



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Legislative Committee on Bill C-18

---

CC18 • NUMBER 003 • 1st SESSION • 41st PARLIAMENT

---

EVIDENCE

**Wednesday, November 2, 2011**

—  
**Chair**

**Mr. Blaine Calkins**



## Legislative Committee on Bill C-18

Wednesday, November 2, 2011

•(1800)

[English]

**The Chair (Mr. Blaine Calkins (Wetaskiwin, CPC)):** Good evening, ladies and gentlemen.

This is the third meeting of the legislative committee on Bill C-18. As discussed previously, from the witness list, we have presenting today, Mr. Ian McCreary, farmer and former director at the Canadian Wheat Board. On behalf of the Canadian Wheat Board, we have Allen Oberg, the chair. Accompanying him is Stewart Wells, director for District 3. And appearing from the University of Saskatchewan is Professor Kenneth Rosaasen.

Gentlemen, the rules we have decided here at the committee are that we will have 10-minute presentations by witnesses, followed by questioning by members of the committee.

Given that we have three presenters here wishing to make 10-minute presentations, I will ask you to keep your remarks as concise as possible. If you don't need to use your full 10 minutes, I would encourage you to use only the time you need. The meat and potatoes of the discussion will likely come during the questioning rounds.

We'll then proceed to five-minute question and answer rounds by members of the committee. Given the fact that we have such little time in this first hour, I will be a little more firm with the use of that five-minute window than I have been in the past.

Who would like to present first? Mr. Oberg, would you like to go? You have 10 minutes, sir. The floor is yours.

**Mr. Allen Oberg (Chair, Canadian Wheat Board):** Good evening. Thank you for this opportunity to address this committee.

I'm going to make some introductory remarks, and then Stewart and I would be pleased to answer any of your questions.

I intend to focus my remarks on part 1 of Bill C-18—clauses 2 to 6, and clause 12, which remove the farmer-elected directors—and on part 2, which strips the Canadian Wheat Board of its single desk.

Let me begin by providing some context. I am the chair of the board of directors of the Canadian Wheat Board, and Stewart and I serve as the elected representatives for farmers in Districts 3 and 5 respectively, but we are both farmers as well. With my brother, I run a 6,500-acre mixed grain and cattle farm near Forestburg, Alberta. Like Stewart's farm near Swift Current, and indeed all prairie grain farms, our farm is focused on quality, on producing the food that feeds the world. We are also entrepreneurial, innovative, and market savvy.

I'm not telling you that to be immodest, but because the back story of this legislation you're examining is that Ottawa is telling successful farmers like Stewart, my brother, and me that we don't need the Canadian Wheat Board any more, and it is ignoring the wishes of the majority of western Canadian farmers who voted to retain the single desk.

According to our Minister of Agriculture, the Internet has somehow done away with the benefits we get through marketing together in a global grain system dominated by a handful of giant companies. I know it sounds ridiculous when you put it like that, but that really is the argument in a nutshell—that and the idea that even if a single wheat or barley farmer doesn't want to market through the single-desk system, that system should be abolished, regardless of what the majority of farmers want.

Of course, the same free market rules don't apply equally to all farmers. Dairy, chicken, and turkey farmers can have marketing boards that are fully supported by this government—at least for now. I say “for now” not to try to scare my colleagues in supply management but simply to reflect the reality that what this government promises and what it does are two different things.

The Conservatives have won a majority and have decided that this gives them the right to go ahead and make irreversible changes to Canada's grain industry without consulting the farmers as they promised they would. For example, in an Agriculture Canada news release on January 16, 2007, then Minister Chuck Strahl stated, and I quote:

I'm announcing today that Canada's New Government will hold a further plebiscite on the marketing of wheat at an appropriate time. Western Canadian farmers have the Government's commitment that no changes will be made in the Canadian Wheat Board's role in the marketing of wheat until after that vote is held.

Minister Ritz made a similar promise to a group of farmers in western Manitoba in March of this year, when he said that the Harper government respects the vote of farmers who have consistently elected a majority of Canadian Wheat Board directors who favour the single desk. There wouldn't be any attempt to impose dual marketing on the CWB unless a majority of producers voted for it, he told them, in what was described by the media as a campaign style speech. I quote, “Until farmers make that change, I'm not prepared to work arbitrarily...” And he said, “...they [the farmers] are absolutely right to believe in democracy. I do too.”

How ironic that those who first entered federal politics on a platform of direct democracy, plebiscites, and reform are now calling for the very opposite. Who needs direct democracy and the rule of law when, according to the government, the May 2 general election was all the consultation with the farmers that was necessary?

I would argue, respectfully, to this committee that a majority of government does not bestow absolute power. Parliament is sovereign, but not even Parliament can disregard the law of the land because it doesn't suit a particular agenda.

The Harper government broke the law when it introduced Bill C-18 on October 18. It broke the law because it did not first conduct a vote among the affected producers, as required by section 47.1 of the Wheat Board Act, which is still the law. By ignoring section 47.1, the Harper government has denied all farmers their legal right to have a say in the future of the CWB, whether those farmers are big or small, young or old, organic or conventional.

Because this government refused to hold a vote among farmers, we held our own plebiscite this summer. Almost 40,000 farmers participated. A majority of them chose to retain the single-desk marketing system for wheat and for barley.

● (1805)

Why? Because the single-desk system puts more money in their pockets. It's as simple as that. You can spin this issue as much as you want. You can compare spot to pool prices. You can shout about it until you're blue in the face, but nothing can change the simple economic fact that one seller of a product will always be able to command a higher price for that product than multiple sellers. That is why farmers voted to retain the single desk, but this government refuses to listen to farmers.

I'd like to talk specifically about part 1 of Bill C-18, clauses 2 to 6, and clause 12, specifically. These are the provisions that terminate the 10 elected directors who, along with five government appointees, lead the CWB. These provisions effectively end farmers' ability to have direct control over the organization they pay for. These provisions turn back the clock to a time of complete government control. Far from putting farmers first, as the government says it's committed to doing, it puts farmers last, sidelining them in their own industry. These provisions erase all the advances that the Canadian Wheat Board has made since becoming a farmer-controlled organization.

Parliamentary Secretary Anderson was quoted in a recent media report as saying the purpose of this committee was to, and again I quote, "...focus on the future rather than go over what we have already heard." One thing not heard by this government during the sham debate is the voice of farmers. I'm not talking about the special interest groups funded by big agribusiness, who represent only a small number of farmers but who happen to have the ear of the government. No, I'm talking about the voice of all farmers—the voice that has spoken, and would speak again, through a plebiscite on a clear and simple question about what they want. We held our own plebiscite and 57% of farmers participated, roughly the same amount who voted in the last federal election. This turnout comes despite a concentrated effort to have farmers boycott the process. However, farmers voted in the plebiscite in record numbers, and

their decision is the only real mandate on the CWB, a clear and strong mandate to maintain the single desk.

This government has repeatedly attacked the process and the results, but what they have really been attacking is farmers' rights to a voice. If the problem were with our process, then surely this government would have obeyed the law and lived up to the previous commitments to prairie farmers and held its own plebiscite.

I'll conclude by asking you all to consider the future, as per Mr. Anderson's wishes. Consider a future grain industry in which farmers are reduced to bit players in the global supply chain, a future in which farmer control and farmer influence is a thing of the past, a future in which farmers' voices are silenced, a future in which farmers would not be able to re-establish a single-desk wheat marketing board if they wanted to, because once the single desk is gone, it is gone forever.

Thank you, Mr. Chairman.

● (1810)

**The Chair:** Thank you, Mr. Oberg.

I believe, Mr. McCreary, you're next. The floor is yours, sir, for up to 10 minutes.

**Mr. Ian McCreary (Former Director and Farmer, Canadian Wheat Board):** Thank you, Mr. Chairman, and members of the committee.

I farm on a full-time basis with my wife and two sons in central Saskatchewan in the village of Bladworth. As mentioned in the introduction, I was an elected producer to the first farmer-elected board of directors when the Canadian Wheat Board was initially privatized and turned over to farmers in 1998.

I would like to address the committee with four specific points.

The first one is about process. I see that Allen has spoken to some of the process issues, and I will attempt not to reiterate those.

The second is the loss of marketing premiums. In the process of the government renationalizing the Canadian Wheat Board, that essentially is going to be a loss for prairie farmers. Again, I won't spend a lot of time on that.

The piece that I think is most important concerns the ancillary issues in the future that are going to be created by this government's reckless approach to the Canadian Wheat Board.

And finally, the fourth point I would like to make is that there were many options. The process and the speed and the failure to have open hearings have left the government in a position where it cannot consider the options before it for achieving what I consider are many of the government's stated objectives, without wreaking as much havoc on the supply chain as is potentially possible in the current legislation.

So in terms of process, as I mentioned, I was elected in the first producer election when the Board was initially turned over to farmers in 1998. At that time, the then-minister of the Canadian Wheat Board came to meet with the board of directors of the Canadian Wheat Board.

It's probably important to note that in order to win an election in that process, you have to get 50%-plus-one support in your district. So each of the 10 of us had done that. The then-minister said here it is, that ultimately this organization had been turned over from government control to farmer control. For the time period that followed, the then-minister of the Canadian Wheat Board, the Honourable Ralph Goodale, had a form letter that said that this organization had been turned over to farmers and if people had a concern with this organization they should talk to their farmer director.

Ultimately, farmers were told in meeting after meeting, both by elected directors and by politicians, that any change in the future of this organization would be done by a farmer vote and any change in the control and direction in the way it was run would happen through the elected official. And as that elected official, I can assure you that those voices did come to those of us at the board table.

Allen has mentioned the process at hand, through this bill, which is essentially that of the government seizing back that control and going through a process that in the farm community is becoming known as the renationalization of our marketing organization. I don't need to dwell on that further. I think Allen has covered the points on the process.

On the marketing premiums, as an initial board of directors, we came together with viewpoints as divergent as those within the farm community. We needed to engage in a process that measured the marketing performance of the organization and its capacity to get premiums through the single desk, because we had very divergent views. With very divergent opinions, we agreed on a process. That process was then verified with external academics, who were both proponents and opponents of that organization. And then using that methodology, we as a board evaluated our staff and found there were \$400 million to \$600 million in annual price premiums that wouldn't happen in the absence of a single desk.

That was critical in the galvanization of the board. The voices of those who had been elected as so-called dual marketers, like Ken Ritter, who passed away last Monday, Rod Flaman, and Ross Keith, who was one of the appointed players, would all have held that view prior to their election, and engaged in that process and said that the value was real and important to western Canada.

And there is no debate among people who are familiar with that process. As Allen has said, the single desk makes more money for farmers, and this government is in the process of taking somewhere

in the order of \$400 million to \$600 million out of farmers' pockets on an annual basis from the process of marketing grain.

Those are the known pieces and I think, by and large, are accepted as such.

● (1815)

The piece I want to talk about in the future is what I would call the ancillary impacts on the grain handling and transportation system of the activities that will fall out from this government—a forward looking piece, if you will.

The board has been an important and critical component of the grain handling and transportation system and, ultimately, there will be significant fallout as a result of the removal of the board from the piece. Perhaps the most politically charged fallout will be the commercial pressure on producer cars. The plain economics of it is that the presence of a central marketer levels the playing field of how farmers want to do business with the marketing agent. In the absence of a single player, the companies that ultimately will do the international marketing, the very large players, will be in a position to set values when that grain changes hands in Vancouver.

You don't have to have a master's degree in economics to work through all of this; all you have to do is look at the data. The fact is that non-board producer car shipments in the last four years have averaged 2.825% of the total producer car shipments. And if you want to wander around western Canada and tell farmers that the short lines are going to operate once you have 2.8% translated back, then good luck, because the farmers know better.

The simple problem is that you can't get price discovery. You can't get a resale market in Vancouver and have the transparency of price discovery in a port that needs to operate with fast throughput. That's not a question, but a problem, and you guys have fast-tracked this to the point where you don't have a solution to that problem.

Once you take those producer cars off the table.... The short line railways ultimately rely completely on producer cars. There's the question of infrastructure that the provinces and the municipalities will have to come back to once they see the devastation that is likely to happen in the absence of some economic alternative to the current package on producer cars.

The Port of Churchill, which is not owned by one of the main line companies, relies completely on an ongoing east coast export program, where a capacity to move customers to Churchill with a continuous flow arrangement is required and where an organization like the Canadian Wheat Board was able to commercially operate that successfully. I was at one time the marketing manager for eastern and western Europe immediately out of university. I was part of that program that brought customers into the Port of Churchill and I was able to do that with a huge economic return to the pool, because you could transfer that grain on a continuous flow basis, grain that otherwise would have gone through the seaway. You need a whole bunch of commercial pieces in order to make that viable, and none of the independent operators have the same sets of incentives that a pool does when you're looking at simply the return-to-farm gate as your only economic indicator.

