help should be provided with the flexibility required by the provinces which are better able to share the resources between their farmers.

In the long run, our government should implement in 2008 a new competitive farm policy that will allow us to face the perverse effects of the US Farm Bill. The levels of support should be adjusted according to the level of reduction of the international subsidies following from the commitments made by the various member countries of the WTO.

In conclusion, since time flies, we recognize that the Board may not be a perfect tool but nobody will be able to convince us that we should not take the responsibility, in the collective and democratic manner, of the marketing of our farm products.

•(1125)

We're also extremely disappointed and frustrated by the fact that this issue has become more important than the income crisis. Let us not forget that, if we don't react, we won't survive. Farm organizations, MPs, ministers and politicians of all parties have been involved in the development of a farm industry that has eliminated family farms, has sapped the energy of farm communities and, especially, has been detrimental to our food sovereignty.

Thank you.

[English]

The Chair: Thank you, Mr. Van Tassel.

Ms. Holm, please, for ten minutes.

Ms. Wendy Holm (Professional Agrologist, As an Individual): Good morning. My name is Wendy Holm. I'm a Canadian agrologist, resource economist, and farm journalist.

I want to say at the outset I have absolutely no partisan interest in this issue. My concerns are those of an agrologist, and to say I'm alarmed is an understatement. This is why I'm here today, and I thank this committee for the opportunity to speak.

First my credentials. I'm an agrologist with over 30 years of professional standing in Canada. I'm past president of the B.C. Institute of Agrologists, former director of the Agricultural Institute of Canada, B.C. agrologist of the year 2000, and recipient of two Queen's medals in 1993 and 2002. As a resource economist, I have expertise in economics, competition policy, trade policy, industrial organization, and the effects of regulation on private sector performance.

As a farm journalist, I have 12 years of published columns under my belt, monthly columns. Because of this, I feel I am qualified to give a professional opinion of the policy implications of the recent actions by Canada's new government to destroy the central selling desk authority of the Canadian Wheat Board, the only entity that stands between farmers and the interests of concentrated market players.

Other witnesses before this committee have documented in length the importance of the Canadian Wheat Board to prairie agriculture. I myself have devoted four columns to this subject since February. One, "Dual Desk is Code for Disaster" just won the Frank Jacobs bronze award for press columns at the Canadian Farm Writers' and Broadcasters' Awards in Winnipeg.

Dual desk selling will destroy the power of producers in the marketplace. With the Canadian Wheat Board gone, an estimated \$800 million in benefits to western grain producers are rising directly from the Canadian Wheat Board single desk selling authority will flow from the pockets of producers in the western Canadian communities they support to the coffers of the large grain buyers and their shareholders. The real question is why is this government flying in the face of logic and politics to deliver a campaign promise to destroy the Canadian Wheat Board? When in doubt, follow the money.

The large multinational grain companies have had it in for the Canadian Wheat Board since the mid-1980s. Understandably so,

since the Wheat Board confers over \$800 million in benefits to farmers, benefits that would accrue to the companies themselves. The Americans have been pestering Canada to get rid of the board too, for similar reasons. They want to high-grade their lower-quality grains with quality Canadian product and have access to our freight systems.

In April 2002, following a meeting with top U.S. trade officials, North Dakota Wheat Commission chair Maynard Satrom assured growers the common objective of both the U.S. government and U.S. wheat producers is the ultimate reform of the monopolistic Canadian Wheat Board. Two weeks later, in Senate testimony, the U.S. Department of Agriculture argued that the special privileges of single-desk sellers gave "unfair advantage" to Canadian Wheat board farmers, adding that American grain should be able to freely compete with Canadian grain for Canadian rail shipments. Complaining that the practices of the Canadian Wheat Board restrict U.S. access to our market and make U.S. producers less competitive on world markets, the USDA called for "fundamental reform" of organizations such as the Canadian Wheat Board to permanently assure that U.S. producers are treated fairly in the world market.

In March 2003 an unsuccessful WTO challenge was launched, and again in May it was appealed and again was unsuccessful. It argued that the Canadian Wheat Board has a longstanding history of creating and developing a competitive advantage for Canadian farmers in wheat markets around the world. What is wrong with that? Exactly what they should be doing is giving farmers a comparative advantage. According to the *Canadian Business Resource*, their status as the only seller of western Canadian wheat and barley positions the Canadian Wheat Board to earn premium prices for farmers on annual sales of over two million tonnes of grain to more than 70 countries. All revenue, less marketing costs, is returned to about 85,000 prairie farmers. The Canadian Wheat Board has a proud reputation for high-quality products, reliable supply and delivery, and unparalleled customer support. A privately held member cooperative, the Canadian Wheat Board ranked number 95 in this year's list of the Financial Post's FP 500 companies, just behind SNC-Lavalin, Saputo Inc., and Canfor.

For the Canadian Wheat Board, dual desk selling is a whistle stop away from gone. Multinational competitors with deep pockets will bid away grain in the short term, and the Canadian Wheat Board will starve to death. Once gone, grower premiums of \$30 to \$45 per tonne that farm economists attribute to the Wheat Board will disappear forever. But the damage will not stop there. The collapse of the Wheat Board will have a domino effect on the rest of the prairie grain economy. Without the Canadian Wheat Board, the producer car system will disappear, as short-line railways that rely on producer car shipments will also disappear. Independent grain handling facilities that are today supported by the Wheat Board's overseas marketing connections will quickly disappear in a market dominated by transnationals. Highways will further deteriorate, as farmers have no option but to haul grain longer and longer distances to larger and larger elevators. Canadian grain will become generic and be mixed with the grain of other countries, lowering prices to western Canadian grain farmers.

With the top four firms controlling 73% of world grain markets and the top five controlling an 80% share, with six major North American rail companies controlling freight rates and car access, this is not the time to weaken the power of farmers in the marketplace.

In response to this threat, the vast majority of western Canada grain farmers, together with Canada's major general farm organizations, have stepped forward.

• (1130)

On the one hand we have the Americans, the multinational grain companies, and the Harper government trying to dismantle the Canadian Wheat Board, and on the other hand we have Canadian farmers, farm organizations, and the Canadian public trying to stop them. Harper knows that if farmers voted in a plebiscite, as required under section 47.1 of the Canadian Wheat Board Act, the single desk authority of the Wheat Board would remain intact.

The publicity on this issue has, I suspect, forced Harper to overplay his hand. Muzzling the directors of the Canadian Wheat Board so that they cannot defend farmers' rights under section 47.1 and changing voter rules mid-election in an attempt to influence the outcome in the government's favour would raise concern even in a third world country. Perhaps the new government doesn't know this, but such tactics are not acceptable in Canada.

I'd like to close today with a story that I think illustrates much of what I have said here.

As an agrologist, I went to Saskatoon on July 27 to stand with Canada's farmers in support of the Canadian Wheat Board. I felt that they were right, and that professionals should come forward and say so. When I had my two-minute turn at the mike in the Vimy bandshell in the park, I encouraged other agrologists to come forward in support of the Canadian Wheat Board and the right of Canada's farmers to make this decision. I saw it as a professional responsibility.

That afternoon I sat in a packed room and listened to farm leaders from across Canada defend the Wheat Board and the clout it gives to farmers. Later that afternoon, Chuck Strahl emerged from the invitation-only meetings he had been having across the street—with those who agreed with the Harper government's views on the Canadian Wheat Board—to hold a press conference.

I attended as a freelance columnist with the *Western Producer*, and asked the minister whether his government was prepared to implement dual marketing without a supporting vote of producers and in violation of section 47.1 of the act. I then returned to B.C. to write my column.

That Monday, I was about to file my August *Western Producer* column when I received a phone call from my editor, Barb Glen, who seemed shaken. She said they'd received a call from Chuck Strahl's office—and from one other person—suggesting that my presence at the rally indicated bias on the part of *Western Producer*. My monthly column, which had appeared on the op-ed page the second issue of every month for the past 12 years....

A voice: [*Inaudible—Editor*].

Ms. Wendy Holm: What?

I still have time. I have three minutes.

My column was dropped permanently the next morning. It was cancelled.

What would cause the paper to fire a prize-winning, very popular op-ed page columnist with four national awards for press column and press editorial in three years?

Again, follow the money.

I refer the committee to the handout “Who Owns the Farm Media in Western Canada?”—if we could please have that circulated—in which I list the directors and their affiliations. Note in particular the name of Brian Hayward, CEO for Agricare, Canada's largest grain handler and feed manufacturer.

In an October 3 letter to a farmer, Chuck Strahl's office said that *Western Producer* is owned and operated by a private company, Western Producer Publications, in Saskatoon. In fact, *Western Producer* is owned and operated by a conglomerate, Glacier Ventures International. One of the directors of that company is Brian Hayward, the CEO of Agricare.

The loss of my column in the *Western Producer* after one phone call from Strahl's office is not about me. It is, most importantly, about the rights of farmers to have an open and honest discussion on farm issues and to have knowledgeable and articulate advocates like me speak out strongly on their behalf. Instead, I too have been muzzled.

Because I was called to give evidence before this committee only a few days ago, I do not have copies of my handout in French. Since, properly, unilingual material cannot be distributed to the committee, I have instead posted it on a special website that I feel should be of interest to this committee. It contains, among other material, an expanded discussion of farm media ownership, an interview that Barb Glen and I had on CBC Radio One in Regina, and the column that was dropped by *Western Producer*. The website is www.theholmteam.ca. Any baseball fan will recognize the root, root, root for the “holmteam” and all that.

Economists know that when capital concentrates, communities suffer. There's no better example than the agrifood sector. Farmers face this problem all the time. The CWB is critical to offset multinational power and to return equity to farmers and their communities. The Harper government, in lockstep with the interests of American grain farmers and transnational corporations, sees prairie agriculture as just another sector ripe for takeover. Farmers will turn from decision-makers to price-takers. Strong and viable family grain farms will be replaced by mega-farms with farm managers in double-wides.

If Ottawa can override section 47.1 of the Canadian Wheat Board Act, it can just as easily undermine the legal framework under which other farm commodities operate. It is up to all members of Parliament to put a stop to this nonsense—now.

Thank you.

• (1135)

The Chair: Thank you, Ms. Holm.

We'll move to Stewart Wells, president of the NFU. Ten minutes, please, Stewart.

Mr. Stewart Wells (President, National Farmers Union): Thank you, Mr. Chairman.

The National Farmers Union thanks the committee for the opportunity to be here today to speak with the standing committee.

I have two recommendations that I'd like to put before the committee, and then another point I'd like to make if time allows.

The first recommendation we would put forward is that the standing committee use all means available to investigate the events that led to changes being announced by the Minister of Agriculture to the Canadian Wheat Board director elections halfway through the election process.