The Port of Churchill will likely be in a lot of commercial difficulty in the absence of this and, fundamentally, there hasn't been any curiosity, let alone understanding, about why that will come into play.

As for those without port capacity, I noticed with interest the absence of a freight adjustment factor in the current legislation when you look at the sections that were deleted versus that. Certainly, a private grain company that's being set up—your new crown agency or whatever you want to call your federal grain company—couldn't operate with a FAF. I'm not arguing that it should, but the FAF is an important piece to understand because it was the commercial tool used to allocate the constrained capacity of the west coast handling facility in an economic way that allowed the optimal customers to be transferred to the other port. In the absence of that, everyone is going to want to push that through the west coast. You will have tremendous economic pressure on the west coast.

I can tell you what happens in a market when you have pressure on port capacity. Does anybody know, when the export embargo by the Soviet Union was in place, what happened to the cost of moving grain through U.S. west coast terminals? For those who watch markets, the difference between a rail offer and a port offer on dark northern spring wheat following the introduction of the freight embargo was \$3 a bushel.

•(1820)

That's right. It was \$100 a tonne.

**The Chair:** Mr. McCreary, I don't mean to interrupt you. I know you're trying to make your point, but your 10 minutes has elapsed, so I would encourage you to please concisely wrap up, if you have a final comment.

**Mr. Ian McCreary:** Okay, I will.

I'll just wrap up with two thoughts. The first is that you had options. The options that were put on the table—a continental market—would have given the farmers the daily cash price they needed and would not have wreaked havoc in the international market.

And finally I'd say that, ultimately, the speed with which this process is being rushed through will have consequences beyond the economic analysis that has been done. I'm troubled by the pieces I've laid out, but I'm more troubled by the fact that the Government of

Canada has done no economic analysis. Farmers deserve better, Canadians deserve better.

**The Chair:** Thank you, Mr. McCreary.

Mr. Rosaasen, for up to 10 minutes, please.

**Professor Kenneth A. Rosaasen (Professor, University of Saskatchewan):** Thank you, Mr. Chairman, and good evening.

I'm Kenneth Rosaasen. I'm an agricultural economist, a professor at the University of Saskatchewan. I grew up on a family farm, and I continue to farm with my family on a farm that started in 1905.

I'd like to outline some of the long-term impacts of Bill C-18, as proposed, and also focus on the uncertainty that it's creating.

The first is the impact of the loss of revenue to the farm sector. Others have already spoken of the approximately \$400 million to \$600 million per year and the studies done by reputable economists on that. Directors who were not certain when they became directors, as Ian pointed out, soon became strong supporters once they saw the internal operation.

Removing the single desk removes income from farmers, and transfers it to consumers in other nations largely. And it also creates greater opportunities, perhaps, for the marketing margins of grain companies.

The Canadian federal government strongly supported, as did Saskatchewan, the maintenance of Canpotex, a single desk for potash. Conceptually, the economics are similar. Saskatchewan potash received the deserved federal recognition as a strategic resource. Are not the food production resources and the crops produced as important in western Canada?

Bill C-18, as proposed, will remove the entire farmer-elected boards and replace them with five appointed government directors. I call this the government marketing agency, because essentially they're expropriating the assets that now belong to farmers. This is different from simply the wind-up cost, which is also being discussed by your auditors.

Someone suggested that the Wheat Board also has value as an ongoing entity, producing approximately \$400 million to \$600 million in revenues per year. What is the capitalized value of this moving forward? In some legislation, when changes are made, compensation is negotiated and paid to those who are the losers. The Western Grain Transportation Act paid out compensation because of the loss of the rail freight payments. The tobacco buyout by your government recently did the same thing to recognize the cost to losers. Sometimes it's done by compensation, sometimes it's sought through the courts.

Some assert that a CWB without a single desk can be viable. I don't think this is correct, for several reasons. The new government marketing agency will not have any physical delivery points, either in country or at terminals. It will rely solely on the goodwill of powerful grain companies for access, which I believe is naive, at best. CEOs are rewarded based on their bottom line, not on their goodwill to new entrants in a market.

Second, with no ability to physically control the product, the blending opportunities will accrue to the companies, not the government marketing agencies. Clearly, one should not be surprised that the grain trade is clamouring to achieve these increased marketing margins from people who might deliver to this new grain marketing agency of the government. This agency might be able to operate as a broker and perhaps as a pooling mechanism. I think its survival is highly unlikely.

When the Australian Wheat Board moved in this direction, it had a much longer transition period, and it had assets, and it was given substantial legislative conditions in terms of delivery and access, and other things. Yet is no longer there but was sold to Cargill.

The third component of any organization, including this new government marketing agency, is the directors and the skill set they possess. We don't know who they are and we don't know what type of competent staff might remain during a period of transition and uncertainty.

Based on the current bill as proposed, our farm would not sign any contract to deliver to this new marketing agency. And numerous farmers I have talked to feel the same way. Our farm has used the fixed marketing tools and the ability to forward price. I teach grain marketing classes. We do contract canola and I've already sold the crop I plan to plant for the fall of 2012. I can't do that for wheat. There is no futures market in place and no one has yet taken the risk.

●(1825)

In Canada, we don't have a great record with how our futures markets operate. We've had a failed futures market for flax, rye, peas, oats, feed wheat, and now feed barley has virtually no open interest or delivery volume. This is not something to be proud of.

The major challenge is developing one for wheat, and some people paint canola as a shining example. How many actually look at the contract, the number one contract with 8% dockage as the deliverable grade? That means at \$12 a bushel, when I see the quoted price, I don't get paid for the dockage. They subtract that from me, but that's what's deliverable on the contract. They don't let farmers deliver on a contract in cash in futures. They don't let them move together, which is one of the keys.

Ian has covered producer cars. There is legislation that says you can deliver, but that doesn't matter if you can't unload it at the other end. You need revised legislation to reflect the changing reality in the world.

The Wheat Board has been a defender of wheat and durum and barley farmers in countervail actions launched by the U.S. or others. Who will do that now? The EU and others have sought the elimination of the Wheat Board. The U.S. tries to beat it up as a state trader. I asked our negotiator how we were doing. It's pretty hard to negotiate something when your government is giving it away.

Bill C-18 is going to have major ramifications for prairie grain farmers, and the rapid speed at which it is moving is unforeseen. I have followed government activities—the Crow rate, the feed grains policy debate—and nothing has been rushed through like this.

I would suggest that in many areas we use new variety testing, we do small plots for chemicals and other things, so that we get it right. I'd say that we should be doing the same here. Using this rational approach, if the government is determined to proceed, I would suggest that it be done with a continental barley market in August of 2012, with wheat and durum delayed for one year because of all the uncertainty.

The government will still have a majority a year from now. There are fixed election dates. On the farm where I grew up, my father and uncle gave me some advice: When you're building something, measure twice, cut once. A more precise plan than what is outlined in Bill C-18 is needed to foster a smoother transition of the prairie grain marketing and transportation system, with a lot less uncertainty and long-term costs.

Thank you for listening.

●(1830)

**The Chair:** Thank you, Mr. Rosaasen.

We will now proceed to members' rounds of questioning.

From the New Democratic Party, Mr. Martin, you have five minutes, sir.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Chair, and thank you to all three of the presenters.

You have given us so much material in those three very worthy presentations, I can only begin my remarks by saying that it's a sham and a travesty that we're limited to one two-hour session to entertain all the things you brought to the table. It's the first time many of these have been considered, at least by the members of Parliament studying this bill. Some fast-tracking going on here that is tantamount to sabotage. We never crafted the Canadian Wheat Board Act to protect and defend it against an enemy from within. We never thought we'd have to protect ourselves from our own government, or maybe it would have been crafted even more strongly.

Let me start with you, professor, and the comment you made about the instability and the uncertainty this is bringing. We're going to hear government members saying the reason we're fast-tracking this is to bring certainty and stability to the agricultural economy of the Prairies. If they were really concerned about stability in uncertain economic times, why would they turn the whole rural prairie economy upside down and on its head by abolishing the Canadian Wheat Board at this point?

**Prof. Kenneth A. Rosaasen:** I would concur that it is adding tremendous instability. People who own short-line railways and have money invested ask how this is going to run. What provisions are going to be in place in the bill to make sure that when we load cars, we can have them unloaded? Who is going to put that in place as legislation? Companies have to behave to make profits; that's what shareholder accountability is about. They'll do so within the law.

Governments sometimes put in place regulations to improve performance, curb monopoly power, and have a better total system for everyone. In my view, this has not been well enough thought through to ensure that this occurs.

Normally, when there were major changes, like with the Crow rate or other things, there were significant numbers of studies—

**Mr. Pat Martin:** That's right, a significant number of studies, and—

**Prof. Kenneth A. Rosaasen:** There were numbers of studies, and—

**Mr. Pat Martin:**—surely some cost-benefit analysis was tabled to demonstrate that there's a business case.

Do you know of any reasonable economic or business case made that says this move will result in more money in the pockets of prairie farmers? Does any such evidence exist?

**Prof. Kenneth A. Rosaasen:** It's contrary to economic theory to say you'll do better for the community without a single desk than you will with it. That's what the people who have looked at the books say.

Sometimes you get people who look at a spot price across the U.S. to make a comparison and say, "Today I could get more and I'm the smartest marketer in the world." But, overall, it will be a loss to the prairie economy.

**Mr. Pat Martin:** I've got a quote here from Alberto Weisser, the chief executive officer of Bunge, the U.S grain-trading giant, who said the concept of the single desk is brilliant. The Wheat Board is one of the most successful grain marketing companies in the world. Our American competitors seem to envy the structure of the single desk. Something that Mr. Breitreuz calls "lifting the iron curtain", is in fact collective action for the well-being of the prairie producer.

How could it be anything but a good idea, to band together, to jointly share the risk and the profit of marketing our grain collectively?

**Prof. Kenneth A. Rosaasen:** There are advantages, but sometimes one individual says their freedom is constrained. So it's based on an emotional argument rather than the solid economic case.

•(1835)

**Mr. Pat Martin:** I'll tell you what is really Stalinist. It's denying somebody their legislated right to vote on an issue. I think that borders on Stalinist. There's a jackboot element to gerrymandering voters lists and to ramming this down the throats of the majority, ignoring the majority will of the farmers as expressed in a legitimate plebiscite. That's Stalinist.

If you want to talk about the Iron Curtain, it's the jackboot tactics of this particular government that is ramming this through with two lousy days of study.

I was telling other witnesses—

**The Chair:** Mr. Martin, your time has expired.

**Mr. Pat Martin:**—I've seen 50 days of committee hearings on bills of—

**The Chair:** Please pose your question.

**Mr. Pat Martin:**—less important and with lesser impact than this. Even when the Crow rate was abolished, I think Wayne Easter was saying he was protesting that in the old days—

**The Chair:** Mr. Martin, your time has expired.

**Mr. Pat Martin:**—week after week after week of study.

**The Chair:** Could you please pose your question?

**Mr. Pat Martin:** My question to you is, do you think this issue has been adequately researched and has the impact study been assessed to a degree that we should move forward with this irreversible action?

Any of you?

**Prof. Kenneth A. Rosaasen:** I have not seen a viable plan for moving forward. There are all kinds of uncertainties and many, many bridges to cross.

**The Chair:** Is there is anybody else who wants to address this? We have to move on, then.

Your time has expired, Mr. Martin. Thank you very much.

We'll move on to the Conservatives. Mr. Hoback, for five minutes, please.

**An hon. member:** Mr. Chairman, you asked if there was anyone else who wanted to address this question, and I believe Mr. McCreary would like to.

**The Chair:** Briefly, then, Mr. McCreary.

**Mr. Ian McCreary:** Thank you.

I think it's important to reiterate that on the ancillary pieces, there have been statements made in the press that are simply not correct. They're not defensible statements and there's been no economics done. I think that is ultimately an issue that should cause us all pause regardless of which side of the debate we're on.

I would encourage everyone to take a look as to whether you've had any rigorous economic analysis done of some of the ancillary implications of what is about to be proposed.

**The Chair:** Thank you, Mr. McCreary.

Mr. Hoback, five minutes, please, sir.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

Thank you, gentlemen, for coming here this evening. I appreciate your time, and I thank you for being here.

I look at this, and I'm just amazed. This debate has been going on in the Prairies for 20, 30, 40 years. There's nothing new you've brought forward today, Mr. Rosaasen, which hasn't already been discussed and debated. We could debate it for 30 hours and it wouldn't change anybody's opinion, whether a person agrees with you or not. Nor will anyone discuss whether or not you're paid by the board for past research or your colleagues' past research.

When you go onto the Prairies, it doesn't matter if you do a plebiscite; it's the question that becomes the factor. Who asks the question? What's the question that you ask? That's the issue.

It doesn't matter what is being said, because people have already said that they've heard all sides of the story. It's the opposition members who are disappointing. I don't blame them. They're not in the designated area, so they don't necessarily have the background that some of us farmers here on the Conservative side have. This debate has been going on forever.