The second recommendation is that the standing committee find a way to force the federal government to reimburse the Canadian Wheat Board's direct costs, as well as the individual farmers' extra cost, resulting from the government changing the Canadian Wheat Board director election rules halfway through the election process.

As background to the first recommendation, last week the Minister of Agriculture stood in the House and announced changes to the way this year's Canadian Wheat Board director elections would be run. This process had started in the first week of September, and so the election process was roughly halfway finished, or halfway through, when the minister announced these changes.

In his announcement of the changes, he said that he had made a suggestion to the Wheat Board to make these changes and that the Wheat Board had agreed and said it was a pretty good idea. That was last Tuesday.

On Monday of this week, the Canadian Wheat Board published on its website a statement of its own, where it actually said it was not a suggestion by the minister, but rather it was a direction by the minister. They also said that they were not given the opportunity to say whether it was a good idea or not. So the Wheat Board has directly contradicted the statements by the minister. That bulletin is available on the Canadian Wheat Board website.

As well, I would bring to your attention, when we're talking about websites, that there is other information on that Canadian Wheat Board website that I'm hoping members have a chance to review. There's a piece that I would like to enter, if I'm able to, as evidence for the committee. The presentation that the Canadian Wheat Board has made to the Minister of Agriculture's ongoing task force work is also posted on the website, and I would like to bring that before the committee, as well, as evidence.

So on Monday the Canadian Wheat Board contradicted the statement by the minister, and that moves us up to yesterday. Yesterday, the Minister of Agriculture produced another statement regarding the changes to the election. In his statement he has again tried to implicate the Canadian Wheat Board as being part of this change, and he referenced the Canadian Wheat Board election review panel results. There was an election review panel, which reported almost a year ago—November 2005. The minister has referenced that report, but the changes the minister has introduced

are not one of the recommendations in the report. The changes are completely different from the panel recommendations that came forward in November 2005.

Inside of eight days, we've had two different rationales put forward on behalf of the minister in regard to these changes, and both of the statements he has produced are wrong. We're asking that the committee take this into its own hands. Go back and start at the time that the election review panel was tabled, in November 2005, eleven months ago, and from then, come through to the present and try to find out why these changes were made during the election process.

People who I trust and who have no reason to lie to me on this issue say that the minister was informed about the review panel, about the recommendations that were in the review panel, and was actually told as early as February that if any changes were going to be made along the lines of the review panel, they had to be implemented before the election process started. Well, that hasn't happened. So what we've seen are changes in the middle of an election process. The National Farmers Union is very upset about changes during the election process. This is Canada, and we don't do those kinds of things in this country.

• (1140)

That leads to the second recommendation, which is about the increased costs. Farmers in this country, farmers in the Wheat Board region, pay all of the election expenses related to these director elections for the Canadian Wheat Board, but the changes that the minister has introduced in the middle of the election period are leading to extra costs. The original information, the original advertising that was done by the election coordinator, Meyers Norris Penney, now has to be contradicted. There have to be new direct mailings to the 36% of the farmers who have been arbitrarily kicked off of the list, and that's going to be an extra expense, which the Wheat Board, at present, and farmers through the Wheat Board, have to pick up. So there's a direct expense to the Canadian Wheat Board.

There's also an indirect expense to the farmers involved who go through the declaration process. Thousands of legitimate voters have been kicked off this list. There were the people in Manitoba and Saskatchewan, and in Alberta in Peace River, who experienced the incredible frost in the summer of 2004 and who produced only feed grains. Many of those same people in the next crop year were flooded out and produced only feed grains. If they haven't hauled yet this year—and we're only three months into the delivery period—they are kicked off this list.

Now, at a minimum, those people, when they fill out their declarations, have to find a notary public or a commissioner of oaths to verify those declarations. There are farmers now who are going to be 25, 50, or 100 miles away potentially from a commissioner of oaths. Granted, it might be a small cost—\$10, \$15, \$20, or \$50—for a person to get in their car, drive to find a commissioner of oaths and make that change, but it's a direct cost imposed on the farmers of western Canada by the Minister of Agriculture.

We've all been talking for the last number of years about the poor financial condition of farmers in western Canada. So, again, with the second recommendation we're asking that the standing committee find a way to force the Minister of Agriculture to reimburse the Canadian Wheat Board for these costs and farmers for any of their incidental costs.

The last point that I'll make is just to demonstrate a different way of thinking about the Canadian Wheat Board. We've heard a lot of the arguments, and there's lots of discussion to be had, but one way of thinking about the Wheat Board is as a legislated marketing instrument that's there for the benefit of western Canadian farmers, which is very similar to a legislated marketing instrument called "patent protection". Patent protection is legislated by governments of countries in order to allow companies that are developing products to have a monopoly, a single-desk selling, if you will, of that particular product, so that they can maximize their returns from the marketplace.

The Canadian Wheat Board works in a very similar fashion. It's designed to help farmers maximize their returns from the marketplace so that we don't have to come back to taxpayers each and every year to try to get tax dollars to put farmers on life support.

So I just make that analogy to the patent system, which is a legislated system. Monsanto, John Deere, and every other company involved in the business benefit greatly from a legislated marketing instrument like patent protection, and the farmers should not be held up to some sort of double standard and denied use of the same legislated tools.

Thank you.

• (1145)

The Chair: Thank you, Mr. Wells.

Mr. Rolfe, could we have your presentation, please?

Mr. David Rolfe (President, Keystone Agricultural Producers): Good morning.

It is certainly my pleasure to be before the committee this morning to present Keystone Agricultural Producers' position on the Canadian Wheat Board.

Keystone Agricultural Producers is Manitoba's largest general farm policy organization. It is our job to represent and promote the interests of our province's farm families. Keystone Agricultural Producers represents approximately 7,000 farmers and farm families across Manitoba. It is from our role as the voice of Manitoba farmers that I am here today. I am pleased to present our position on the Canadian Wheat Board and the issues around a single desk.

It is not an exaggeration to say that the changes to the Canadian Wheat Board as currently proposed by government will be the beginning of a fundamental change in agriculture in western Canada. I will address some of the issues in a moment, but first let me be clear about this: we cannot underestimate the impacts that a move from single desk will have. Western Canadian farmers must have the opportunity to get the facts on what's at stake and what the implications will be.

Ultimately it has to be the farmers' right to decide. It is apparent that a plebiscite is absolutely necessary. Point one: legislation requires it—it is in section 47.1 of the Canadian Wheat Board Act.

Point two: government was not elected in western Canada on a single issue, and it was not just a farm vote.

Point three: farmers have a direct interest in the Canadian Wheat Board through the director elections.

Point four: from a business perspective the CWB is run by farmers, and farmers must have the opportunity to decide their future.

Since GATT was formed in 1984, our policy has been in support of the single desk; however, we have also supported changes made by the CWB to be more responsive to the changing needs of farmers.

Today our call for a plebiscite has nothing to do with being for or against the single desk; it has everything to do with the farmers' right to make this decision for themselves. It is critical that farmers and government take time to consider the consequences and the implications of any unilateral decision. We need to consider the fate of the issues that follow.

One issue is farmer empowerment. The Canadian Wheat Board is the only grain marketing structure that returns all proceeds from grain sales directly back to the farmers themselves. No other structure in Canada does that. We have seen the demise of the pools that were farmer-empowerment tools over the last number of years until none of those cooperative pools is left. They are now commercial entities amalgamated with other major and multinational companies, and they are answerable only to their shareholders on Bay Street.

Certainly there is increased industry concentration. We've seen the number of grain companies reduced significantly over the last number of years, and that has a huge impact not only on who you sell your grain to, but also on who you buy your imports from.

We have principles of cooperative marketing in place in the Canadian Wheat Board. It can't be either-or; there is no middle ground. In a cooperative system, the majority rules, and we see those examples in the supply-managed industry as well: producers under supply management work together to gain a better price for everyone.

There are trade implications with loss of the single desk. Certainly we've seen a number of challenges from the U.S. for grain moving across the border to the south; the Wheat Board, every time, has funded the fight on those challenges. If the single desk is lost, the Wheat Board no longer will speak for all farmers in western Canada. One single organization will not be there to take on that responsibility. There will be no agency there to fight those trade challenges, and the trade challenges will be inevitable; there are no two ways about that. We've seen the actions of the U.S. farmers in the past. We've seen the actions of the North Dakota Wheat Commission and others who don't hesitate to put countervail on our attempt to put anti-dumping challenges or trade issues in front of the U.S. government in the trade process.

A third issue is the effect on transportation. It is certainly not a stretch to imagine that the railways will begin to challenge their obligation to move western Canadian grain at the current freight rates. I expect they would move to try to gain parity with the U.S. freight rates, which are significantly higher than we experience in Canada. That in itself will lead to further chain reactions within our industry.

• (1150)

Another issue, one we've seen in the past, is service challenges. Who will be there to fight those services challenges, to complain against the railways' lack of service? In the past, the Wheat Board has taken on that challenge on behalf of all western Canadian grain farmers. If the single desk is no longer there and the Wheat Board doesn't speak for everyone, who will take on those challenges against the railways for service complaints?

The future of short-line railways in western Canada is certainly in doubt if we lose the single desk, as is the future of the producers' opportunity to move grain through the producer car system, which effectively bypasses the handling and elevator charges that most producers experience.

Also, a direct impact on Manitoba will be whether the use of the port of Churchill will continue at the current rate, or whether it will just disappear off the map, and all those jobs and implications along with it.

Regarding branding Canada, I don't think there's one other organization in Canada that plays such an important role for western Canadian farmers as the Canadian Wheat Board when it comes to branding Canadian wheat and barley. If we move away from single desk, will this continue, or will the wheat and barley that's sold out of Canada simply become a product of Cargill, Louis Dreyfus, Agricore United, and so on? Will we lose that branding Canada? This will have a significant impact on the international marketplace.

Will the influence of the Canadian Grain Commission be lost? If the multinationals take over the role and responsibility of making international grain sales, will they need the Canadian Grain Commission? Will they assume responsibility for quality assurance between buyer and seller? Will the Canadian Grain Commission lose influence in its role in disputes between farmers and with the multinationals?

Who will fund the Canadian International Grains Institute? That's an important tool in research, market development, and relationships with international buyers and customers.

The Western Grains Research Foundation is a research tool for western Canadian farmers that's funded directly from the final payment system to the Canadian Wheat Board. All western grain farmers who market grain through the Canadian Wheat Board fund that program, and it's invaluable in the amount of research it does for new products and new grain lines in Canada. Who will fund the Western Grains Research Foundation?

In closing, the move by this government has created a level of uncertainty in the international marketplace, as far as who will be marketing Canadian grain in the future. It has created uncertainty within the farming community at a time when we certainly don't need any more uncertainty than we have. We're already challenged

as far as farm incomes and many other issues go. We don't need an added level of uncertainty.