When I farmed, I actually attended a combine-to-customer course and another. I actually went through the Wheat Board training and went through and saw the type of work you did, the value-added work you were doing. I was actually very impressed with that work. In fact, I was very impressed with the staff and the people you had working with me.

That's what kind of threw me off on this. You knew this was coming. In fact, in 2005-06, you issued a report called *Harvesting opportunity*. Mr. McCreary, I think you even presented it in Ottawa, if I remember correctly. You talked about looking forward and how to position the board for the future. You looked at different types of pricing programs and how to try to compromise with farmers. But you would never go far enough to solve this for the group of farmers that wanted freedom.

When you talked to the farmers who wanted to build a durum plant in Weyburn, the final answer was no, yet there are seven durum plants across the line in North Dakota. There has been bullying. There has been intimidation practised on the Prairies by your organization, and it's been going on for way too long. And that has to change.

What really disappoints me right now is that you've known that the change was coming. It was signalled far enough ahead that it was coming, maybe not this year, maybe not two years ago, but maybe five years from now with the WTO. Who knows? But you had to make a plan for change. I asked you over and over again if you had a plan B for change, if you had a plan B to protect these employees and to make sure that the farmers that wanted to use the CWB would have an option and have the ability to do that. Have you thought through that process?

We went to your guys to ask you to be part of the working group and to be involved in the change and transition. I understand that Mr. White did participate, but I understand, Mr. Oberg, that you did not participate. You chose not to participate.

Instead of actually going through and signing up farmers and acres and going to your customers and accredited exporters and saying, "You know what, guys? The change is happening, but we have x number of farmers, 22,000 supposedly, who support us and have committed their acreage, and we've gone ahead and signed them, and we have all these bushels of grain that we're going to have for the next two or three years," you didn't. You could have done that. You could have gone to the market and the durum plants and said, "Hey, we have all this volume, so relax, it's okay".

Then they wouldn't have come to Ottawa to say to me that they couldn't source milling durum or wheat in March and April of next year. But you didn't. You proceeded with an ideological battle, and that's what disappoints me the most.

Instead of looking at what's in the best interests of farmers, which is what I'm doing, and what the minister has done in changing the board of directors, you proceeded to go down a road of *Thelma & Louise*, saying that if you can't have it your way, you're going to run this thing off a cliff and make sure that it doesn't work for anybody.

Mr. Rosaasen, you talked about instability in the marketplace. Well, that's exactly what you did in the way you handled things here this summer. And that's disappointing, because you were not elected to destabilize the marketplace. You were not elected to create insecurity in the marketplace. You were elected to market grain. That's what you were elected to do, and you chose not to. You chose to go the other route and actually do more harm than good based on ideology. And that's very disappointing.

Mr. Oberg, how can you justify this? How can you justify it to farmers when you go back into your riding and say, "I told the NDP to destabilize things, to stall and stall and destabilize it"? How do you justify that? How do you justify spending money to defend a single desk, when a majority of farmers do not want you doing that? When you have a court order saying that you should not be doing that, how do you justify that?

● (1840)

**Mr. Allen Oberg:** Thank you, Mr. Hoback. You've covered a great deal of ground there. I have written down six or seven questions.

I am going to start with your comments about an ideological battle. I want to tell you a story about the first time I met with—

**Mr. Randy Hoback:** You're going to have to be quick. Stories take too long, and I only get five minutes.

**Mr. Allen Oberg:** No worries.

When I met with Minister Ritz—

**The Chair:** I don't mean to interrupt, but Mr. Hoback, your time has actually expired.

So, Mr. Oberg, if you could keep your response as brief as possible, I would appreciate it.

**Hon. Wayne Easter (Malpeque, Lib.):** The witness should have the same amount of time as the questioner. That's the way these meetings should operate.

**The Chair:** Mr. Easter, I don't believe you're a member of this committee and—

**Hon. Wayne Easter:** I may not be a member, but I am a member of Parliament and I'll have my say.

**The Chair:** You will refrain from interrupting this committee, sir, unless you are a member of this committee, or I'll ask Mr. Valeriote to.... I'll subtract the time you're taking from Mr. Valeriote.

**Hon. Wayne Easter:** Why don't you bring in the Sergeant-at-Arms?

**The Chair:** Mr. Oberg, please answer the questions as effectively and as quickly as you possibly can.

**Mr. Allen Oberg:** All right, and I will be brief and concise.

Mr. Hoback raised the issue of ideology. I always believed that this was an organization controlled and paid for by farmers and that they should be the ones who decide its future. When I spoke to farmers this summer all across the Prairies, I was very straight with them. Whatever the majority of farmers voted in regard to changes to the Canadian Wheat Board, I, as chair of the board, would do.

Let me finish.

I challenged the minister on many occasions and I'm challenging you, Mr. Hoback, right now. Obey the law. Have a plebiscite among farmers and settle this issue the right way. If I'm willing to abide by the results, you should be willing to do the same.

**Mr. Randy Hoback:** Of course, we are obeying the law. We—

**The Chair:** Mr. Hoback, your time has expired.

Moving on to Mr. Valeriote for five minutes, please....

**Mr. Frank Valeriote (Guelph, Lib.):** Thank you, Mr. Chair.

Mr. Oberg, I'm going to give you two and a half minutes to respond to Mr. Hoback. But before you do that, think about the questions he asked.

Mr. McCreary, I have two questions for you. You spoke of an almost an umbilical tie between the availability of producer cars and the single desk system. So I want you to speak about that first.

Secondly, Murdoch MacKay from the Canadian Grain Commission was here yesterday, and he made it sound like, don't worry, be happy when it comes to the issue of grain quality. I understand that's also an issue when marketing your grain and that, too, is umbilically tied to the single desk system.

So could you speak more about those two issues, and if you could take about two and a half minutes, I'll time you. Then I want Mr. Oberg to take the rest of the time to respond to Mr. Hoback. Thank you.

**Mr. Ian McCreary:** Thank you.

First, I'll deal with grain quality very quickly and very simply.

The Canadian Grain Commission sets the grades, but ultimately the value that's created for the different grades happens because the single desk can price discriminate. It's that simple, but that's a big

part of where the piece goes. When you look at the marketplace, you say we've got grades for No. 1 and No. 2 peas, we've got grades for No. 1 and No. 2 lentils, but we only get paid for No. 2 or better. There's no premium for No. 1 lentils and No. 1 peas. That's because there's no single desk to price discriminate in those crops. There is in wheat. That's where part of the market premium comes from.

In terms of producer cars and a single desk system, there are two really important ties. The key for a producer car shipper is they have to have a liquid market that allows grain to change ownership in port position, because instead of selling it on the basis of the elevator, they sell it on the basis of the port position.

Canada tried to have price discovery in port in canola in the seventies and eighties, and we didn't have the capacity to manage price discovery in port in canola, which was a 2 million tonne crop. There are 20 million tonnes of wheat, so price discovery can't happen. The value goes out of the producer cars and, ultimately, if you don't get value, you don't ship them, because it's a lot easier to just deliver the grain to a local elevator. There's no work involved in that, and that's why there are ultimately no producer cars or very few producers cars. Less than 3% are non-board grains.

● (1845)

**Mr. Frank Valeriote:** Will all of this be compromised when the single desk is gone?

**Mr. Ian McCreary:** Yes, without question, the economics comes off the table. The value is no longer there and, ultimately, the government is creating a train wreck for a lot of short-line railways and a lot of infrastructure in Saskatchewan.

**Mr. Frank Valeriote:** You looked at the legislation and there's no provision to protect those two issues?

**Mr. Ian McCreary:** The difficulty is that in order to protect it, you have to have a transparent mechanism for price discovery in port position and there's nothing in the legislation that provides that, among other pieces. Ultimately, the producer car shipper has a transaction that happens beyond the farm gate and they need a mechanism to establish value, and there's no price discovery in port at this time that's transparent.

**Mr. Frank Valeriote:** Mr. Oberg, I'm going to give you the floor to respond to Mr. Hoback's comments and rant. Go ahead.

**Mr. Allen Oberg:** Okay, thank you, Mr. Valeriote.

One of the issues you mentioned, Mr. Hoback, was durum, and I think by your comments you were suggesting that the Canadian Wheat Board is a deterrent to value-adding here in Canada. I'm here to tell you that certainly isn't true. To give you just a few numbers, western Canada has nearly 40% of Canadian durum capacity; North Dakota, just across the way, has 29% of U.S. durum milling capacity. If you look at the numbers on a per capita basis, they just don't add up. On a per capita basis there's more milling capacity, more malting capacity, here in Canada than there is in the U.S., which has never ever had a wheat board to my knowledge.

**Mr. Frank Valeriote:** Go ahead.

**Mr. Allen Oberg:** Let me finish. Even if that were true—just assume for a minute that it were detrimental to establishing value-adding—the primary reason that maltsters and millers want producers out of the way is so they can access their raw product more cheaply.

Let me quote from the annual report of the Alliance Grain Traders, who just announced or passed a plan in Regina: “Margin erosion is combated by negotiating lower prices from growers....” That’s from their own report.

I’ll tell you that as a farmer, selling my grain for less to support value-adding doesn’t make me very excited.

**The Chair:** Mr. Valeriote, you still have 15 seconds.

**Mr. Frank Valeriote:** All right.

Mr. Oberg, you commented about Mr. Ritz’s promise that there would be a vote, that he would respect the opinion of farmers. You know a lot of farmers. In fact, you know a lot of farmers who voted Conservative. Can you tell me the number of farmers that voted Conservative who understood they would have an opportunity to vote under section 47.1 of the Wheat Board legislation?

**Mr. Allen Oberg:** I don’t have the exact numbers, but my constituents and Minister Ritz’s constituents are in the same area. He was elected as a Conservative candidate. I was elected as a single desk director. Obviously, many farmers who voted Conservative also support the Canadian Wheat Board.

**The Chair:** Thank you, Mr. Oberg.

Thank you, Mr. Valeriote. Your time has expired.

Now we move to Mr. Anderson for five minutes.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Thank you, Mr. Chair. It’s good to be here tonight.

I should maybe lay this out again, because I’m not sure that the members who are here understand the importance of this, because they claim there are no studies backing up the advantages of single desk.

Last night we did hear that there are a number of studies that have been done, I think all of them pointing out the advantage. They include *The Economics of Single Desk Selling of Western Canadian Grain*, a 1996 study; *A Bushel Half Full: Reforming the Canadian Wheat Board*, by the C.D. Howe Institute in 2008; *Pulling the Plug on Monopoly Power: Reform for the Canadian Wheat Board*, also by the C.D. Howe Institute in 2011; *Benefits and Costs of a Voluntary Wheat Board for the Province of Alberta*, by the George Morris Centre in 2002; *The Move to a Voluntary Canadian Wheat Board: What Should Be Expected?*, by the George Morris Centre in 2011; and *An Open Market for CWB Grain: A study to determine the implications of an open marketplace in western Canadian wheat, durum and barley for farmers*, by Informa Economics in 2008. .

Actually, from the Informa study, I believe last night, we read into the record that there will be between \$400 million and \$600 million advantage a year to farmers once this market is opened up.

I want to point out, Mr. Chair, that farmers spend their whole year working toward harvest. They spend their time planting. They spend their time contracting. They go out and seed and maintain their crop

through the year. They bring it in just so that they can get that crop in the bin.

I noticed today that the PRO price of red spring 11.5 is \$7.50. That’s what Canadian farmers can expect on average in the year, if they deliver the grain. Last week in Montana the cash price was \$11.50. So to say that we’re getting some sort of an advantage from this single desk is misleading people.

The thing that really concerns me is how much money is being spent on this campaign, Mr. Chair. Today in one of the national newspapers that is hardly available in my riding, these gentlemen spent the equivalent of 8,500 bushels, at \$7.50 a bushel, of somebody’s grain, just by putting that ad in the paper.

I understand the over the time of their survey, when they were trying to get the answer they wanted to their survey, they put the equivalent of 40,000 bushels of farmers’ grain down the drain in trying to get their own way.

My question to Mr. Oberg tonight would be, you’ve already admitting to spending hundreds of thousands of dollars to try to get the answer you wanted on your phony survey. Could you tell me how much money you’ve committed to fight this bill? What’s your budget?

• (1850)

**Mr. Allen Oberg:** On which bill?

**Mr. David Anderson:** To fight C-18, how much money are you spending? You said you’re going to fight this to the end. Would you tell me how much money you and your other directors have budgeted?