There is no such thing as a dual market; a dual market does not exist. There is single desk, or there's a completely open market system. There is no in-between.

Government needs to respect the farmers' right to choose the future of the Canadian Wheat Board. The choice will not be simple. We will have to consider all of the issues I've just mentioned and many others besides.

Farmers must have the opportunity to make their voices known through a clear and neutral question on the future of the Canadian Wheat Board. It's not only the future of the Canadian Wheat Board; it's the future of the family farm in western Canada.

Thank you.

The Chair: Thank you, Mr. Rolfe.

That draws the presentations to a close. We'll move to the questioning round.

We have one bit of housekeeping. We have a security guard posted at that door. He'll keep everybody in until you change your positions. No, that's not true. He's actually here to remind us that the Mexican president-elect is using the hallway outside for some protocol systems.

The door back there is accessible for us to leave, if need be, until about 12:20 or so. The coat rack has been moved around to that side. Hopefully you'll get a better coat than you wore coming in. So use that door if you have to leave in the meantime.

Thank you.

Gentlemen, we're really running behind schedule. Can we limit the round to five minutes, rather than seven? All right.

Mr. Easter, for five minutes, please.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

It's kind of ironic the Mexican president is outside, because if it were the president of Cuba, it would be more democratic than this Prime Minister on this issue.

Some hon. members: No.

The Chair: It's your five minutes—

Hon. Wayne Easter: That's right. But it's true.

The Chair: —so time's burning.

Hon. Wayne Easter: Mr. Van Tassel, my question's really to you. You indicated your disappointment that there's not enough time spent on farm income. And yes, we're disappointed too, but we felt that we had no other choice but to make the Canadian Wheat Board an urgent matter because of the way the government is moving on the Canadian Wheat Board. They seem really intent on taking that marketing institution, which empowers farmers against basically the multinational grain trade, and undercutting that power. And they'll go to any lengths to get their way.

We've seen the gag orders. We've seen the changed voters list. And first is the Canadian Wheat Board.

You have single-desk selling in Quebec, as well. If they're willing to take away single-desk selling in western Canada, there's no question in my mind that that's an object for undermining as well, because if the economic powers that be out there want to disadvantage farmers, then this government seems to be on their side and not on the farmers' side.

So my question, really, is on the farm income side, given the WTO and the new reality. And the new reality is that we're not going to get an agreement; all policy is geared towards decoupling farm income, really. What do we really have to do if farmers in Canada are going to survive? In my own view, we have to match the Americans dollar for dollar, whatever we have to do to do it, or our farmers aren't going to survive on this side of the border, and the advantage will go to them.

We had good presentations from the Canadian Federation of Agriculture in that regard, and I want to thank all witnesses for their presentations today. But start with that question, because at the end of the day, farm income is the bottom line. The Wheat Board helps in maximizing returns back to producers. How does the Government of Canada meet the Americans dollar for dollar?

• (1155)

Mr. William Van Tassel: Thank you, Mr. Easter.

That's why we put out our presentation, because we find that the number one issue, if we want to have viability of the family farm, is farm income.

What we're asking for in the short term is a companion program with the provincial flexibility to send it back to the grain farmers where it's needed, so it can cost less to do more work. And in the long term, we want to have a program that takes into account the needs of the grains and oilseeds. As I was saying, we need to have a certain flexibility, and like in Quebec, we could work with a certain program. We believe it would cost a lot less to the federal government.

The way it would work is that of course we would take into account the costs to producers of the United States Farm Bill and also of the European programs.

Hon. Wayne Easter: This is really to the other three witnesses.

David, you outlined quite a number of areas where there's really a lot of potential risk should we lose the Canadian Wheat Board, and you made the point, and this goes to all three of you, that there's no such thing as a dual market. Individuals and government certainly believe that there is. I certainly don't believe that there is. You either have single-desk selling, or you have an open market. It's that simple. But there are some who believe that you could actually take away single-desk selling and that the wheat boards could survive. Do any of the three of you really believe that?

Mr. David Rolfe: No.

Ms. Wendy Holm: Absolutely not.

Mr. Stewart Wells: I agree that the answer is no. It's on the official record. If we look back in history to the central selling agency, to the voluntary wheat boards that have gone before, human nature being what it is, people will deliver to the board when they see the price falling, and they will try to go outside the board and sell

to some other market when they see the price rising. And under that scenario, it cannot be a viable operation.

When those agencies failed in the last century, they were spectacular bankruptcies. At the time, they were some of the largest bankruptcies in this country, and farmers and all Canadians came running to provincial and federal governments to clean up the mess.

The Chair: Thank you, Mr. Easter.

Mr. Van Tassel—

Ms. Wendy Holm: Can I make just one complementary comment on that? It's sort of a reverse Wal-Mart scenario. You know, large companies come in, and they drop the price to put out the competitors. We have oligopolies here where companies can determine where they're going to compete and where they aren't. They have a common interest to try to draw product away from the Wheat Board in the short term, and they can raise that price and starve the Wheat Board. That's just what happens with concentrated sectors, and that's the reason economists don't like them.

• (1200)

The Chair: Thank you, Ms. Holm.

Back to my point, Mr. Van Tassel, Mr. Easter's talking about the ultimate control and return of a single desk. If that is so, why do we then have three in Canada? Instead of reinventing the wheel in Quebec, why would you not just join the Canadian Wheat Board?

Mr. William Van Tassel: Well, I don't know how the laws of the Wheat Board work; if it's the law for western Canada, but—

The Chair: It is the Canadian Wheat Board.

Mr. William Van Tassel: Yes, it could very well be, but we looked at the way it was working there and how things work in Quebec. It's a single desk, where it goes all through our... We don't really buy the grain; our organization sells it, but it belongs to the farmers.

Why didn't we try to join the Wheat Board? Well, heck, to tell you the truth, maybe Benoit could answer that.

Mr. Benoit Legault (Director General, Fédération de producteurs de cultures commerciales du Québec): We haven't thought about it, like—

Mr. William Van Tassel: Yes, probably it's more that.

Mr. Benoit Legault: We know that it's impossible. The act says that it's only a couple of provinces, but—

The Chair: It actually designates any area that can be added.

Thank you.

Mr. Bellavance, five minutes, please.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Mr. Chairman, Quebec is a distinct society, even in the agricultural sector, but that doesn't mean that it can't work, obviously.

Mr. Van Tassel, your comparison with the priorities of the government is interesting. One of the priorities or one of the commitments of the Conservative government was to set up a mixed market for Western producers. Another was to replace the farm income stabilization program which has never been effective in your case during the past five years. Whether under the previous government or the new, you've never been able to collect the amounts provided by this program.

Today, you've come up with concrete solutions. Immediately after my election, people from your organization came to see me. Why do you think this government which claims to be new and to be acting for you is concentrating all its efforts to making changes to the Canadian Wheat Board while forgetting completely your situation?

Mr. William Van Tassel: We're here to try to change things and to convince the government that something has to be done to ensure the security of farm incomes. In Quebec, CAIS provides less for grain than supply management provides for milk, for example, even though the need is very high. In fact, for decreasing reference levels applicable to grain, CAIS doesn't work.

Provincial flexibility which allows to target those sectors with higher need might be much less costly for the government.

We're here today to tell you about the urgent needs of our grain producers.

Mr. André Bellavance: How many members are there in the Fédération des producteurs de cultures commerciales in Quebec?

Mr. William Van Tassel: In Quebec, there are 11,000 grain producers. We also work a lot with Ontario where there are about 28,000 producers.

Mr. André Bellavance: Do these people have the right to vote?

Mr. William Van Tassel: Normally, yes.

Mr. André Bellavance: You have used various means to publicize your situation in my region, Trois-Rivières, and in other regions of Quebec. You have started to spill grain in the streets and Jean-Yves has told me that you've also spilled grain in front of some federal buildings.

After using those rather dramatic pressure tactics, did you get in touch with the government? You're at the end of the rope: farmers are going bankrupt, some have to sell their equipment and land and others can't even buy groceries. Did any member of the new government try to get in touch with you to see how they could help?

Mr. William Van Tassel: We've met with Mr. Strahl after our first demonstration. Producers don't want to waste their grain but they're at the end of the rope. It's a way for them to try to call attention to their plight but it also demonstrates their despair. We've met with Mr. Strahl, the Minister of Agriculture and Agrifood. We've explained our position but I don't think anything came of it.

Benoit may have more to say about this.

Mr. Benoit Legault: For the time being, we don't have any information allowing us to believe that a program would be set up specifically for the grain sector. We continue hearing about a general program for all producers, and that's been confirmed in the press. That's what we were told at our last meeting.

The US Farm Bill is mainly aimed at the grain sector whereas in Canada we want to try and support the incomes of all producers, which is a problem. There's something wrong in this strategy which doesn't seem to change. We have the feeling that nothing moves.

• (1205)

Mr. André Bellavance: Has the minister told you directly that he won't do anything for you?

Mr. William Van Tassel: No, that's not what he said. At this time, this issue is not on the agenda of the federal and provincial ministers' meeting of November 13 and 14.

Mr. André Bellavance: The minister will be here on October 31st. You can be sure that the Bloc Québécois will more than communicate your message, we will ask very specific questions about this issue.

Over the past five years, 11,000 producers in Quebec have not had access to income support. How is the morale of your troops? How do your people cope? If you're at the stage now where you're spilling grain in the streets, it means that it's of no value to you anymore.

[English]

The Chair: Thank you, Mr. Bellavance.

Short response.

[Translation]

Mr. William Van Tassel: We see during our meetings that the morale is very bad. At this time of year, farmers should be getting their crops in. If they take the time to demonstrate in the streets, it shows you that the problem is very serious.

Farm indebtedness has never been this high and morale has never been this low.

[English]

The Chair: Thank you, André.

Monsieur Gourde, five minutes, please.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): I have many questions and I would like to have brief answers. They are for the panel from Quebec.

At this time in Quebec, there's a double marketing system: individual and collective. The marketing of wheat for human consumption is collective whereas the marketing of other grains is individual.

Is that true?

Mr. Benoit Legault: Yes. The regulation applies only to wheat. Pooled marketing only applies to wheat.

Mr. Jacques Gourde: In other words, farmers can sell all their other grains, whether it be corn, barley or whatever, to any broker in Quebec or anywhere in the world?

Mr. Benoit Legault: At this time, the regulation does not apply to those grains.

Mr. Jacques Gourde: All right.

Have the producers chosen this method through a vote during an annual general meeting of the Fédération des producteurs de cultures commerciales du Québec?

Mr. Benoit Legault: Yes. There were consultations during the annual meeting of the Federation, exclusively on wheat, and then there was a referendum separate from the annual general meeting. The referendum was held with all the wheat producers.

For the time being, producers have only decided for wheat and that's why this file has moved forward. As far as other grains are concerned, the producers do not seem to want to have a collective marketing system.

Mr. Jacques Gourde: All right.

I used to be a grain producer. Do you think that the Fédération des producteurs de cultures commerciales du Québec gives adequate protection to its farmers?

Mr. Benoit Legault: Could you repeat your question?

Mr. Jacques Gourde: Do you think that the Fédération des producteurs de cultures commerciales du Québec gives adequate protection to its farmers?

Mr. William Van Tassel: Several hundred producers attend the annual general meetings of the Federation. If they were not well represented, I'm sure they would be very quickly out the door.

Mr. Jacques Gourde: As a previous member of the Federation, I may tell that you do provide good representation to your members.

Do you believe that other grain producers' organizations could do the same thing in the other provinces?

Mr. Benoit Legault: The producers of the region have to want to make that decision and to have the regulatory tools to do so. Most of the provinces have passed legislation on the marketing of farm products and can implement marketing regulations. In some cases, they have limited power.

I know that Ontario has the power to do so and that it has used this power to bring changes to the wheat sector. Other provinces could do the same according to their enabling legislation.

Mr. Jacques Gourde: My next question is for all the witnesses.

Quebec producers have a flexible and effective tool: a mixed marketing system. Couldn't the western provinces have the same tool?

Mr. Benoit Legault: Once the majority has decided to take charge of the marketing of its product, the others can't do as they wish anymore. Once the profession has taken a majority decision, there's no flexibility anymore.

If I can make a link with the Canadian Wheat Board, from what I understand, it's only responsible for the marketing of wheat and barley. The same thing could have been done with other grains but it was decided to limit that to those two commodities.

• (1210)

Mr. Jacques Gourde: Is the Quebec system effective at this time?

Mr. Benoit Legault: Yes, it's very effective. The bargaining power of our producers has increased significantly. It's never perfect and we have to deal with very powerful buyers that are very concentrated, which means that we must improve our tools. Our

producers are convinced that those tools allow them to obtain fair prices both for wheat and for other commodities, such as pork, as well as good terms of sale.

Mr. Jacques Gourde: Quebec producers are willing to accept change.

[English]

The Chair: Mr. Gourde, Mr. Wells wanted in on that response as well.

Mr. Stewart Wells: Thank you, Mr. Chair.

As I understand your question, or your proposition, you're sort of leading down the path of provincially run collective marketing agencies on behalf of the producers, and what you're doing is starting to go down that continuum of more and more and more sellers. Rather than having only one seller, say, in the Wheat Board region, you might have three or four if you include B.C. and Peace River. You'd have one in Manitoba, one in Saskatchewan, a different one in Alberta, a different one in Peace River and B.C. So now you've split the market up so you have four sellers all competing against one another instead of only one.

I would suggest that probably the creators of the Wheat Board and the original farmers who pushed to have this thought about that and recognized it wouldn't be as good as having one region in western Canada.

The Chair: Mr. Gourde, final point.

[Translation]

Mr. Jacques Gourde: Since the creation of the Canadian Wheat Board, in the thirties, volumes, needs and markets have changed, as well as Canadian farming.

Should the Board make changes now in order to improve the incomes of Canadian producers, perhaps in establishing a more appropriate marketing system for the various types of grains?

[English]

The Chair: You wanted a point of clarification or...?

Mr. Stewart Wells: No, I didn't know who the question was to. But if I can respond, I don't actually think the conditions have changed very much. We produce so much grain in western Canada that most of it always has to be exported offshore. That was the case in the early 1900s, in the 1920s. A lot of our production then went to Great Britain, but it still went overseas. We're in the position now where some 80% of that grain still has to be marketed outside the country. That's a very big difference, say, between the Quebec situation and the Ontario situation and the western Canadian situation. We have to export so much of that grain.

I actually don't think conditions have changed. Farmers are still looking at four or five multinational grain companies that control that business. That has not changed since 1900, since the Wheat Board was invented.

The Chair: Thank you, Mr. Gourde.

Mr. Atamanenko, five minutes, please.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for being here.

One item that we haven't talked about a lot in these hearings is value-added processing. We touched upon it, and the impression I think all of us are left with is that we need to have some flexibility and we need to change our system in order to get better value-added processing.

I'm going to throw some facts at you and I'd like your comments. I'll try to be as brief as possible.

It's my understanding that the value-added wheat and barley processing in Canada has grown significantly. Over the past few years, the domestic market has become our number one customer. In 2001-2002, approximately two out of every ten bushels of grain were processed domestically, compared with one in ten a decade ago. Canadian wheat and durum milling has increased 31%. In other words, the capacity has grown from 7,700 tonnes per day to about 10,300 tonnes.

Milling & Baking News, an internationally respected publication, says that flour production among the leading milling nations since 1990 shows that Canada's mills enjoyed the sharpest increase of any country, including the EU, the U.S., Argentina, and Australia. About 32% of this milling takes place in western Canada, in comparison to 15% in the western U.S.

Three new mills have been built in western Canada in five years alone. Per capita, wheat processing is greater in Canada than in the U.S. There are new mills being planned and built, one in Chilliwack that apparently has just started operation.

The picture I'm getting from reading this information is that the value-added industry is flourishing and that the Wheat Board is not hindering the value-added industry. In fact, in comparison with our competitors, we're doing very well.

I would like some clarification and your opinion on this, if you would, please.

• (1215)

The Chair: I believe we'll start with Mr. Rolfe.

Mr. David Rolfe: Certainly there has been additional processing growth in western Canada. However, I think one of the limiting factors to the growth has not been the Canadian Wheat Board but lack of an adequate trade deal at WTO for Canada to export the processed products. There are a number of items that we could certainly produce in Canada. However, we've never been able to manage to negotiate a trade deal that will encourage our processing industry to further add value.

Mr. Stewart Wells: The information I've seen presented at meetings is that there is more value added in the grain-growing region in western Canada than in the midwestern United States, for instance. Comparatively, value added is doing better there.

I will mention specific programs that the Wheat Board itself has put in place to encourage adding extra value in Canadian enterprises. I haven't marketed any grain this year, but luckily I did last year, so I may get a ballot in this year's Wheat Board elections.

My own grain gets a \$3 a tonne premium, because it is actually milled in Canada, in Saskatchewan. That is a program the Wheat Board put in place. It is a direct benefit to me, and it encourages value-added.

As well, if the farmer is truly interested, the Wheat Board has a stock switching program that is unequalled in helping new generation co-ops or other enterprises. What this stock switching program means is that if I am farmer in the Peace River, I can buy a share in a mill in southern Saskatchewan and not actually have to deliver my own grain there. Local grain is purchased and used in that mill, but with the paper transaction, it shows up as if it was my grain going into that mill. This is a tremendous incentive for me to actually purchase a share in that operation, whatever it might happen to be.

Ms. Wendy Holm: I would concur with the other two speakers. In the interest of time, I will pass it on to my colleagues from Quebec.

I would like to say that I've been receiving letters from producers suggesting that they want to see other grains included under the Canadian Wheat Board. For example, the prices of pea crops and canola are very low in comparison to what they feel they could get under a regulated market.

The Chair: Is there any response to that at all?

Mr. William Van Tassel: Yes. For wheat, certainly in Quebec, we try to have a certain quality for a value-added market. We try to get as much as possible for the farmer.

Another thing is that we are near the American boundary. I know we are supposed to talk about the Wheat Board, but I am also talking about income. We open an ethanol plant, but the farmer won't get any more for the corn than is the distance from the boundary. The buyer might just as well buy American corn. When you are farther away, then you have the transportation charge to add. When you're next to an American boundary, the farm bill really puts the prices down, even if we do as much value-added as we want.

The Chair: Stewart, did you have a final point?

Mr. Stewart Wells: Yes, I have a tiny point in response to the last question. The committee might want to invite the Canadian National Millers Association to appear. They're probably already on your list, but they would be good people to talk to on this issue.

The Chair: We'll make a note of that. Thank you.

Thank you, ladies and gentlemen, for your presentations today. I am sorry for the rush. We are condensed on both ends.

We do have another hour coming right up, so I will have the next presenters come up as quickly as you can.

We will suspend the meeting at this point, and we will get right back.

•

_____ (Pause) _____

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• (1220)

The Chair: I call the committee back to order.

Thank you for presenting for us today, ladies and gentlemen. Since you've been here, you know we're running a little bit late, so I will be concise in holding you down to ten minutes on your presentations. Welcome.

Jeff, you and Doug have ten minutes if you'd care to make a presentation.

Mr. Jeff Nielsen (President, Western Barley Growers Association): Thank you for inviting us to this committee. I'm very happy to be here.

Firstly, I would like to make a few comments. I am a grain and oilseed producer at Olds, Alberta. I'm also an elected farmer director of Agricore United. We're very proud of the fact that Agricore United is a farmer-elected company run by farmers. Our farmer membership gives us a lot of feedback on policy issues and how the Canadian grain industry as a whole should be operated. So I'm very proud of the fact that I'm a director of Agricore United, but I'm here today as president of the Western Barley Growers Association.

Firstly, I'd like to give you a brief overview of barley production and where it's marketed, what does not work currently, and what will benefit both the producer and the end user once choice marketing is achieved.

In order to successfully exploit monopoly power, the monopolist must be able to control supply. With barley and wheat, that clearly is not the case. That is why the Canadian Wheat Board, in its current form, fails the barley and the wheat producer and the value-added sector.

Barley production is put into two categories: feed and malt production. Of all the barley grown on the prairies—on average, 12 million acres—75% is seeded as a malt variety. Only 25% of that is selected as malt. Of the total barley production, which is anywhere from 11 million to 13 million metric tonnes, 80% of that is used for feed, whether it be for beef or hog production.

Marketing options to producers of malt are restricted to the Canadian Wheat Board. For beef producers, we can use the open market or the domestic system or sell it to the Canadian Wheat Board for export.

As mentioned above, 75% of all the barley grown is a malt variety. Why? Current breeding programs favour malt over feed, as it is perceived to have more value in it. Some breeding work is being done on feed varieties, but not as much. Some breeding that may be beneficial to hog production is being done, notably as a low-phytate feedstock.

Currently, cattle feeders do not pay incentives for protein or dryness when it comes to barley. If they live close enough to that feedlot, they do pay a premium maybe for plumpness, as they desire that. That's why most varieties of malt barley are currently very plump. That's what the feeders want.

Canadian Wheat Board programs for barley are viewed widely as the market of last choice, last resort. The Canadian Wheat Board is not active in exporting feed barley, as world markets are being filled by lower-cost production from the former Soviet Union and other countries. Canadian producers are forced to sell malt via the Canadian Wheat Board, resulting in a masking of price signals, which not only frustrates producers but affects the end users as well. Transparencies in the marketing of malt through the Canadian Wheat Board are non-existent, resulting in a lack of information, price signals, and marketing opportunities for both the producer and the maltsters.