**An hon. member:** Of farmers’ money.

**Mr. David Anderson:** It’s farmers’ money, but how much have you budgeted for this fight? Can you tell me that?

**Mr. Allen Oberg:** To what part of the campaign specifically, or do you want them all?

**Mr. David Anderson:** The whole campaign. The whole fight on C-18. You’ve had a survey. You spent close to \$400,000 that we know of. Could you explain in order to—

**Mr. Frank Valeriote:** Mr. Chair, I have a point of order.

**The Chair:** I’ll recognize Mr. Valeriote on a point of order.

**Mr. Frank Valeriote:** I raised this yesterday. The witness has a fiduciary duty to protect the Wheat Board. He has to do everything within his power to keep the Wheat Board alive, and now he’s being attacked for undertaking and doing the very things he’s required to do by the legislation this government is now tearing apart.

**The Chair:** Mr. Valeriote, that sounds like debate to me. If you have something further that would reference a standing order or something like that.

Mr. Oberg, I’m going to allow the question to stand.

**Mr. Allen Oberg:** All right.

Well, first of all, I’ve always been of the view that the right—

**Mr. David Anderson:** Can you give us a number and then explain it?

**Mr. Allen Oberg:** I'll answer the question, thank you.

I've always been of the view that the right way to settle this issue was to let farmers decide, to have a fair plebiscite, as required by the current act under section 47.1. When the minister refused to do that, we thought it was incumbent upon ourselves to allow farmers to have a direct say in the future of their own organization, which they pay for.

We went ahead with that plebiscite. It's cost was \$275,000, with some advertising costs on top of that.

**Mr. David Anderson:** So that's the 40,000 bushels.

Go on.

**Mr. Allen Oberg:** I don't know where you get your numbers from, but those are the costs.

We've also spent, or will spend, some limited money on a legal case.

**Mr. David Anderson:** How much are you budgeting?

**Mr. Pat Martin:** A point of order, Mr. Chair.

**Mr. Allen Oberg:** We won't know that until that case is complete.

**Mr. David Anderson:** See we do have one—

**Mr. Allen Oberg:** My point is this—

**The Chair:** Mr. Oberg, and Mr. Anderson, I have to recognize a point of order. I have to follow the rules. We have rules for a reason.

Mr. Martin has interrupted the proceedings with a point of order.

Mr. Martin.

**Mr. Pat Martin:** I'd like to bring the parliamentary secretary back to earth, in terms of relevancy.

Yesterday, Mr. Chair, you did in fact intervene a number of times, saying that some lines of questioning went beyond studying the technical details of the bill. The internal operations of the board of directors of the Canadian Wheat Board are a long way from studying any clause, or chapter, or verse of the bill at hand.

**Mr. David Anderson:** Can I respond, Mr. Chair?

**The Chair:** Thank you, Mr. Martin.

I did allow you to respond to a point of order that was raised yesterday. Would you like to respond to that, Mr. Anderson?

**Mr. David Anderson:** Absolutely.

I want to respond because this is farmers' money, not the Canadian Wheat Board's money. Mr. Oberg and I absolutely agree on one thing: He said he's always been of the opinion that farmers should decide, which is exactly the position I've taken for years. That's the position we take tonight. The individual farmers should be able to make their choices. We just want to know how much of their money the board has budgeted. We know they may or probably will go over that amount, but do they not have a number? I'd just like to know that number.

• (1855)

**The Chair:** I've allowed a lot of latitude on questions in the previous meetings. I'm going to allow the questioning to continue to go on as long as—

**Mr. Frank Valeriote:** May I speak to that point of order?

**The Chair:** Go ahead, Mr. Valeriote.

**Mr. Frank Valeriote:** I absolutely agree with Mr. Martin. Knowing about an amount of money that's being paid to protect an existing board has nothing at all to do with the technical aspects of the new legislation—nothing at all—Mr. Chair. And I'm surprised this witness is being required to answer a non-technical question.

**The Chair:** Given the fact the legislation does propose to significantly restructure the operation and mandate of the Wheat Board, this question, I think, may be on the fringes of what is germane to that mandate. As such, the witness is free to answer the question if he chooses to.

Mr. Oberg, to the question, please.

**Mr. Allen Oberg:** If this government had agreed to hold a plebiscite amongst farmers, farmers' dollars could have been saved

**Mr. David Anderson:** Order, please, colleagues.

**Mr. Allen Oberg:** —and if this legislation proceeds, taxpayers' dollars are going to be at risk here as well.

**The Chair:** Mr. Wells, I believe you wanted to address this as well.

**Mr. Allen Oberg:** And it's hundreds of millions of dollars, by the way.

**Mr. Stewart Wells (Director, District 3, Canadian Wheat Board):** Yes, thank you, Mr. Chair.

I wanted to address one of the points that Mr. Anderson just raised, when he was again making a false comparison between spot prices and pool prices.

This is a quote from the U.S. Wheat Associates from May of this year, where they said:

...an open market could initially mean more Canadian wheat moving to parts of the United States as Canadian farmers seek higher returns. However, the huge price incentive that currently drives that desire would dissipate very quickly.

So the U.S. Wheat Associates are saying that whatever spot price differential there might be, isn't going to be there when this border opens.

Now, sooner or later, Mr. Anderson and everybody else is going to understand that you can't produce freedom by suppressing democracy. The government has had six years to hold these sorts of meetings, to design a plan, and have discussions to create a climate in which there could be some useful and productive discussions in the countryside. Because the government chose not to do that, we're in a situation where democracy is being suppressed. And it has been suppressed by Mr. Anderson, by the various Ministers of Agriculture, ever since 2006, and this is a continuation of that process.

**The Chair:** Be brief, Mr. McCreary, as Mr. Anderson's time has expired.

**Mr. Ian McCreary:** Thank you, Mr. Chairman.

I have a comment that may be helpful for members' understanding of the dynamic at play.

The question that was asked whether farmers could have had a choice? I'm a commercial operator. Frankly, I have no interest in this government grain marketing organization; I have no interest in any subsequent organization. My interest was in the single desk. Ultimately, I expect my elected directors to do what they can to defend that \$400 million to \$600 million. Relative to the value the government is talking about taking out of the till, it's a small cost. They have a fiduciary obligation to me, the shareholder, on that.

So it's important to note as if freedom is being created, but that the freedom to have the single desk is being taken away.

**The Chair:** Thank you.

Ms. Ashton, five minutes, please.

**Ms. Niki Ashton (Churchill, NDP):** Thank you very much.

Thank you very much to the speakers today.

Somebody I know who is close to this topic said that what we're dealing with today is the biggest negative policy reversal in a century. As someone who's proud to come from western Canada—who grew up in a community close to Churchill, which depends very much on the work of the Wheat Board, and who grew up with people who live on the Bay line and depend on the rail line up to Churchill, who grew up next to people who run farms in the Carrot River Valley, and who works with people across the border in communities like Prince Albert and into Saskatchewan—I cannot believe that our region is being represented, or misrepresented, in such a manner.

I cannot believe that people from Churchill were unable to come to this committee, because they were given 24 hours' notice. These are people living in a remote community that stands to lose 200 jobs—and I'm not quite sure what's so funny about that—some 200 jobs from a community of about 1,000 people only, because they are about to be subject to this whole sham, in which their livelihood is being taken out from under their very feet. Their voices tonight cannot be heard.

I would like my first question to go perhaps to Mr. McCreary, who referenced the importance of Churchill. What does Churchill stand to lose, and what do farmers stand to lose if Churchill is no longer operational if the Wheat Board is gone?

**Mr. Ian McCreary:** Thank you. That's an important question.

The economics of Churchill, if you are a player like the Canadian Wheat Board or a commercial operator whose value base is based on the farm gate, is simply that of drawing a line from the farm gate to the customer and saying, "What's the most cost-effective way to move that grain? It doesn't matter whether I own the terminal or not. It doesn't matter about any other pieces. How do I get it from point A to point B?" Churchill's advantage for customers going east is roughly \$22 or \$23 from Thunder Bay to a transfer elevator on the St. Lawrence—at least that was the number when I was a marketing manager. The ocean freight differential at that time—that is, instead of the customer picking it up on the St. Lawrence and going to Churchill—varied by the season and by customer, of course, depending on whether they had ice-reinforced ships. But you were looking at a number anywhere in the order of \$8, which would have been a very aggressive offer to have them move that extra distance by ocean. These numbers are rough, but to the prairie farmer they're

looking at a \$14-a-tonne loss when that particular transshipment doesn't move through Churchill.

Ultimately, the Canadian Wheat Board is the only major shipper. There have been some other players that have moved small volumes to Churchill, but it is because you need to have a large commercial program. Churchill, of course, has a limited season. Customers need grain year-round, so you have to have a large enough program to service the customer somewhere else during the time Churchill isn't available and still have the capacity to adjust that at the most cost-saving pace, until such time as you can use Churchill again.

That's why a single-desk operation makes a lot of money using Churchill and why, ultimately, it'll be tough to create the economic incentives otherwise. Frankly, it'll be largely a false economy to try to get some private player to reciprocate that, unless you have a really large commercial operator, predominantly St. Lawrence-based, that wants all of a sudden to use a port that they don't own. There's just a bunch of pieces that are really hard to put together.

To the credit of the entrepreneurs involved on that line—both the owners of the line and the port—they've made a lot of effort. They have been trying. Since I've left the industry, I know people who have been involved in that development process. They've made tons of efforts to try to create an opportunity, but they just can't capture the same value that you have when you have the transferability of the single desk program.

• (1900)

**Ms. Niki Ashton:** Thank you, Mr. McCreary.

My next point would be about how anti-democratic this entire process has been. It was very important to me to be part of an event in Winnipeg this past week where people from across the Prairies were able to come together and talk about how they wanted to be heard on the Wheat Board.

I have here a handout—which I can deliver to the clerk—that I thought was a ten percenter, but it's actually a piece of Government of Canada advertising. It says, "The Government of Canada is delivering on its promise to give marketing freedom to Western Canadian....", etc.. There's an asterisk next to that remark, and in small letters it says, "Subject to parliamentary approval." Parliament is an asterisk.

Who paid for this? It was the Government of Canada.

My question is, where are the voices of western farmers, Mr. Oberg?

**The Chair:** Ms. Ashton, your time has expired.

Mr. Oberg, please respond.

**Mr. Allen Oberg:** Thank you for your question.

I think that in many ways, given the process put before farmers, their voices have been stifled. This is a government that said it was going to hold consultations with farmers shortly after it was rejected. None of that occurred.

The Canadian Wheat Board did talk with farmers. In seven meetings across the Prairies, we had attendance of over 2,100 farmers. I had a telephone town hall with farmers. There were 17,000 people on the line. Farmers are aware of the changes being made here. They obviously had the opportunity to express their views in the plebiscite, and they did so in large numbers—in record numbers.

That's the real mandate we have as a board and as an organization. That's why we're proceeding, using whatever resources we have, to make sure that the benefits of the single desk—some \$500 million a year—are maintained.

That's where the farmers' voices are.

• (1905)

**The Chair:** Thank you, Mr. Oberg.

We'll go to Mr. Anderson.

**Mr. David Anderson:** Mr. Chair, I just want to make a little bit of clarification here. The mayor of Churchill was saying exactly the opposite of what Ms. Ashton said. He said, "I'm looking in a positive direction, hoping that we'll be able to secure more grain and the port will diversify.... I think we can do that."

I just want to point that out.

**The Chair:** Well, that's not a point of order, Mr. Anderson.

Ms. Ashton, your time has expired.

**Ms. Niki Ashton:** It would be great to hear from him in person.

**The Chair:** In this portion of the meeting, I've been very generous, Mr. Wells. We have a schedule that we have to maintain here. We've already gone almost two minutes over Ms. Ashton's time.

I'm going to suspend this meeting for a period of not less than 10 minutes, until we can move on to the next set of witnesses, .

Thank you.

• (1905)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1920)

**The Chair:** Thank you. Order, ladies and gentlemen.

I appreciate your indulgence in suspending this quite lengthy meeting. We're moving on to the next hour. I will provide for as much time in this hour as I did for the previous hour, keeping this consistent.

With us in this hour is Ron Bonnett, president of the Canadian Federation of Agriculture; and from the Canadian Wheat Board, Henry Vos, and Jeff Nielsen, former directors.

Gentlemen, we have presentations, and the normal procedure here for this committee is to allow 10-minute presentations.

I understand, Mr. Nielsen, and Mr. Vos, that one of you will be giving a 10-minute presentation on behalf of both of you. Is that correct?

**Mr. Henry Vos (Former Director, Canadian Wheat Board):** It will be five minutes by each.

**The Chair:** Five each is fine.

Mr. Bonnett, we have 10 minutes for you. Given the fact that you are first on the agenda, sir, I will give the floor to you for not more than 10 minutes.

• (1925)

**Mr. Ron Bonnett (President, Canadian Federation of Agriculture):** Thank you.

Thanks for the opportunity to attend and present to you tonight.

One of the first things I should be clear about up front is that I am not a grain farmer; I am a beef producer. But I'm also president of the Canadian Federation of Agriculture. In our organization, while we don't necessarily represent grain producers directly, a number of our members do. We have groups like Wild Rose Agricultural Producers, Keystone Agricultural Producers, and the Agricultural Producers Association of Saskatchewan, and there are a large number of grain farmers in the membership of those organizations. So when I'm speaking on behalf of those groups, I'm speaking about some of the key issues that we have heard from our members. And here I'm going to be talking about some of the issues that have been identified in the discussions that took place at our board as recently as last week.