This is highly evident in a total lack of investment in value-added infrastructure in western Canada. Two malting facilities were recently built in the United States, rather than here where the barley is. The malting industry has globalized, and the brewing industry has begun that process. Investment decisions are not made on a regional, but on a global basis. With that, Canada is not viewed as an attractive location for investment.

The Canadian malting industry came close to total collapse in the fall of 2003. Due to a drought in the west, barley production was severely limited. Price rallies and opportunities for producers to sell at record high prices to the feeding industry almost cut off all supplies to our maltsters. Due to the Canadian Wheat Board restrictions, the maltsters were not able to attract their required stocks, as they could not offer a price that would get the barley away from the feeding industry. The Canadian Wheat Board lack of immediate response shorted the malt supply.

There is quality out there. We all know that. Yet producers sold that quality malt as feed because that was where the dollar was. This resulted in huge shipments of offshore barley imported just to facilitate our malting industry making their contractual commitments to their users.

Clearly, the Canadian Wheat Board system is highly restrictive to our value-added malt sector. Our maltsters have stated that the price of malt is not the issue. They are willing to pay more to access malting barley with the desired attributes. But the lack of the ability of maltsters to get a contract directly with producers restricts their ability to identify varieties they need. They could offer pricing incentives for the agronomic abilities of the producers, and ultimately incentives could be paid back to the producer for the product that the end user wants.

● (1225)

Price pooling by the Canadian Wheat Board and the length of time it takes to increase prices to producers impede access to malting barley. Therefore, Canadian brewers will now use non-North American malt to produce both domestic and export beer. The regulatory power of the Canadian Wheat Board and its ability to refuse the no-buy-back export permits also denies movement of barley, be it malt or feed, from us to the U.S. rye producers.

In the feed barley market, restrictions come from when the Canadian Wheat Board had no export program. Barley is grown more cheaply and is more easily exported from other countries to places where we once sold. Premium buyers for barley are non-existent. The Canadian Wheat Board has always been a buyer of last resort for producers who ultimately ship the poorer quality barley the feeding sector refused. Add to that the refusal of a no-buy-back export licence to allow producers to access the U.S. market.

The downward trend of feed-barley exports is expected to continue. Canada will be a residual spire in the global market.

Feed-barley research is limited, too. Barley development is severely lacking when it comes to a comparison with its relationship to corn. Both are used as feedstocks for the livestock industry, yet corn has seen substantial increases in yield and end-user needs.

The rapid expansion of the biofuel industry has limited somewhat the fear of our livestock industry leaving Canada to establish operations closer to where corn is grown.

Barley for industrial use has also been restricted by the Canadian Wheat Board and how it markets it. A waxy, hull-less barley has been found from which the beta-gluten content can be extracted. This beta gluten has recognized health benefits, yet it is a lower-yielding variety than hulled barley. With the lower yield and the way the Canadian Wheat Board markets this barley, there is no incentive for producers to grow it. Therefore this potential value-added industry is failing and we risk this potential industry being moved out of Canada.

What does work and what potentials are there? Non-board grains can be priced via the Winnipeg Commodity Exchange or directly contracted with an end-user such as a feedlot or commodity brokers. This puts cash immediately into producers' pockets and does not require pooling or the 15-month waiting period for a final payment.

Risk management tools such as hedging, calls, and puts can benefit both the producer and the end-user.

A proposed agriculture clearing house being developed by the Western Barley Growers Association in support of the private sector risk management partnerships of Agriculture Canada could greatly benefit all those involved in the barley community. By ensuring contracts are enforced and total price transparency, producers and end-users will have the security and the ability to use contracts to assure financial institutions of the liquidity of that transaction.

The biofuel growth in Canada may affect barley and barley production as well. The barley growers have submitted a proposal to the biofuels opportunities for producers initiative program to see where and if barley can add value.

Development of barley varieties for both ethanol and livestock use needs to be increased. As noted above, barley development lacks greatly in comparison to corn. This is an area where great growth can be realized in a choice marketing environment.

Malt barley opportunities are restricted due to the Wheat Board regulations. We see a great risk to our ability to be a malt barley supplier unless we see changes to the current regulations.

This ultimately means market choice. With market choice, information accuracy, symmetry, and timeliness would positively affect the following: development of feed and malt barley varieties to better meet end-user needs; continued development of marketing options with the Winnipeg Commodity Exchange; improved linkage between malts, their brewers, and the producers; value-added industries and their ability to locate where the barley is grown; and the issuance of no-buy-back export licences to allow producers to extract potential market opportunities.

These will all lead to growth in barley production, growth in value added, and ultimately greater returns to producers.

In conclusion, members of the Western Barley Growers Association think true market choice will increase returns to farmers and add value to western Canadian industry and infrastructure. It will build relations with end-users for attributes they desire and are willing to pay for.

A reformed Canadian Wheat Board, without its monopoly, will be used as a marketing option, one of many, not one of no choice.

Thank you.

● (1230)

The Chair: Thank you, Mr. Nielsen.

Mr. Boyd, do you have anything at this time, or are you doing it jointly with Ms. Husband?

Mr. Boyd Charles (Organic Farmer, As an Individual): No, I'm just here to represent myself.

I'm Boyd Charles, not Charles Boyd. I was asked to appear as a producer of organic grain. I farm in Saskatchewan. We farm 10,000 acres of certified organic ground, and have had a lot to do with the Wheat Board. The main reason I wanted to come was to tell you how the Wheat Board affects at least an individual organic producer in selling his grain.

I quit traditional farming in 1999, and one of the main reasons was to sell my own grain and not have to market it through the Wheat Board. I found out over the last seven or eight years that I actually have more to do with the Wheat Board than I did before.

Not one bushel of organic grain that I've sold since 1999 has actually been traded in Canada, except one sale of feed grain to a local organic chicken place near Winnipeg. So all my grain has been shipped to Europe, the United States, or Japan. I buy back every bushel from the Canadian Wheat Board, and I'm here to talk about this ridiculous buy-back feature that organic farmers have to go through.

For example, I bought back 462 tonnes of feed wheat in February—around 15,000 bushels—to ship to a place in the United States. The contract I signed was for a buy-back of \$6.92 a tonne. I don't get the final results until the end of the crop year, so I just got a bill in the mail the other day for \$11,000. That is a little over three times what the initial contract said. I don't know anybody who can run a business if you don't have any control over the costs. I can tell stories all day on the buy-backs, but that's just one example.

I just grew a malt variety for an organic maltster in Missouri under contract. It was accepted, and I'm ready to ship 50,000 bushels of malt barley to this organic maltster in Missouri. The trucks are hired, the contract's been signed, and the only thing left to do is buy back the malt barley from the Canadian Wheat Board.

I phoned down for a buy-back and I couldn't believe it. The buy-back on malt barley that day was \$2.65 a bushel. That meant I would have had to stroke a cheque to the Canadian Wheat Board for in the neighbourhood of \$140,000 if I had bought back my malt barley that day. They said, "Well, you have to figure in the pros". When I asked what they were she said, "It will get you back down to \$56 a tonne". So it will only cost me \$1.20 a bushel to sell my own barley to a maltster in the United States, after I found the market for it and did everything.

What disgusts me so much is that they couldn't even buy the grain if I offered it to them. I can't take it near any of their facilities or it would be contaminated. Organic grain has to be shipped in a certified vessel. So even if I offered them the grain they couldn't buy it, at least in the experiences I've had with them. Anyway, it wouldn't be at the price you'd want to sell it.

• (1235)

This buy-back on barley for \$140,000, that's just an estimate. I might get a shock, because you have to run the full crop, which doesn't end until July 31 of next year, and then I'll get a bill in the mail in about October or November with the actual cost of that buy-back. If it's three times what they said it was in my feed week, then it could be as high as \$400,000. I mean, you have no idea of what you're doing.

The only thing I can suggest it resembles is if it was the 1920s in Chicago, and I ran a little corner store, and I had to pay protection money to the mafia in order to operate that little store. I'm a farmer in Saskatchewan, and in order to operate that farm of mine I have to pay protection money—or whatever you want to call it—to the Wheat Board so I can operate. I can't deal without them. This is the only example I can come up with.

They have nothing to do with selling my grain. They have nothing to do with transporting my grain. They didn't find the buyer. I have all the expenses of growing it, yet I have to turn over a dollar a bushel to them just for the privilege of their buying my grain and then selling it back to me. If you tell this to an American, he has a really hard time grasping that idea.

That's the first point I'd like to make. If you do nothing else, please get the organic farmers out of the picture. I don't know of one organic farmer who wants to be involved in buy-backs or dealing with the Wheat Board. At least in my case, I'd like to market my own grain. Right now I'm making a deal for flax to Poland, I'm selling a special wheat to Japan, and I'm selling malt barley to the United States—and I don't need any help. I just want somebody to get rid of the red tape, especially the buy-backs.

The other thing I would like to comment on is the vote we were talking about having to decide this matter. I don't know any business that's running that doesn't have an equal vote. I was talking to a fellow on the plane who worked for Shoppers Drug Mart. He just got bought out last year. The company that bought him out bought 52% of the shares. So they controlled Shoppers Drug Mart, because they owned 52% of the shares. They made them lean and clean, and made their money. They sold all their shares, made lots of money, and now they're back to 3%, so they don't have a whole lot to say in Shoppers Drug Mart any more. But at least when they owned 52%, they had a lot to say about Shoppers Drug Mart.

Some 50% of the producers in the Canadian Wheat Board don't market enough grain to matter, yet they have exactly the same amount of say as the person who farms 10,000 acres. My suggestion would be that if you're going to have a vote that matters in the real world, then have one acre equal one share. Therefore, the guy with 10,000 acres and all that money invested in machinery and land would at least have a little more to say than the guy who has his name on a permit book but has never sold a bushel. You have to come up with some kind of decision on who gets to vote, because 38% of the people have never marketed a bushel, and 50%—if you combine them all—marketed 1,200 bushels or something. It's ridiculous that people who don't have anything invested in a company would have that much power.

That's my look at it.

Thank you.

• (1240)

The Chair: Thank you, Mr. Charles. I apologize for the reversal of your name. It falls into the "close enough for government work" category.

We're moving on now to Ms. Husband, for your presentation, please.

Ms. Carole Husband (Organic Farmer, As an Individual): Good morning...or afternoon, I guess it is here.

I am very pleased to be invited here today, because the present government has indicated they want to make some meaningful changes to the Wheat Board, and for farmers.

My husband and I in partnership farm organically in southeast Saskatchewan. We have farmed for 39 years on his family farm, which was established in 1900, and I want to talk to you today about money.