One of the things I quickly learned about when I was elected president of the Canadian Federation of Agriculture is the passion on the Canadian Wheat Board issue. There are people who support the board and there are people who feel they should have open market. Each side is very passionate about its views on what is taking place.

I would echo a concern of some of the earlier presenters, though, about the fast pace with which the legislation is moving forward. I think there are a number of groups that could be called as witnesses, and I reference the Western grain producers, who know the specifics of the grain industry and who have some concerns. I think it would be good to engage these groups in the discussion as well.

One basic principle that the Canadian Federation of Agriculture has always supported is the right of farmers to choose the types of systems they want for themselves. Whether it be a marketing system or whether it be identifying research priorities, farmers have to be at the core of the decision-making process. I think this was recognized in prior legislation, when it talked about farmers having a voice in any changes that took place at the Wheat Board. I think it's a principle that should be recognized going forward. I think the proposed changes to the Wheat Board, including the removal of the elected directors, could create some concern in the farm community about having some direct control of the Wheat Board.

We have not taken a position in our organization with respect to single desk or open market. Our belief is that the farmers involved—and those would be the grain farmers in western Canada—should be the ones involved in that decision, and that the decision should be made based on having good information.

That being said, there were a number of key issues that were identified. The current legislation calls for the appointment of directors as opposed to their election. We feel that is an issue that goes against the principle of having farmers controlling the organizations they're involved in. There's mention as well in the legislation of about funding for the Western Grains Research Foundation, the Canadian International Grains Institute, and the Canadian Malt Barley Technical Centre, but there is little detail on how the collection of the planned fees will take place. There is also a sunset clause in there. I think that when you're talking about research and technology, you need to have something with a long-term vision and long-term view. I think that's something that should be addressed in the legislation going forward.

It was mentioned earlier that there are still concerns about car allocation and producer cars. Questions are raised about how these are going to be coordinated and whether smaller producers will have access to those cars.

One of the other issues that has come forward is the issue of security of payment for the grains that are sold. Currently, there is confidence in the Canadian Wheat Board payments coming through. There is currently in place a system of bonding for small elevators. However, I think that one of the things to bear in mind as you're moving forward with this legislation is the fact that Bill C-13, which had been introduced earlier, had talked about removing the bonding requirements. So if you're moving ahead, there's a whole issue around the security of payments for those producers who sell the grain.

On the marketing side, one of the other issues our members brought forward was how we position a Canadian brand for grains. The Canadian Wheat Board took the lead in branding Canadian product and created some high-value markets.

• (1930)

Elevator access is one of the other issues that came forward from the producers who are concerned about whether the new wheat board would be able to have access...or whether it would be necessary to have legislative tools to make sure that access was there.

As I mentioned at the start, CFA does not pretend to be expert on grain marketing, but what we do believe is that farmers should have the right to direct the organizations acting on their behalf. We have an ability to bring forward some of the concerns, and I have mentioned those concerns. We must ensure that producers are aware of impending change, which goes back to the comment about the fast pace at which things are going forward and the need to ensure that producers all across the country are engaged in this discussion.

I look forward to your questions.

**The Chair:** Thank you very much, Mr. Bonnett.

Mr. Nielsen, you will go first. Is that okay?

**Mr. Jeff Nielsen (Former Director, Canadian Wheat Board):** Thank you.

I'd like to thank the committee for allowing me to come to speak to you tonight.

Western Canadian grain and oilseed and pulse producers are some of the most innovative, progressive, and adaptive people I know. We've seen the continued growth and value added in our oilseeds, pulses, and other specialty crops. Now, finally, with the passage of the Marketing Freedom for Grain Farmers Act, I know we will see and explore the same opportunities in wheat and barley.

By finally being allowed this freedom, these producers will see a profitable future for their businesses and more prosperous rural communities. But a majority of the directors of the current Canadian Wheat Board want to derail the idea of moving forward and of allowing us to be progressive, innovative business operators in the production of our wheat and barley, just like canola and pulses.

I'd like to speak on a number of intertwining items. First is the total lack of listening to what all of farmers within the Canadian Wheat Board jurisdiction have been telling the Canadian Wheat Board for years. Second is how that lack of listening by a majority of this board has affected the relationship with our federal government. Third, because of this, and coupled with the lack of respect for their fellow directors, these single desk directors at the Canadian Wheat Board have grossly disenfranchised themselves from reality.

On the failure to listen to all western Canadian farmers, I'll quickly go back to 2007 when we had the barley plebiscite. The results came back in favour of allowing marketing choice. At that time Chairman Ken Ritter commented, "The results of the barley plebiscite announced today are not overly surprising. The CWB has been surveying farmers every year for the past 10 years and these results appear to be consistent with our annual findings."

I had a chance as a director to go back and look at all of our surveys up until the survey published last June. Not once was there ever support for marketing barley under the single desk. Where was there any listening to barley farmers during all those years?

Our malting sector made it clear in 2007 that there would be no new builds or investment in the existing facilities until the single desk was gone. Yet I'm happy to say that will soon be changing. I was pleased to be in Alix, Alberta, yesterday to hear of Rahr Malting Canada's expansion plans and their commitment to build long-lasting partnerships with producers to ensure quality barley for Rahr and, therefore, quality malt products from Rahr to their customers.

The Canadian cattle feeders have recently said that growth and varietal development, along with clearer market signals in barley, will increase the usage and acres once the single desk is gone.

What's really next for barley? Could we see increased food fractionation for health benefits? How about a higher starch variety of barley for the biofuel industry?

I'm also happy to hear that durum producers are excited to hear about a new pasta plant in the west.

Thinking back to our producer surveys, we've seen growth in the number of younger farmers—we categorize them as under 45—who want more marketing freedom. The Wheat Board has to look at its future as well. Who will be producing grain in the future? It will be these people. We have to address the needs of these younger farmers.

We've seen farms getting bigger, with the majority of them supporting an open market. Statistics Canada figures show that there are roughly 20,000 commercial grain producers in western Canada. So why did we send out 66,000 ballots in a plebiscite when there are only 20,000 commercial producers in the west?

A good quote comes from Mr. Oberg himself. At the Senate agriculture committee in 2006, he said that if a plebiscite were held "it should be all inclusive. The Canadian Wheat Board Act presently defines voter eligibility as any producer capable of growing the six major grains...."

The question of a dual market has been asked for years in our Canadian Wheat Board surveys. The results have shown a strong majority wanting the Canadian Wheat Board to stay with a dual market.

Honestly, folks, farmers know what a dual market means. It means a voluntary Canadian Wheat Board. To suggest that we don't know what a dual market means, and not allowing the dual market question on this past summer's ballot, was insulting to all farmers.

In my three years, I've seen a constant standoff between the majority of the board and the Canadian government. We've seen the laker purchase; the spending of farmers' money on a non-verified, non-binding plebiscite; a series of so-called producer meetings where special interest groups, such as the Communist Party of Canada, were allowed to attend and spread their propaganda; and most recently, the legal challenge to Bill C-18, spending more of farmers' pool account moneys. I've seen it go as far as not allowing management to move forward, to start working—

• (1935)

**The Chair:** Mr. Nielsen, I apologize for interrupting. You've asked to split your time with Mr. Vos at five minutes. You're at five minutes now, so any time you use now I will have to take from Mr. Vos.

**Mr. Jeff Nielsen:** Okay.

In closing, I cannot tell my neighbours how to manage their farm businesses and what to do with their wheat and barley, and no one should feel they have the right to tell me what to do with my grain farm. Democracies don't work that way.

Thank you, sir.

**The Chair:** Thank you.

Mr. Vos.

**Mr. Henry Vos:** Thank you, Mr. Chairman.

First of all, I need to correct the record. I am a farmer from northern Alberta. I was a former Wheat Board director. Thank you. I

represented the region that included all of the area north and west of Edmonton, including the British Columbia Peace Region.

I was elected five years ago on a platform of changing the Canadian Wheat Board to provide farmers more freedom and flexibility to manage their businesses. I fully understood the mandate of the organization and I tried to work within that mandate to bring about the change that farmers were asking for. I was elected to a second term last year on the same platform.

On October 26 I resigned from the board of directors. I was faced with actions that the board of directors had decided to take, which I couldn't agree with. I couldn't reconcile the principles that I stood for with the actions the organization was taking. The reasons were the suit against the government; the direct costs of the action and the indirect costs of the uncertainty the suit would cause the industry, including the uncertainty for our customers; and I also was very concerned about the actions the organization appeared to take against people who had different opinions.

I was sanctioned for a three-month period in early January for the opinions that I expressed in public. Jeff was suspended from the November board meeting for expressing his opinion. Those things concerned me. What I saw was a philosophy in the organization that was driven by ideology rather than good business acumen and, to me, that was not the right way to run a business that was marketing farmers' grain. Their opinion of it being "my way or the highway" was the last straw. That was unacceptable to me.

In my view, commercial farmers want their own democratic right to market their own grain. The bill you have in front of you is good for the country. It's good for the economy, and I believe it's good for farmers. It represents a good transition to a new entity.

A government act to control grain prices to help out the war effort, at the start of the Canadian Wheat Board as we now know it, has outlived its usefulness. Farmers have been controlled for long enough. The war has been over for 67 years.

In the past 30 years I've grown many different crops on my farm. I've grown canola, fescue, oats, flax, sunflower, and alfalfa. Only three of the crops that I've grown I would call controlled substances. One was hemp. I grew industrial hemp one year. I required a permit from Health Canada and a criminal record check. The other two controlled substances were wheat and barley.

Every farmer in Canada needs permission from the Canadian Wheat Board to sell their wheat and barley if it's for human consumption. Pardon me, I meant in western Canada. Let's be clear on that: it is in western Canada. I ask you the question, is there some strategic importance in this country to the wheat and barley crop that the government has to impose control of it? I say no.

Are the farmers so irrational, irresponsible, or ignorant that they can't market their own crop? I say no. The farmers want their own individual, democratic freedom to market their crop. Everyone in the industry is tired of the constant bickering, the exercise of control, and the vindictiveness. Most commercial farmers want to move on.

Give the industry certainty and the ability to work directly with farmers, and I think you're going to see an industry grow and blossom. You're going to see energy, excitement, and investment. This bill, I believe, represents a good transition to a new entity that farmers can work with by their own choice.

● (1940)

**The Chair:** Thank you, Mr. Vos. I think that was a good statement to end on. I'm sure if you have a few more comments to make, these will come out in the questioning. But I must follow the rules that I've been given by this committee—

**Mr. Henry Vos:** No, I was finished.

**The Chair:** —and move on to members' questions.

Right now we're moving to the NDP and Ms. Ashton for five minutes.

**Ms. Niki Ashton:** Thank you.

Mr. Vos and Mr. Nielsen, both of you made reference to democratic rights and the democratic piece that is so critical to all of us as Canadians, but I understand that you supported the government plebiscite on barley in 2007, obviously understanding that farmers' democratic autonomy was a good idea at that time. My question would be, what's changed? I put forward a motion in the House as part of our work as the official opposition, asking the government to put this issue to a vote, not to take one side or the other but first listen to farmers through a government-sanctioned plebiscite. They voted against that motion and have since sped up this entire process both in the House and at committee, ultimately preventing farmers from voting on the future of not just the CWB but, arguably, the industry.

My question is, what are your thoughts on the need to listen to farmers when it comes to the future of not only the CWB but also the agriculture industry on the Prairies?

**Mr. Henry Vos:** Thank you for the question.

The barley plebiscite that the government conducted in the past represented choice for farmers. It gave them three different options, including a voluntary one, and overwhelmingly they chose choice. In this last one, a lot of the farm community just shrugged their shoulders and said, this is a waste of time, it doesn't realistically represent what could happen in the farm community with a voluntary Wheat Board. Farmers just shrugged it off and said that it's irrelevant.

**Ms. Niki Ashton:** Okay, but what about the need to listen to farmers with a government-sanctioned plebiscite, one that has the

stamp of the Government of Canada? Why shouldn't we have the ability to hear from farmers as to what they think should be the future of not just the single desk but, generally, the agricultural industry?

**Mr. Henry Vos:** What you're talking about, though, is continuing on the road of government control of the wheat and barley industry through an act of Parliament. That's a question for the government of the country on the day, whether they feel this is a strategic position that they need to impose on the industry or whether farmers can individually exercise their own democratic right to choose how to market their own crop. I say farmers want to have their own individual right or choice to market their crop how they wish.

**Ms. Niki Ashton:** I hear what you're saying, Mr. Vos, but what I also know is that the plan in Bill C-18 is such that the government will continue to have extensive control over one part of the industry, certainly. And when Bill C-18 passes, the minister plans to appoint the five directors. So the instance of control is very much alive and well in Bill C-18 as a result of this government's direction.