I recently read that \$85 billion of the Canada GDP depends upon an adequate supply of grains. If you have enough farmers, you can indeed fill the supply, but western farm children are overwhelmingly rejecting farming. There is no money in farming. Everyone knows that agriculture creates tremendous wealth, but in order to survive, farmers need to capture more of that wealth created by agriculture, instead of begging taxpayers.

Legislators can put more money into farmers' pockets by making immediate changes at the Canadian Wheat Board. Before I give you my three recommendations on how to improve net income for farmers, I want to give you a little bit of background.

Government created the Wheat Board, giving them two distinct duties. Most familiar is the regional marketing duty, which is often referred to in part II and part III—marketing—of the Wheat Board Act. In part III, the Wheat Board buys grain from farmers who offer it to them. Part III only applies to the designated area, which is the west. This presentation is not about marketing.

The second duty of the Canadian Wheat Board is national licensing, in part IV. Licensing equally applies to all of Canada, just as the Canada Elections Act applies equally to all of Canada. All grain moving both interprovincially and for export is subject to having a licence. There are no exceptions, as Boyd found out, and only the Wheat Board can issue a licence.

When part IV was added as an amendment in 1947, it appears from access to information documents that it was intended to be a national tariff or export taxing provision, with the taxes to be paid to the government and costs paid by the government.

Every exporter in every province is subject to a fee described in paragraph 46(d) of the act. It is based upon the existing differences between prices of wheat and wheat products inside and outside of Canada, and because of NAFTA the export tax is presently zero dollars. However, there is an almost unknown Canadian Wheat Board policy in play that has a different effect upon farmers in different provinces.

Jean-Pierre lives in Quebec, and markets feed barley into the U.S. A. He gets the necessary Wheat Board export permit and licence and trucks south. Jim, in Alberta, also wants to sell his barley and applies for an export licence. The Wheat Board denies him. The Wheat Board's policy is to deny all designated area applications, so that Jim cannot bypass the Wheat Board as Jean-Pierre does. With no buyer other than an eager Wheat Board, Jim can eat his load of grain or burn it. He ends up selling to the board, which is no escape from the Canadian Wheat Board's policy monopoly. Any grain sold to the Wheat Board becomes board grain. A refusal under the national part IV, which is the licensing part, assures the Wheat Board monopoly buying under part III.

I am always shocked that the Wheat Board bases their monopoly authority upon licensing denial. If the elected Wheat Board directors, stacked with westerners, got ornery and denied all export licences to Quebec and Ontario, the Wheat Board could sell western grain into eastern producers' established markets and all MPs would pay a little bit closer attention to national licensing and licensing denials.

The Wheat Board Act is not an act of prohibition. I should go back and say that even though part IV licences should be equally issued to all Canadians, they are not. The Wheat Board backroom boys, swearing by their policy authority, continue to deny licences just because we live in the west, and this is discrimination.

The Wheat Board is not an act of prohibition. In fact, the courts repeatedly say it is an act of trade and commerce. They also say farming is under the constitutional head of agriculture. This means that all grain companies and railroads, which are described in the act as "works for the general advantage" of Canada clearly fall under trade and commerce and do exactly as the board says. Farmers with producer-held grain are outside the Canadian Wheat Board trade and commerce jurisdiction but are still subject to the taxing provisions in part IV.

I have a hunch you didn't know the Wheat Board quietly issues export licences to different categories of applicants who have successfully negotiated with the board to bypass the monopoly.

●(1245)

This unadvertised internal policy allows the following groups—that we know of—to bypass the board's marketing and pooling: one, all wheat or barley grown outside the designated area; two, pedigreed seed wheat and barley grown in the designated area; three, the specialty wheat varieties commonly known as spelt, kamut, and einkorn grown in the designated area; four, processed wheat and barley grown in the designated area and used for feed purposes under the Export Manufactured Feed Agreement, amounting to millions of bushels; five, wheat and barley grown in the Creston-Wynndel region, which were granted licences prior to 1998, when that region was still included in the designated area; and six, Ethiopian barley.

My husband and I are privileged that the Wheat Board issues export licences to us for our Ethiopian barley so we can personally bypass Wheat Board marketing and pooling. We just sold another load this fall without doing the buy-back, and received over \$8 a bushel. We have another unregistered variety of barley, but the Wheat Board won't issue an export licence for that one.

Under the watch of the last government, western farmers were charged for not having export permits and were put in jail. These farmers lived in the designated area where export licences were automatically denied. Licence denial is the policy tool the Wheat Board uses to create its monopoly in western Canada.

These are my recommendations:

First, the Governor in Council can and must order the Wheat Board to issue export permits to western farmers, just as it does for eastern farmers. The Wheat Board will continue to buy and pool the grain for those farmers who choose the board as their marketing agent, just as it does now. Because the act does not have to be changed, the relief from the monopoly can be immediate for those who want to bypass the board, just as it is for us. This relief has been provided for many other applicants in the six categories I just named. All of them bypassed the board because they wanted to, and all were able to because the Wheat Board has willingly revised its policy to accommodate each category. Those asking for a western plebiscite on who gets national export licences are about as credible as men asking for a plebiscite in 1929 to decide whether or not women could have a ballot.

Second, the government must order the Wheat Board to obey its legislation and stop taking money out of the pooling accounts to pay for national licensing. Millions of dollars have been taken out of western pooling accounts for national licensing costs, even though they are supposed to be paid for by the federal government.

Third, the federal government can and must pay back the money taken out of the pooling accounts to pay all national licensing costs of part IV of the Canadian Wheat Board Act.

This is what westerners are paying for: the cost of issuing all provincial, interprovincial, and export licences; all administrative costs relating to the granting and denial of licences; all administrative costs of the big feed mills right across Canada under the Export Manufactured Feed Agreement; all compliance costs of licensing, including working with Canada customs and inspections; all Wheat Board costs relating to importing; and all costs of external and internal meetings and correspondence relating to part IV and other parts.

Recovered licensing costs, even for a ten-year period, will boost the pooling accounts. I realize that Ontario and Quebec are sitting pretty and don't pay either way, so we ask for your support to shift licensing costs from the west onto the federal government. The Wheat Board itself should have sent a licensing bill to the government, but it appears to have grown accustomed to playing fast and easy with the western pooling accounts. Under the watch of the previous Liberal government's Wheat Board minister, the Wheat Board took money out of the western pooling accounts to pay for \$400-per-plate dinners for directors and staff to attend Liberal fundraisers.

With patriarchal governments and institutions, everybody sat idly by and watched the western accounts dwindle. But I'm looking forward to the marketing choice commitment the present government has made to western farmers. Governments who have the foresight to commit to trusting in their people will see the nation prosper.

Thank you.

• (1250)

The Chair: Thank you, Ms. Husband.

Now we'll move to Cheryl Jolly-Nagel, for her presentation, please.

Thank you.

Ms. Cheryl Jolly-Nagel (President, Western Canadian Wheat Growers Association): Thank you for inviting the Wheat Growers to appear before you today. My name is Cheryl Jolly-Nagel and I'm the president of the association. I won't take up your time citing my credentials. I feel the only credential you really need to know about is that I am a producer.

The Western Canadian Wheat Growers Association is a prairie-wide voluntary farm organization. In our 36-year history, our organization has always maintained that individual farmers should have the freedom to decide how they wish to market their own grain. The Wheat Growers are seeking a voluntary CWB, under which individual farmers are free to choose whether to sell their grain on their own or in cooperation with others. Farmers in Ontario have enjoyed marketing choice since 2003 and are reaping the benefits. Last year, Ontario farmers planted a record wheat crop.

The Wheat Growers are seeking the harmonization of grain-marketing regulations across Canada. We consider it unjust that farmers in Ontario are free to sell their wheat and barley to whomever they please, including the export market, whereas any western Canadian farmer who attempts to engage in the same activity is considered a criminal and sent to jail. We are excited about the opportunities that marketing choice will bring. It will lead to

higher farm gate returns. On my own farm, it'll also help to address cash-flow and storage needs.

During the Canadian Wheat Board debate, there's been a lot of talk about holding a producer plebiscite. While I understand that a producer vote might have some political appeal, I think it's important that we realize what's at stake. Yesterday some of the ministers made statements about owing it to farmers to let them have their say. These statements show some political savvy. But if you accept the argument that how I personally market my grain should be decided by the wishes of the majority, then what you are saying is that individual farmers should not enjoy the same property rights that almost all other Canadians take for granted.

The Wheat Growers believe every Canadian citizen should have the right to the enjoyment, use, and sale of their own property, particularly if that property was created through their own skill and labour. Most Canadians are free to sell their property to whomever they like. However, when it comes to my property, my grain, there seems to be no shortage of politicians who presume to know what's best for me, or who seem to think it's okay that my neighbours collectively decide what is in my best interest.

There is no one in this room, no one in agriculture policy, who knows my farm business better than my husband and I. Sure, we make mistakes. We've sometimes sold our canola and peas at the wrong time. However, as farmers who have a significant investment in this business, we are quite prepared to accept the responsibility of making these marketing decisions and the risk and reward that comes with it.

At the same time, we fully respect those farmers who want to market their grain on a cooperative basis. We all have different farming skills. Some of us are good at production, while others are good at marketing—just as some of us are good welders, truck drivers, or accountants. What is perplexing to me is why those who have good production skills are currently entitled to use those skills to their full advantage. But those farmers who have good marketing skills are denied the opportunity to use these skills to their full advantage.

Some politicians are skilful orators, while others are not. Does this mean that only good orators have a contribution to make? I certainly hope not. Wouldn't it be better if we simply allowed everyone to use their individual skills to their best advantage, rather than having others decide which skills we can use and which we cannot? I personally find it very patronizing when the Wheat Board and its proponents pat me on the head, as it were, and tell me not to worry, that they're doing a good job for me.

There's one more comment I wish to make regarding a plebiscite. Some are suggesting that a majority of farmers currently support the Canadian Wheat Board. A recent survey commissioned by the Canadian Wheat Board itself suggests that this is a myth. In May the Canadian Wheat Board released a survey of permanent book holders. They found that 54% of active farmers no longer support the monopoly for wheat, and that 64% no longer support the monopoly for barley.

•(1255)

Given those survey results, you may choose to pose the question: Why are the Wheat Growers opposed to a plebiscite? Quite simply, it's a matter of principle.

Yes, I think there is a good chance that we could win—for lack of a better word—a plebiscite, if the voters list and the question were credible. However, as mentioned earlier, we believe the right to sell your own property should be a fundamental freedom in Canada and is not a matter to be decided on the basis of a majority rule. In our view, all farmers should have the freedom to sell their grain to whomever they please, whether that is through the Canadian Wheat Board or on their own.

For proponents of a plebiscite, I have to pose the question: How much is enough? If only me, as a producer, standing in front of you telling you that I want the opportunity to market my grain on my own isn't enough, then how many is? If it's a 49% and 51% split, are you going to force 49% of the farmers to continue to market under the Wheat Board?

I want to assure committee members that this is not only an economic freedom argument, even though we attach great importance to that principle. We are also convinced that providing marketing choice will lead to substantial increase in farm income and entrepreneurial activity throughout the prairies.

You heard earlier today from some farmers who believe the CWB brings value to them, and I respect that. If they think the Canadian Wheat Board adds value to their farms, then by all means they should use it. Just as no one here knows my business better than me, no one knows their business better than they.

The point is that many of us do not think the Canadian Wheat Board adds value to our farms. In fact, I am convinced that the Canadian Wheat Board is costing our farms tens of thousands of dollars in lost revenue. It kind of reminds me of that annoying credit card commercial, only it's the Canadian Wheat Board that has its hand in my pocket.

The Wheat Growers acknowledge that the Canadian Wheat Board has provided more pricing and payment options in recent years. You can thank the Wheat Growers for this, because we were the ones who were the proponents of those changes. For years the CWB maintained that offering farmers anything but price pooling would destroy the Canadian Wheat Board. In fact, it was regarded as one of the three fundamental principles. Guess what? The CWB started offering forward-pricing contracts and the CWB has not collapsed. Now they brag that these options were their idea.

While many of our members have taken advantage of these contracts, what has become clear to us is that the CWB is not giving us an honest basis. As you probably know, world prices have rallied over the past few months; however, what is frustrating for us is that the Canadian Wheat Board has failed to capture this rally.

For example, for winter wheat the CWB's fixed price contract at Canadian elevators is currently more than \$1 per bushel or about 20% below values being offered at the U.S. elevators. For spring wheat, the difference is about 50¢ per bushel, and for durum approximately 70¢ per bushel. I've done a quick calculation, and on

my own farm this year alone, that represents a loss of revenue of about \$46,000. That amount far exceeds what we have ever received in support payments under the CAIS program.

We're not asking you to take our word for it; rather, we encourage the committee to investigate these price differences yourselves. In our view, the Canadian Wheat Board has some serious explaining to do. Perhaps if the CEO spent less time politicking and more time focused on marketing, these price differences wouldn't be as great as they are.

Let me be clear: providing marketing choice is not all about gaining access to the U.S. market. What it is about is making sure we have access to world prices. Providing western farmers with marketing choice will see prices rise for wheat and barley throughout the prairies.

I know I don't have much time left, but there are a few more comments that I want to make.

First, I find it extremely frustrating that the Canadian Wheat Board seems to be spending more time on politicking than on its mandate. The CEO is perhaps one of the board's worst offenders. Instead of focusing on the business and maximizing returns to farmers, he seems more interested in giving political speeches and appearing on radio call-in shows to promote the monopoly.

How would you feel if a portion of your salary were deducted and given to a political party of a member across the floor from you? That's what I'm faced with. My dollars are being spent on the retention of the monopoly. I don't understand why the Wheat Board feels the need to give me a sales pitch. I have nowhere else to go, yet they feel the need to advertise the monopoly to me.

Because the Canadian Wheat Board is not subject to the access to information system, we have no idea what materials have been shared with select farm groups, nor what other sorts of political activities the CWB may be engaged in.

•(1300)

While we insist that the CWB be made subject to the Federal Accountability Act in the near term, we also recommend that it no longer be subject to this scrutiny as soon as all government guarantees are removed and the farmers enjoy marketing freedom.

The Chair: Thank you.

We'll move to our questions round. We'll again stay with the five-minute format, gentlemen. Is that okay? That's about all the time we have; the Senate has this room booked for an election of a chair.

Mr. Boshcoff, you have five minutes.

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

In the interest of time, I'll ask my questions and then perhaps panellists will choose one they would like to respond to.

Last night Bill C-300 was resoundingly defeated in the House of Commons with all four parties voting to some extent against it, indicating that Parliament does not want the Wheat Board destroyed. We also are well aware that in the spring survey of farmers, 88% determined that the decision as to the future of the Wheat Board should be made by farmers themselves. Why would the minister still be proceeding unilaterally to do this in the face of his moves being so antidemocratic?

Earlier on—and I know that all of you were in the audience—it was indicated that all of you will end up facing the concern of trade challenges. It's going to happen inevitably, whether the demise of the Wheat Board occurs or whether it continues. The prime lobbyists cheering the demise of the Wheat Board are in the United States grain lobby—in effect, your competitors. In fact, one newspaper article indicated that the Conservatives would be destroying what the U.S. has been trying to destroy for the past 12 years. Maybe one of you who has strong feelings about that could respond.

It was also in the agricultural and farmer media, press and otherwise, that it's now become common knowledge that the destruction of the Wheat Board would eventually lead to the slippery slope of tax on supply management in some form or another. As representative farm groups, you must be getting this type of communication from different organizations; it's not just one group trying to identify this.

The fourth point is that no matter where you are on this side of the issue, we have seen people fired from their jobs, we've seen the muzzling of free speech, and we've seen interference in voter registration, with thousands of people being denied the right to vote. There is the concern with freedom of the media, freedom of the press, freedom of free speech and those types of things in western Canada, which you are the representatives for. The rest of the nation probably hasn't had the attention to this, but it seems to be growing; other people seem to be concerned about the chronic muzzling by the minister.

The fifth point I would like to make is that Ms. Holm talked about the diminution and eventual eroding of the grain infrastructure in terms of rail cars and the ability to move in quantity to compete. I myself represent the Port of Thunder Bay. We are also concerned that dissolving the infrastructure would only lead to greater monopolies by mega-multinational corporations, as opposed to independent operators. If we are truly, as you represent, many independent smaller farmers, the concern from Parliament last night—and the reason the vote was so strong—was the fear of losing more farmers to bankruptcy, the fear more farms would be squeezed out by the megacorporations.

There are five of you; there are five questions.

• (1305)

The Chair: We actually have five minutes for the whole question-and-answer session, Mr. Boshcoff, and you used up four minutes and 30 seconds to get your questions out. Written submissions would be fine, folks. If you need copies of those questions from Mr. Boshcoff, we can get them for you out of the Hansard record so that you can give us written submissions on them. Unfortunately, there isn't enough time. Does anybody want to try, in 30 seconds, to make...?

Go ahead, Ms. Jolly-Nagel.

Ms. Cherilyn Jolly-Nagel: I'll give it a go.

You mentioned the destruction of the Canadian Wheat Board. I can assure you that the wheat growers will have no part in the destruction of the Canadian Wheat Board. We are adamant that the Canadian Wheat Board must remain as a viable, strong, and competitive option for farmers.

I agree with your statement that the decision must be made by farmers themselves; however, I'm a farmer, Carole is a farmer, and Boyd is a farmer, so why do we have to decide? Why is this one decision on the marketing of just wheat and barley have to be decided as a collective whole? I'm sitting in front of you saying it's not working for me, and regardless of what every farmer out there believes, I should be allowed to step out of that.

The Chair: That's all the time we have.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: Thank you for being here.

We're beginning to see that there's no unanimity on this issue. That's why it's important to have this debate. If I understand your various statements, especially yours, Mrs. Jolly-Nagel, the debate is between individual freedom and collective freedom. There's some truth in saying that others shouldn't decide for you. Unfortunately, things do not always work as one would wish and one has to take account of the fact that we are all members of the same society. I'm referring it to society in general, even though we're speaking of the producers of Western Canada.

Stating that the majority cannot decide for the minority means that there's a problem with our democracy. We're being told that Quebec has decided to have a single marketing system for wheat. In Ontario, they have another system. There is choice. In Western Canada, you have the Canadian Wheat Board. The debate that has begun — and my colleague Mr. Easter has even tabled a motion relating to the choice that should be made by the Western producers — relates to holding a referendum. You are opposed to this idea because, according to you, if there is a mixed system such as the one proposed by the Conservatives, everyone will choose his or her camp and everyone would be happy. However, the concrete examples that we know have demonstrated that a voluntary collective market simply doesn't work.

Ontario has chosen one system and Quebec has chosen another. People in Western Canada want to have the right to choose. Don't you think that the real issue is related to choosing if there should be a Canadian Wheat Board or not? Don't you agree that the best way to choose in a democracy is to hold a referendum?

•(1310)

[English]

Ms. Carole Husband: There is already a dual marketing system in place. I gave you the number of people who already bypass pooling and board marketing. For instance, a feed mill can come to our farm, buy grain, take it back, make feed out of it, and export it with a Wheat Board licence. The Wheat Board could have chosen to tell the feed mill it couldn't buy directly from the farmer. The Wheat Board could have said, "I'm going to buy the grain from the farmer and then sell it to the feed mill." Instead, the Wheat Board lets the feed mill bypass the board completely.

You need an export licence when you export, so a lot of feed mills right across the country are going out and buying grain directly, bypassing the board. Millions and millions of bushels are already bypassing the board, yet I understood in your comments that it would destroy the board. It hasn't. It's happening now. They totally bypass Wheat Board pooling and marketing.

When we went to the Wheat Board and said we wanted a permit they gave us one. We don't go through the pools. We don't go through their marketing. We get a licence just the same as Quebec does. When Quebec or Ontario want to get an export licence to sell their products, they have to apply to the board. They get a licence and they export.

I told you about my barley. I applied to the board, got my export licence, and went across the border. When Mr. Charles applied they said, "No, you can't have a licence. You must sell it to us." So some people are getting licences and other people are not. That's what you call dual marketing, and it's happening right now. It's just that perhaps you're not aware of it.

The Chair: Any redirect, Mr. Bellavance? You have 30 seconds.

No. Okay, we are going to move on.

Mr. Miller, five minutes, please.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you very much, Mr. Chair.

I have a lot of questions, and I'm going to make them very brief. Most of them, if not all of them, are going to require yes or no answers, so I hope you can help us out there.

There is just one thing I want to mention, Mr. Chair. I would like the comparison numbers that Ms. Jolly-Nagel talked about. She mentioned a figure of \$46,000 lost. I would just like to see those numbers, because that's kind of contrary to some of the stuff we've heard. So if we could have them at a later date....

One of the questions I have is that the National Farmers Union has said that things haven't changed in wheat marketing and wheat production in the industry in the last 70 years. Do you agree or not?

•(1315)

Ms. Cherilyn Jolly-Nagel: [Inaudible—Editor].

Mr. Larry Miller: Thank you.

I'm also a farmer, by the way. I've sold wheat under the Ontario board. I'm currently a beef farmer as well.

I hear from beef farmers in my riding and from relatives and friends I have in the west—and they say this tongue in cheek—that they want to see that the Wheat Board is kept in place because it keeps the price of barley down. Have you heard any comments similar to that in your part of the country?

Ms. Cherilyn Jolly-Nagel: Yes, I've heard the same comments.

Mr. Larry Miller: Thank you.