Mr. Nielsen, on July 23 you were quoted in the *National Post* as saying, "I want to be part of creating that entity", referring to a new entity, "as a director", referring again to the organization replacing the Wheat Board. Do you think this kind of a statement puts you in a conflict of interest in indicating your desire to participate in the replacement of an organization that you had every responsibility to protect as a sitting board member?

● (1945)

**Mr. Jeff Nielsen:** Thank you for the question, but no, I don't take it from that view. I view it as about being allowed to work on what farmers have wanted. All along, all of the Canadian Wheat Board surveys have shown overwhelming support for a dual market system, allowing the Canadian Wheat Board in some form and without the single desk to still be a market player. Farmers are looking for more market players. We're getting inklings that there will be more market players coming into the western Canadian grain trade once Bill C-18 is passed.

We're looking at a short timeframe between January and July 31, so that the four government appointees will be.... It will still actually be the same act, but with four government appointees. After that, it will be an open market for all of us, and those four appointed directors are tasked with creating and finding a new entity that will survive. I believe we have the strength and the willpower in the office in Winnipeg to get that done.

My intent was that I'd like to be there at that table to see that happen for those farmers who believe in choice in western Canada.

**The Chair:** Thank you.

Ms. Ashton, your time has expired.

We have Mr. Merrifield.

**Hon. Rob Merrifield (Yellowhead, CPC):** Thank you for coming in.

I'm a farmer as well. I farmed all of my life before entering politics. My son has taken over the family farm, and I hope my grandkids take over the farm as well, so that it's going to be in the fifth and sixth generation. So agriculture means a lot to me.

I want to get right to the single desk premium. We've heard conflicting views on that in this committee. One study in 2008 said that we were subsidizing the single desk monopoly to the tune of \$400 million to \$600 million a year. We've heard testimony by Mr. Oberg in the last panel suggesting that about \$400 million would be compromised if we got rid of the single desk.

Mr. Vos, I understand that you've done some work on that.

Then I'd like to get to sanctions. Here I want to remind you that you have immunity at this table.

Let's go first to the single desk, and then we'll go to the issues of sanctions.

**Mr. Henry Vos:** I went to the Wheat Board, as I have done in many organizations in my career, to contribute, to make a difference, and to try to move agriculture forward. I'd always heard about the single desk premiums. I was a little skeptical, because these should translate into profitability on the farm; the crop should be more profitable, or at least profitable in some years. I could never peg anything down on the farm. When I got to the Wheat Board, I looked at a lot of numbers. I was shown a lot of numbers and shown various studies.

I have to relate to you the following, from the February 11 or February 18 issue of *The Western Producer*, by Mr. Andrew Schmitz. Andrew Schmitz had just completed a barley study for the Canadian Wheat Board and presented it to the board of directors. It said \$100 million for barley. A week or two weeks later, he was quoted in *The Western Producer* saying that the studies often favoured the position of the party paying for the study. I thought that was interesting and something to consider. This guy had just finished the study for the Canadian Wheat Board and said that the studies favoured the party paying for them. Look at who paid for the studies, first of all.

From the information that I saw directly, I could never put my finger on net farm returns. Sure, there was talk about premiums and sales price advantages, but when you subtracted the costs that were imposed on the system—costs imposed on farmers by the lack of flexibility in planning their businesses—I didn't see a net benefit. That's my honest opinion of what I saw there.

In 2007-08, under discretionary trading, the Wheat Board lost something like \$220 million. It lost an additional \$90 million on its risk management of PPO contracts. I don't know if you take that off the supposed premium in addition to the administration costs and so

on. Add up the picture. To me, when I added it all up, I found that this industry, with this kind of debate going on over the top of it all the time, does not add value and it was time to move on.

• (1950)

**Hon. Rob Merrifield:** Now, to sanctions.

You mentioned that you were sanctioned last January. I have a hard time understanding what you're talking about there. Are you trying to tell me that the board sanctioned you for giving your opinion as a free and democratically elected board member? What went on there?

**Mr. Henry Vos:** The board of directors has a code of conduct, and you probably have one here at Parliament as well. There is a set of things in that code of conduct, and there is a governance committee that judges the directors on the basis of any complaint that comes forward relating to our individual code of conduct. I was sanctioned for things that I had said during the election campaign. Sure, I was still a sitting director, but people took offence at the things I said, things that I had written to my constituents asking for their support. I was sanctioned for that. I wasn't allowed to participate in any Wheat Board industry events for three months.

**The Chair:** Thank you, Mr. Merrifield. I regret to inform you that your five minutes have expired.

Mr. Valeriotte for five minutes, please.

**Mr. Frank Valeriotte:** Mr. Chair, thank you.

Mr. Vos, you were elected as a director. When you were elected as a director, what did you think your responsibilities were when you became a director of the board?

**Mr. Henry Vos:** A director's responsibilities are very clear. They are the duty of loyalty and duty of care for the corporation.

**Mr. Frank Valeriotte:** Right, they're about the well-being of the corporation.

**Mr. Henry Vos:** Yes, the well-being of the corporation.

**Mr. Frank Valeriotte:** All right. You felt that responsibility particularly as a farmer.

**Mr. Henry Vos:** At the end of the day, the well-being of the corporation is represented, in my view, by the support of farmers for the corporation and the value that brings to the corporation.

I saw the support of farmers for the corporation in the 60% range. To me, for a monopoly, that's not an acceptable number. If you're a monopoly and you only have 60% support among the farmers, that is a ridiculously low number. I would have liked to see support at 85%.

**Mr. Frank Valeriote:** I'm not getting at that; I'm getting to your responsibilities as a director. You saw there was value in the legislation that directors be elected so that farmers would run a corporation by farmers for farmers. Did you see that value?

**Mr. Henry Vos:** Let me put it to you this way. I farmed for 30 years. I saw a significant number of things the Canadian Wheat Board did that—

**Mr. Frank Valeriote:** I'm not talking about what the Wheat Board did, Mr. Vos.

**Mr. Henry Vos:** Let me finish. You're asking about what value I—

**Mr. Frank Valeriote:** I'm asking you a specific question. Do you see value in farmers being elected to the board? Let me put it that way. Yes or no? I don't need a long answer. I only have a few minutes.

**Mr. Henry Vos:** I'll answer your question. I saw things the Wheat Board was doing that I felt were taking value away from farmers. I thought I could contribute value to the Wheat Board by bringing my opinions to the table and have them incorporated into the policies of the organization.

The organization was set up that way. It had a board of directors.

**Mr. Frank Valeriote:** So you saw value in being an elected director and yet the new legislation provides that the directors will be appointed by the government.

Do you not think, if we're talking about the technical aspects of this bill, that even with the transition of the board to a voluntary board the directors should be elected instead of appointed?

**Mr. Henry Vos:** From what I've seen in the last four years, I am completely comfortable with what's in this bill for the transition phase. The reason for that is we have a group of ideological bullies running this organization.

**Mr. Frank Valeriote:** That's all I need to hear from you, Mr. Vos. I was just looking for that answer.

Mr. Chair, I would like to ask Mr. Bonnett—

•(1955)

**The Chair:** Mr. Vos, I'm going to turn the time off right now and I'm just going to provide some clarification here.

I will respect members of Parliament's privileges. They do have a limited amount of time to ask their questions. Mr. Valeriote does have that right as a parliamentarian.

However, Mr. Valeriote, you would also know as an experienced parliamentarian that the rules do allow for a full answer to the question, so I—

**Mr. Frank Valeriote:** Mr. Chair, he gave me the answer.

**The Chair:** In this case, Mr. Valeriote, let me finish my ruling, please. I think I've been more than fair and judicious in the governance of the rules of this committee.

Mr. Vos, I'm going to let Mr. Valeriote continue with his time. I'm sure you'll find an opportunity to get your point across in a future line of questioning.

**Mr. Frank Valeriote:** Mr. Bonnett, very quickly, the *Wall Street Journal* talked about the extra profits that large agribusinesses were now going to make. The *Economist* magazine said: "Smaller producers, faced with mounting marketing costs, will inevitably have to sell their farms to bigger rivals or agribusiness companies. ... devastating small prairie towns, whose economies depend on individual farmers with disposable income."

I'm concerned about the social impact of this legislation as a farmer, albeit not a wheat farmer. Do you think the prognostications of the *Economist* are accurate? Will there be farmers who will close? Is there a threat to small towns?

**Mr. Ron Bonnett:** As I said at the start, I'm not a grain farmer. If I got involved in the debate as to whether a single desk or open marketing was the right method, I think I would be challenged on that. But what I can't be challenged on is making sure that there's really good, sound consultation.

With a change being made that's this dramatic, I think we are going to have to take a look at the speed that it's going forward. I mentioned farm organizations in western Canada being involved in the discussion. I mentioned some of the issues that we've identified as needing to be addressed. I would suggest that the key to making sure that it's good legislation is making sure that those views are heard.

**Mr. Frank Valeriote:** Mr. Nielsen, and Mr. Vos, could you each answer yes or no. Your resignations as directors may be curiously coincidental with the timing of this legislation. I'm going to be direct, and I make no apologies for this question, but were you offered a position by this government, either in writing or verbally, if you quit at that point to be a director on the new voluntary wheat board?

**The Chair:** Mr. Valeriote, your time has expired. The questioners can answer.

**Mr. Jeff Nielsen:** No.

**The Chair:** We've heard the answer clearly.

Thank you very much, gentlemen.

We'll move on to Mr. Dreeshen, for five minutes.

**Mr. Earl Dreeshen (Red Deer, CPC):** Thank you, Mr. Chair, and I welcome all our guests.

I'll ask my questions to Mr. Nielsen and Mr. Vos.

First, to Mr. Nielsen. Your predecessor, Jim Chatenay, was one of my neighbours, a friend, and fellow farmer. As a matter of record, Mr. Chatenay mentioned that he was bullied to a point that his family was getting letters saying he could have legal action launched against him that might cost him his farm. That isn't even to talk about the time he spent in jail because he had taken grain across the border without following the rules of the Canadian Wheat Board.

Have either of you ever been threatened by the Canadian Wheat Board or by fellow directors of the Canadian Wheat Board?

**Mr. Jeff Nielsen:** Thank you, Earl, for that question.

Personally, no. As Henry mentioned, I have been sanctioned a couple of times on issues and for speaking my mind for District 2 people.

As you mentioned, Mr. Chatenay is one of the farmers who went to jail for his belief that he could market his grains. He spent his full term in jail. He is quite the character, as we all know.

No, I haven't been threatened, but I have been sanctioned for speaking on behalf of the people of my district. I get more calls from outside my district from people who want to see this bill passed than even from my own district. It's a given in District 2 that this will happen.

**Mr. Earl Dreeshen:** Mr. Vos, what has your treatment been like?

I spoke about the treatment Mr. Chatenay received in terms of threats against him of potentially losing his farm. I was wondering whether you have had anything similar to that.

I know it was a recent departure by you. Do you have any comments on that?

Perhaps we could expand it a little further and go into board governance. Apparently you have had experts come in to talk about board governance.

• (2000)

**Mr. Henry Vos:** That's a good question.

In my time at the Wheat Board, I worked in the best interests of the organization and to fulfill my duties as a director. I had the opportunity to attend the Directors College in my term. It was a good organization and very clear on what a director's role was, that there were certain things you did and certain things you didn't do as a director.

Confidential information to me was very understandable. I went through the whole election period last year knowing that the laker decision was on the table. I didn't say a peep to anybody, because we had an agreement at the board table that it would be confidential because of the sensitive nature of the discussions. I couldn't even talk to my farmers about these quotes, because I was under the confidentiality requirement. I respected that: It was okay, it was fine, because that was the decision and it was sensitive commercial information. You were always aware that you needed to be careful about what you said, because if somebody took offence to it, you were in trouble.

I had a reporter with half of the facts—and about as much talent—wanting to write a story on me suggesting that I had breached board confidentiality. Our code of conduct gives us the opportunity to have independent counsel. Thanks to the farmers of western Canada and about \$6,000 later, I did not breach board confidentiality—but I learned a whole lot about it. So there was a constant something in the room to the effect, watch what you do or you're going to get—

I want to pass around a letter, if I could. It's in French as well.

**The Chair:** Could you push that through the chair initially, please, so I can verify the admissibility of that particular...?

**Mr. Henry Vos:** I'd like to draw your attention to the second paragraph—

**The Chair:** Just give me one second and we'll distribute it so that members have it in front of them when you're discussing it, Mr. Vos.

After conferring with the clerk, who is more able to determine both official languages than I am, I am satisfied there are two copies in each of the official languages, and I will circulate these now.

I will remind you, Mr. Dreeshen, that you only do have about 30 seconds left.

Mr. Vos, when you resume speaking about this letter, keep that in mind.