Another question that arises here is that Mr. Wells made the comment that we don't do these kinds of things in Canada. I'm not sure whether he meant giving choice to farmers, or what have you, which this is all about, but when he was talking about this, it had to do with membership lists. In some of the changes that have been made to them, the government has said that you must have sold grain in the last two years. Do any of you think that is an unfair prerequisite to be on the membership list?

The Chair: For clarification, Mr. Miller, do you mean the voters list?

Mr. Larry Miller: Yes, my apologies. I meant to say voters list.

Jeff.

Mr. Jeff Nielsen: Perhaps I could make a comment on that.

You realize that a lot of producers have voted with their seed drills. They're voting to grow barley or canola or pulses that they cannot market themselves and get the best dollar. A lot of those producers might have to grow wheat or barley just for rotational purposes. Should they not be granted a vote?

The 16,000 producers taken off the voters list this year are all getting a mailed-out statutory declaration. What about the other producers who will be producing wheat or barley sometime in the future? Do they get a statutory declaration mailed out to them?

Mr. Larry Miller: Thank you.

Mr. Horner talked about this yesterday. I know most of you were present for that, and Mr. Wells touched on it today. The Wheat Board surmises or basically goes under the concept that they always get the best price.

It wasn't very many years ago that the honourable member for Malpeque in the previous government put a bunch of farmers in jail who, to my understanding, were basically trying to get their product to a better market. If farmers were getting the best price all the time, would they actually risk going to jail?

Ms. Carole Husband: I think in the past there was a court case in Winnipeg where the Canadian Wheat Board argued very strongly that they didn't have to get the best price for farmers; they only had to get what the act says, which is what the Canadian Wheat Board thinks is reasonable. There's a difference. The best price is not what the board thinks is reasonable. There is very much a differentiation in that.

Ms. Cherilyn Jolly-Nagel: The board doesn't know what I need to get in order to break even on my farm. They don't know what the break-even point is, what the cost of production is. Therefore, how can they possibly find a price that is best suited for my farm?

Price isn't even always the issue. Proponents of the board say that the Wheat Board gives them a fair price. Fair is not okay with me; I'm trying to get the best price.

In addition to that, as a young farmer, I have cashflow needs that are different from every other farmer out there. Every farmer has different cashflow needs. So I'm forced to make marketing decisions on my off-board grains based on what's happening, getting my cheque from the Wheat Board a year and a half later.

I also have storage needs. I'm spending a dollar or more a bushel on storage needs because I have to store this grain that the Wheat Board isn't selling.

Mr. Larry Miller: I have to comment, Ms. Jolly-Nagel, that young farmers like you are the future of our agriculture, our farming. As opposition and government, that's one of the things we have to ensure, that people like you can still farm profitably.

Thank you.

The Chair: Thank you, Mr. Miller.

Mr. Charles.

Mr. Boyd Charles: Yes, I'd just like to answer that question also. I've been buying back organic grain, but you don't buy it back as organic, you just buy it back as ordinary grain. I've been doing this for seven years, and not from one contract in those seven years have I ever got a cheque from the Canadian Wheat Board. Not once. I've always had to pay the Canadian Wheat Board up to \$1 a bushel or \$1.50 a bushel over and above their pooling price.

So you don't have to be a brain surgeon to figure out that the price in Canada is always lower than the export price, or else I'd be getting a cheque from the Canadian Wheat Board, wouldn't I?

• (1320)

Mr. Larry Miller: Mr. Charles, I have one comment—

The Chair: Your time is up, Mr. Miller.

There was a point made by Mr. Boshcoff, and I don't know if you'll address this in your response. It's about trade challenges, that as soon as we did something to the board, automatically we'd face just one trade challenge after another.

Can you folks point out to me how many trade challenges we faced in canola or oats, the non-board situations? The Americans are our biggest market for some of those commodities, as well. If you'd put that into your response to us, I think that would be helpful.

Mr. Atamanenko, five minutes, please.

Mr. Alex Atamanenko: Thank you very much for being here. I'll try to be brief and then I'll throw my questions out to you, and hopefully you'll have enough time to answer them.

Mr. Nielsen, you painted a pretty dismal picture of the barley and malt industry. Some of the things you mentioned—Canadian brewers have to get non-Canadian malt, and other things—I made notes of that.

On the other hand, it's my understanding that Canada has experienced the world's greatest increase in malt capacity over the last 15 years, adding over 350,000 tonnes of capacity, for an annual total of 1.2 million tonnes. In the U.S. malting industry, in contrast,

the capacity has declined. We malt four times more barley per capita than the U.S. Now, 75% of domestic malting capacity is happening in western Canada. So I'm just wondering, this is happening and we seem to be doing better than our neighbours, and yet the picture, in your opinion, is still not very bright. So that's the first question.

The other one is mainly addressed to Mr. Charles, but perhaps you'd like to answer also. On organic versus CWB grain, is it feasible, do you think, to maintain single-desk selling for wheat and barley in non-organic commodities and completely exclude the organic farmer from the CWB? In other words, can we function as a single desk, so that you can be free and organic, because of the peculiarities of your farming industry that to go ahead...?

Tied in with that, does not the Wheat Board help to maintain a price that in turn benefits you in your farm?

Probably we don't have much time, so I'm just going to leave it at that. That will allow you to offer some other comments.

The Chair: Can we have some responses, folks?

Thank you, Alex.

Jeff.

Mr. Jeff Nielsen: On the malt side, there is a condition mostly in Manitoba and in some of the northern tier states called fusarium head blight, and the farther you go west, the less chances there are of the disease. So if you look in the northern tier states, and in southern Manitoba, where that condition is very prevalent, the malting industry has moved out due to that fact.

It's a known fact that two plants were built, one in Idaho and one in Montana, that were tentatively scheduled to be built in western Canada. Those companies said they could not handle dealing with a single marketer. They wanted a contract with the producers right around them to get the best attributes and grow the best varieties for their end users. They would not deal with single-desk selling.

The Chair: Thank you.

Ms. Husband, do you want to get in on that?

Ms. Carole Husband: Thank you.

This morning I listened to one of the presentations, and Jeff's not getting money, you heard that, Mr. Nielsen's not getting money, and yet we have the Port of Churchill, we have the Canadian Grain Commission, we have all these groups that are getting Wheat Board funding, Wheat Board money, research, all these things. This is coming out of our pockets.

Certainly there are a lot of different plants that are being built, but we're not getting any more money. We're just paying for the infrastructure of the industry. We're not getting anything out of it. It's out of our pockets, but the producers aren't getting anything.

So I can see why all the groups don't want the Wheat Board to go, because all of a sudden the governments are going to have to start paying for research, but that doesn't help a producer.

Mr. Boyd Charles: Yes, one thing that's overlooked here a bit is that the Wheat Board's only mandate is wheat and barley. If they keep on selling that, they're going to go the way of the dodo bird.

In my area, wheat is a crop of last resort. You don't sow it unless you have to work it into the rotation. You sow peas, canola, chickpeas, beans, flax, oats—anything but wheat. Because if it was worth it, and the Wheat Board was doing a job of selling it, as it used to.... The country was gold in the fall. Now you make a trip down the road for 150 miles and you hardly see any gold; it's always yellow and white, because there isn't any wheat left in the province. This is coming from a producer's point of view.

You have to look around and see what's going on in the country. So I think that's a point here, that wheat only makes up about 30% or 40% of the marketing in Canada in the Wheat Board any more. Canola has far superior marketing now than wheat, and canola is just one crop. So if the open market is so bad, why are the open-market crops doing so much better? That's just a point I'm raising to you.

• (1325)

Mr. Alex Atamanenko: [*Inaudible—Editor*].

The Chair: Your time has actually expired, Mr. Atamanenko, but I'll let Charles finish on that point.

Cherilyn, you want in? Okay, that's it then.

Mr. Boyd Charles: I'm definitely for open markets, but in my case they don't work at all.

The Chair: Mr. Gourde has a point of order.

[*Translation*]

Mr. Jacques Gourde: Mr. Chairman, my colleague from the Bloc Québécois has not been listening to the witnesses for the past ten minutes. This is an important issue. These people have travelled far and wide to come here.

[*English*]

The Chair: Thank you, Mr. Gourde.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: This deserves an answer. I am listening very well. The member knows very well that I understand English and that I don't need translation.

Also, the member who has just spoken, Mr. Gourde, frequently falls asleep during meetings. Some witnesses could confirm that. You should know that this never happens to me. I'm always fully awake.

[*English*]

The Chair: Thank you, gentlemen, for waking everybody up at the end of the meeting.

Ms. Jolly-Nagel, please, your final comments.

Order.

Ms. Cherilyn Jolly-Nagel: I'll just quickly address the notion that.... Excuse me.

The Chair: Order.

Go ahead, please.

Ms. Cherilyn Jolly-Nagel: I've raised this question before. I really have to wonder, who's listening?

The Chair: Gentlemen, let's continue on with the meeting and finish it off, please.

Ms. Jolly-Nagel, please.

Ms. Cherilyn Jolly-Nagel: My comment is that I had to go to a lot of work to reorganize my life and my schedule to be here today. I'm a new mother, I'm a farmer, and I'm a small-business owner, in addition to that. It was a four-hour plane ride, and all the way here I had to ask myself, will there be anybody around that table at the standing committee who is actually going to listen to me? Are their minds already made up?

What is the point of our being here today, if you've already made up your minds? If you don't need this information, we don't have to give it to you. What we're telling you is that we have a story to tell, and we're looking for somebody to hear it.

The Chair: Thank you.

Mr. Easter.

Hon. Wayne Easter: I can tell you we're listening; I took notes. Although I didn't have time to ask questions, I put notes in my own notes of further stuff we want to research on what you said. So I think you will find that even though we're on opposite sides, we are listening.

The Chair: At this time, let me thank the witnesses for coming forward.

We have asked for a bit of information back from you on Mr. Boshcoff's questions and a couple I raised. Could you get that back to us? The clerk will give you a list of those questions, if you didn't get a chance to get them down, so that you can respond to us. It will be very helpful. Thank you.

Again, thank you for taking time out of your lives to come and present. We know how important this issue is to you.

To the committee, you each received a copy of the calendar at the beginning of the committee meeting. Have a look at it and get your witness lists in as quickly as possible. Then the clerk will start to work on getting those witnesses before us to fill in next week. We have the broad-strokes agenda. We need the witness lists coming in.

Point of clarification, Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): As a point of clarification, I want to respond to a statement made earlier, which was inaccurate. It was Mrs. Holm's statement regarding the minister and the loss of her job. *Western Producer* management has said that the minister's office had nothing to do with her release. The editor of *Western Producer* has written a column referring to that. If members want to read it, they can do that.

I wanted to make that clear at this point, and I also wanted to commend my colleague Mr. Gourde, who is always paying attention in committee.

The Chair: Thank you.

This meeting is adjourned.

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