**Mr. Malcolm Allen (Welland, NDP):** On a point of order, could you ask the clerk to hold those copies for a second?

**The Chair:** Certainly.

**Mr. Malcolm Allen:** I know you've ruled on it, but could you at least relate to me how you see the relevance of this particular document versus the bill in front of us?

I know you've been very lenient, and we really appreciate that leniency—and this may be part of that leniency—but I'm looking for an explanation as to what exactly you feel is the value this particular document in regard to the bill before this legislative committee. That's all.

**Mr. Brian Storseth (Westlock—St. Paul, CPC):** I'd like to briefly respond.

**The Chair:** I'll allow a brief response to the point of order.

**Mr. Brian Storseth:** Thank you, Mr. Chair.

Mr. Dreeshen's question was directed to board governance, which is pertinent, as the opposition has already mentioned. Mr. Vos is simply providing evidence. We don't know what he's about to say, but he's providing evidence on board governance, the way governance has been in the past and how he hopes it will go in the future. I think this is absolutely germane to the bill.

**The Chair:** Okay, thank you.

Colleagues, I have—

**Mr. Frank Valeriote:** Mr. Chair, I have a point of order.

I'm not sure what's in the document. Your eyes have seen it and the clerk's eyes have seen it. Would there be any violation of confidentiality or a violation of the fiduciary duties that Mr. Vos had to the corporation while he was a director?

Before that document is released, could you give that some thought?

• (2005)

**The Chair:** Thank you, Mr. Valeriote.

I have conferred with the clerk on this. Your question was whether this document appears to be acceptable according to the rules and procedures we have as a committee. My eyes have seen this document: It is supporting the testimony that Mr. Vos is giving in the line of questioning that Mr. Dreeshen proceeded on pursuant to board governance. I don't see any reason for me to rule that this document is unacceptable. It meets the criteria of both officials' languages. Unless I hear something to the contrary, I don't think there's anything preventing this.

Now, if Mr. Vos wants to take the risk upon himself of tabling this document, for whatever action it might cause—and I need to find this particular reference in the book I just read a few moments ago that testimony given at a committee is protected by parliamentary privilege—this document, I would assume, would be covered by that parliamentary privilege. So unless somebody is objecting to this, I think the most important thing we can do right now is to circulate the document.

I'll allow committee members a few seconds to review it, but my ruling is that the document appears to meet all of the requirements that we need for it to be accepted at this committee.

Clerk, please circulate the document.

**Mr. Brian Storseth:** On a point of order, Mr. Chair, I would like say this is about the second or third time I feel that the witnesses, particularly Mr. Vos and Mr. Nielsen, have intimated they're being intimidated and therefore are not being fulsome in their disclosure to Parliament on the actions that may have happened. As you correctly ruled, Mr. Chair, they are protected under parliamentary privilege.

This is just the history of the Liberal Party of Canada, starting when we first got elected in 2006 as the government. When we first tried moving the Federal Accountability Act, and since we've been reviewing the cloak of darkness around the Canadian Wheat Board

**Mr. Frank Valeriote:** I have a point of order, Mr. Chair.

**Mr. Brian Storseth:** —the member for *[Inaudible—Editor]* constantly stood up and—

**Mr. Frank Valeriote:** It's absolutely irrelevant what's he saying right now.

**Mr. Brian Storseth:** —kept Canadians and the Western Canadians from having the ability to see what was going on.

**Mr. Frank Valeriote:** Mr. Chair, I'm inviting you to interject.

**The Chair:** I'll hear you, Mr. Valeriote.

**Mr. Frank Valeriote:** That is absolutely inappropriate. The only questions I have asked have been on the technical value and on the admissibility of evidence. I have asked no questions intended to intimidate either Mr. Vos or Mr. Nielsen.

**The Chair:** I appreciate the interventions from both of you. I think these are points of debate, not points of order.

I encourage you to keep decorum at the committee. I encourage all parties at the table to keep the decorum of the committee respectable. Every member of the committee has now had an opportunity to review this document.

Mr. Dreeshen, your time is resuming now.

**Mr. Earl Dreeshen:** Thank you.

I was going to talk about the well-being of the corporation, in particular, the people who care about the corporation and what farmers can do.

I guess with the last 30 seconds, I'd like to have you comment then on what is in that second paragraph, where your public comments are discussed.

**Mr. Henry Vos:** The letter is a reply I got from the chairman of the board on his receipt of my resignation letter. The second paragraph, I guess, in a way summarizes the attitude that if it's not in agreement with the organization, then you're going to find yourself in hot water.

That kind of influence over a board of directors, in my view—and I've said this before—made it dysfunctional.

**The Chair:** Mr. Dreeshen, your time has expired.

*[Translation]*

Mr. Rousseau, you have five minutes.

*[English]*

**Mr. Frank Valeriote:** Mr. Chair, I have a point of order again.

**The Chair:** Mr. Valeriote on a point of order.

**Mr. Frank Valeriote:** This is a point of order, and I waited until Mr. Vos had finished his statement so that Mr. Storseth would not regard my intervention as an act of intimidation.

I'd like to point out to the public who are listening that Mr. Vos has not accurately relayed what is in that second paragraph. What is in that second paragraph is a reminder of his fiduciary duty to the corporation, and nothing more.

● (2010)

**The Chair:** Mr. Valeriote, this is a point of debate.

**Mr. Frank Valeriote:** It is a point of order, Mr. Chair.

**The Chair:** You're debating the issues and the merits of the discussion going on around the table. I appreciate your intervention.

This document has been circulated to the committee and is for the committee to discuss and debate at this point in time. This time does not belong to you right now, but to Mr. Rousseau for five minutes.

Please go ahead, sir.

*[Translation]*

**Mr. Jean Rousseau (Compton—Stanstead, NDP):** My question is for Mr. Bonnett.

You touched on several issues that are of concern to your members, in particular issues involving transport, access to facilities, and financial stress, issues which the board now deals with; you also mentioned other responsibilities that are going to fall onto the backs of farmers now. I think I am not wrong in saying that farmers everywhere in the country do not want and do not need additional responsibilities.

Do you think that the coming into force of Bill C-18 will complicate our farmers' lives?

[English]

**Mr. Ron Bonnett:** I think one of the things that isn't completely clear is what the implementation plan is.

I think that's for discussion in the legislation. There has been discussion about changing the role of the board. I think that goes back to the key point I was making about engaging people in the discussion in order to have a really good understanding of what the implementation of this would be as it moves forward.

[Translation]

**Mr. Jean Rousseau:** My question is again for Mr. Bonnett.

Let's take Australia as an example; they had a longer transition period. And yet there were disastrous results there. How can we hope for a better result with a shorter transition period, as provided for in Bill C-18?

[English]

**Mr. Ron Bonnett:** Again, I'll go back to the statement I made earlier. I am not going to try to decide for wheat producers how they should market their grain, but I think what I will re-emphasize is that a process has to be in place so that there's a really transparent understanding of what's taking place going forward.

[Translation]

**Mr. Jean Rousseau:** My next question is addressed to Mr. Vos.

Do you not think that Bill C-18 could have collateral effects on agricultural sectors where supply management is important, and where the stability and viability of producers is dependent on that system?

[English]

**Mr. Henry Vos:** I think the farmers of western Canada are quite capable of marketing their wheat and barley individually, and their decisions related to how they do that would not be different from those they take with the other crops they currently market—canola and pulse crops.

I can't comment on supply management. I'm not in that industry. I have no knowledge to add to the table on that.

[Translation]

**Mr. Jean Rousseau:** I have no further questions.

[English]

May I share my time with Mr. Allen?

**The Chair:** There are two minutes left for the New Democratic Party, if anybody has some questions.

Mr. Allen.

**Mr. Malcolm Allen:** Thank you, Mr. Chair.

And thank you, Mr. Rousseau.

Mr. Bonnett, you've talked about lengthening the period of time to look at impacts of this and how we would roll it out. I understand that your expertise lies elsewhere, as an individual farmer. But overall, when one is laying out that timeframe....

And by the way, I agree with you on the timeframe. To remind folks, the working group to establish Bill C-18 was convened in July

of 2011, with a mandate to be finished by mid-September 2011. So basically it was allowed two months to bring disparate viewpoints together, supposedly. One can argue that maybe the disparate viewpoints didn't get to that particular working group, for whatever reason. There are many reasons why that happened.

But one would have thought that if you wanted a working group to think about what we should do and how we go forward... What sort of timeline do you see for that working group, going forward, to then think about another timeline as to what you should do if you were going to implement it? Are two months satisfactory to simply say, here is how we're going to affect tens of thousands of folks? I'm not judging, positively or negatively. We're talking about tens of thousands of farmers across the Prairies who will be affected by this, and within two months, the working document will come together and we will go forward.

What sort of timeline would you see in your mind, if you were allowed to set out a timeline, Mr. Bonnett?

• (2015)

**Mr. Ron Bonnett:** Actually, that's a very tough question, to spell out the time. One thing I can say is that some of these issues are very complex. If you get into some of the discussions around transportation and take a look at mechanisms to ensure that some of the issues around producer cars are addressed—and in this regard Churchill was mentioned, as well as access to elevators—it will take a little time to work through those key issues.

The working group identified a number of issues, but a lot of their recommendations were that a process be developed to deal with them. I think it would take some time to work through that process.

**The Chair:** Mr. Nielsen, the time has expired, but you indicated that you'd like to briefly respond.

**Mr. Jeff Nielsen:** This is just to comment on the working group this summer. There have been working groups in the past. In 2005 there was an extensive study done at that time.

This is in the transition phase. I have full confidence in the staff people we have in Winnipeg. They have the expertise and they have the farmers' support to develop the plan, moving forward.

**The Chair:** Okay, thank you.

Colleagues, the time for this section of the meeting has expired. The questions were equally shared between the first hour and the second hour.

I would like to thank Mr. Bonnett, Mr. Nielsen, and Mr. Vos for appearing here and answering the questions. I would also like to congratulate my colleagues on keeping their questions germane to the topic.

I'll suspend for a few minutes, and then we will hear from the Minister of Agriculture.

• (2015)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (2020)

**The Chair:** Ladies and gentlemen, let us come to order.

We're resuming this meeting pursuant to the agenda of our legislative committee considering Bill C-18.

We now have before us, appearing as witnesses from the Department of Agriculture and Agri-Food, Mr. John Knubley and Mr. Greg Meredith. And, of course, we have the Minister of Agriculture and Agri-Food, the Honourable Gerry Ritz.

Mr. Ritz, we are much anticipating your presentation. The committee in its rules has allowed 10 minutes for opening remarks. Then we'll proceed to the rounds of questions.

You've indicated that you're going to be available for one hour and that your deputy and officials accompanying you would be available until the end of the meeting, slated to end at 10 p.m.

With that, Mr. Ritz, welcome to the committee. Please begin your remarks.

**Hon. Gerry Ritz (Minister of Agriculture and Agri-Food):** Thank you, Mr. Chair.

Of course, I'm pleased to be able to participate in today's discussion. We've been following along on television and with some of the follow-up. There have been great discussions going on, which I welcome.

As you've heard me say time and again, our government wants to help farmers earn their living from the marketplace, not the mailbox. Simply put, in working with industry, we've been creating an environment where farmers can succeed. Our cattle, swine, canola, and pulse industries, to name a few, have been competing and succeeding on the world stage. Sadly, this has not been the case for our wheat and barley farmers in western Canada. The Canadian Wheat Board monopoly, born in a different time to meet different needs, has cast a chill on western Canada and the entire grain sector in today's reality.

The fact is, today's entrepreneurial farmers are proving over and over again that they can and will help drive our economy if they have control over their farms and their own bottom line. For the grain industry this means a choice of when they sell their crop, a choice to whom they sell their crop, and a choice in the price they sell their crop. Since day one, the Harper government has made it very clear that marketing freedom is a cornerstone of our election platforms and, like farmers who make agreements on a handshake, we shook hands with farmers of western Canada on May 2 when they sent us back to Ottawa with a strong mandate.

Not only does Parliament have the legal right to enact, amend, or repeal any piece of legislation, but our government also has the responsibility, which we take seriously, to deliver on our promises. Our government will never allow one group of farmers to suppress the rights of another group. Every farmer must have the right to choose what he or she does with their own crop, including the ability to pool their grain through a new, reinvigorated Canadian Wheat Board. With the Marketing Freedom for Grain Farmers Act, we are delivering.

Marketing freedom is what western Canadian grain farmers want and deserve. Regardless of how they voted in Mr. Oberg's expensive survey, every farmer in western Canada will have the choice to sell their grain as they choose. For farmers who wish to continue selling to the Canadian Wheat Board, they will have the freedom to do so. Let me be clear: Our government will provide the board with the necessary tools and opportunities to be successful.

Ultimately, however, it will be up to farmers to decide for themselves whether they will market through the board and whether that's best for their bottom line. Farmers who have long wished to sell their crop on the open market, but couldn't because of the very real fear of going to jail, will now have that freedom to choose. Not only will an open market give farmers the marketing freedom they want and deserve, but it will attract new investment, encourage innovation, and create jobs.

Yesterday, I was in Alberta where Rahr Malting announced a \$6 million investment to more than triple its storage from 400,000 bushels to 1.2 million bushels of malt barley. That's great news, Mr. Chair. As you know, that will get more barley right off the combine into a market position. Farmers will have their cash, and their bottom line will be much better for it.

Only a couple of weeks ago, the Prime Minister and I were in Regina to celebrate the announcement of a new pasta plant that will buy local durum wheat from farmers in the area. This plant will create 60 local jobs and 150 construction jobs. Both farmers and Alliance Grain Traders are looking forward to the day without the single desk, so they can deal directly with no buy-back or heavy administration to get in their way. Rahr has also made it very clear that it would never have been able to make its investment in Alberta without the government's plan to remove the stranglehold of the monopoly.

The opportunity for further growth is evident with these announcements, and I know there will be more to come. After all, the promise of marketing freedom is already attracting investment and creating value-added jobs in western Canada. So why would we make farmers in the industry wait? As soon as the legislation receives royal assent, farmers and grain companies will be allowed to begin forward contracting for delivery after August 1, 2012. Farmers in the entire value chain need clarity and certainty as they begin to plant for their coming crop year. The sooner they have clarity and certainty, the better.

A temporary check-off will be established at the point of sale to support ongoing research and market development. We all know how valuable that is. The interim Canadian Wheat Board will be required to develop a business plan to capitalize itself and begin to operate as a private company. The interim board of directors will need to submit such a plan and the Wheat Board will need to become a private entity within five years. It could be a business corporation, a producer co-op, or a not-for-profit corporation. The business model will be for the board and farmers to decide.

As you can see, the government has provided an evolutionary approach, one that gives the Canadian Wheat Board every opportunity to succeed as a voluntary marketing alternative for producers in western Canada. This approach will give the entire value chain time to adjust to the open market, and in doing so it will increase stability for western Canadian farmers during this period of transition.

Our government is also taking unprecedented action to support the community and the Port of Churchill throughout this transition. The government will provide an economic incentive of up to \$5 million per year during the five-year transition period to support shipment of grain, including other non-board crops like oilseeds and pulses, through the port.

• (2025)

Working with the port owner, Transport Canada will invest a further \$4 million over the next three years to repair existing port assets and support the safe docking of vessels. Western Economic Diversification will also extend the deadlines of a project of theirs so that the port can make full use of that funding. These initiatives are above and beyond the \$38 million our government has already committed to Churchill.

Evidenced by our comprehensive plan, this government is working with the entire value chain and taking every precaution to make sure the transition to an open market will be as smooth as possible.

This act is about more than just its clauses and subclauses. It's about giving western wheat and barley farmers the same rights and opportunities enjoyed by farmers of other commodities or in other parts of Canada. It's about giving western farmers the right to do what they want with the crop they paid to plant, spent months to grow, and worked tirelessly to harvest. Our government trusts farmers, regardless of where they live or what crop they grow, to make their marketing choices based on what is best for their own bottom line.

We want to put farmers back in the driver's seat so they can continue to help drive the Canadian economy. Exciting new opportunities lie ahead for farmers throughout western Canada. This legislation is an important step forward, and I hope the members of this committee will continue to give it their full support.

Thank you, Mr. Chair. I look forward to your questions.

**The Chair:** Thank you, Mr. Ritz.

We're going to proceed to a round of questions.

Mr. Martin.

• (2030)

**Mr. Pat Martin:** Thank you, Mr. Chair, and thank you, Minister.

Minister, you're about to embark on a sweeping change to the rural prairie farm economy and we haven't seen a business case for it. We haven't seen a cost-benefit analysis put forward by your government that shows, beyond reasonable doubt, that it will be better for prairie producers. All we hear about is your own personal views, which you have a right to, and anecdotal information from others.

When we challenge the lack of a plebiscite and the lack of a survey by the government, you say you conducted a survey last weekend. You say you went home and talked to all of the farmers on your road and every one of them agrees with you. That's not good enough if you're going to dismantle a successful \$6-billion-a-year corporation that is successfully owned, operated, and run by prairie farmers. So that's our concern here, that you haven't presented a business case to Canadians and you haven't given Parliament adequate time to do its due diligence.

Whether you're pro-Wheat Board or anti-Wheat Board, you have to admit that the changes you're putting forward are radical and are going to change the way we've done business for the last 75 years. Surely, it warrants more than two four-hour meetings and one meeting tomorrow night for some amendments that will all be voted down as you ram this through.

I know I'm talking and not asking questions, but let me just ask you your view of some of the following statements. In August 2011, the president of the U.S. Wheat Associates said that elimination of the single desk could leave a void in farmer advocacy, market development, customer support, export promotion, and quality assurance. Another American voice, Robert Carlson, president of the North Dakota Farmers Union, said he was convinced that the board earned Canadian farmers big premiums compared to U.S. prices and that the end of the monopoly would further weaken farmers and give more control to the giant multinationals. He said this had been "consistently true".

Americans seem to get it that the single desk monopoly has been an advantage to Canadian farmers. Your narrow, wilful blindness to this reality is going to cost the prairie economy a fortune. At a time of economic uncertainty and instability, it's reckless and irresponsible to throw this further uncertainty into the agriculture industry of the rural prairie economy.

I don't expect to change your mind. I don't expect to win this debate. We're witnessing the death rattle of the Canadian Wheat Board at your hands. That's your objective. And you have the right to do it, I suppose. You have the majority. But can you not at least acknowledge that you haven't given us the business case to justify what you're planning to do?

**The Chair:** Minister Ritz.

**Hon. Gerry Ritz:** There are a number of points there, Mr. Chair.

First and foremost, the Wheat Board is not going anywhere. It will still be there. It will still be at the same address in Winnipeg, and it will still be handling western Canadian farmers' wheat, durum and barley—but now they're going to have to earn it. They're going to have to prove that there is a price premium, which none of us who have actually farmed in that area have ever been able to peg down.

I happened to hear former director Henry Vos saying that he'd actually looked at the numbers inside the board—and he didn't point to it, because he can't as a former director—but could never find that premium either. As for the farmers in the U.S. the member spoke about, I've actually chatted with farmers who farm both sides of the border. When your field goes across, it really doesn't matter that the 49th parallel is in the middle of your 160-acre field. Those farmers who farm both sides consistently say—and there were articles on this in *The Western Producer* a short time ago—they have never seen an instance where they didn't make more money on their U.S. product than their Canadian product.

There have been studies done to death. I was watching the proceedings here, and Mr. Anderson named a number of studies this evening that show there has been no cost benefit. The problem is, though—

**Mr. Pat Martin:** We have an equal number of studies that we can present.

**Hon. Gerry Ritz:** I get to answer; you got to question.

An equal number of studies have disproven the myth. What has happened is that as we've lost wheat, durum, and barley acres, the Wheat Board has become a price taker, not a price setter any more, in the global reality. They're now the third-largest trader of grain in Canada alone.

**Mr. Pat Martin:** That's not bad. That's a pretty good-sized company.

**Hon. Gerry Ritz:** Viterra is the largest, and now we have independent terminals owned by farmers in western Canada. We have small players. We have pulse players like Alliance Grain Traders that want to start handling durum, because they're already exporting pulses into countries like Morocco that are also buying our durum, so it would be natural for them to handle that product and move it on through.

There are a lot of players ready to work with a voluntary wheat board to make sure they have economies of scale, to work forward. Certainly, farmers themselves, year in and year out, have done the cost-benefit analysis and have voted with their air seeders and their trucks at the end of the year. They've been hauling their malt barley to feed lots—

**Mr. Pat Martin:** Why don't you just let them vote, period?

**Hon. Gerry Ritz:** —so that they can get cash for it—

• (2035)

**Mr. Pat Martin:** Why don't you give farmers more choice? Just let them vote.

**Hon. Gerry Ritz:** —and move on in their business.

So farmers will have more choice—

**Mr. Pat Martin:** You're out of time.

**Hon. Gerry Ritz:** Farmers will continue to do a great job in western Canada and build that quality.

**Mr. Pat Martin:** The time is up.

**The Chair:** As Mr. Martin has adequately pointed out, the time for his line of questions has expired.

**Some hon. members:** Oh, oh!

**The Chair:** Thank you, Minister.

Ms. Hoepfner.

**Ms. Candice Hoepfner (Portage—Lisgar, CPC):** Thank you very much, Mr. Chair.

Thank you, Minister, for being here with us this evening.

You were speaking about the advantage that an open market will have for western producers in terms of the price of wheat.

I want to go to another advantage. I represent thousands of farmers in the riding of Portage—Lisgar, a very strong agricultural-based riding where agriculture and value-added industry are incredibly important. We have Can-Oat. We have Bunge. We have processing of sunflower seeds. We have processing of pretty well every kind of grain—except wheat and durum, obviously.

I'm wondering if you can talk a little bit and just explain the following for the average non-farmer who is maybe sitting here or watching. How has the monopoly put shackles and chains on value-added industries being established and developed in western Canada, and how will taking those shackles off provide so many more jobs and opportunities for farmers? I ask because the bottom line, sir, as you know, is that they want to put money in their pockets and we're seeing them do that in every sector except wheat.

Could you please explain that?

**Hon. Gerry Ritz:** We have seen with the growth of the canola industry, soy bean industry, and corn industry that Manitoba is rich with a diverse range of agricultural products. However, the biggest one I would point to in Manitoba was seeing facilities like Can-Oat pop up in Portage, following the removal of oats from the board in the late 1980s under my good friend, Charlie Mayer, and hire 120 to 130 people and process some half a million tonnes of oats a year. We have actually seen wheat, durum, and barley acres in Manitoba shrink to the point where they may contribute 10% of the Wheat Board pot, and we've seen a huge growth in oat acres and acres of other crops, because farmers can then turn to them and get cashflow from them.

Any farmer who is concerned about their marketing expertise has only to look at the other side of their farm where they do their marketing of their canola, or their livestock, for that matter—and we know they can do it. We should look at the growth of value-added investment and so on, as I outlined in my opening comments and others have talked about, going forward with the removal of the single desk. We certainly have other examples of how the removal of oats has done a tremendous job for Manitoba. We look forward to more of those types of situations happening.

**Ms. Candice Hoepfner:** I just want to follow up. Are there examples? In my riding of Portage—Lisgar there was a small group of farmers who wanted to open a pasta plant and were not able to because of the restrictions. They moved literally 10 minutes away to North Dakota. But we've been told by other witnesses that really doesn't account for a lot, that there really isn't a lot of opportunity for western farmers to do that.

Can you tell me if there have been other instances where we have lost business to the States because of the monopoly?

**Hon. Gerry Ritz:** The same situation has happened across the whole Wheat Board area, as we've seen.

The Wheat Board has this idea that any processing has to be done at the point of sale, not at the origin of the commodity. Canola crushing has put the lie to that. Can-Oat has put the lie to that. Everybody else does it so that the transportation becomes part of the finished cost. It certainly makes a huge difference to farmers' bottom lines. The most any of us pay on our farms for input expenses is transportation. I know the board crows a lot about the great deals they've done with CN and CP. Rightly or wrongly, I'm still paying way more in transportation than I should, because I'm not allowed to value add.

When I put durum in a bin, which I have to do under the Wheat Board system now, I notify the board that I want to make pasta out of it at my own facility, if I have one, and I have to do a buyback from them. I pay freight and elevation charges to port, even if it hasn't left my bin. Then I go back to them, and they might be paying me eight dollars. I'll use round numbers. At the same time, they'll come back and say they want me to pay twelve dollars, when it hasn't left my bin yet. They'll ask for 12 dollars for that 5,000 bushels of durum, and then you pay the freight and elevation to port—they'll set that number—and then you can finally do what you want with your own durum.

It's no wonder people have torn out their hair and thrown up their hands and have built across the line in North Dakota. That's where our durum is going. All those jobs are sliding south. Most of Canada's durum ends up in Italy via the pasta trade of American brokers. We don't even sell it directly, which is ridiculous.

That is going to change.

• (2040)

**Ms. Candice Hoepfner:** Thank you. Do I have a little more time?

**The Chair:** You have a minute, Ms. Hoepfner.

**Ms. Candice Hoepfner:** No other government has been as supportive of the Canadian north as this government, and I'm very fond of Churchill. I went there with my Manitoba caucus a year and a half ago.

We're very proud to have the Port of Churchill in our province. Can you speak a little to the unprecedented support that we have given, unlike any other government, to the community of Churchill?

**Hon. Gerry Ritz:** We recognize the value of that northern port. It's a deepwater port. It certainly fits in with our northern strategy. As the mining sector develops, there is going to be diversification of usage for that.

I've seen media coverage of Mike Spence, the mayor of Churchill, who has talked about the tremendous potential of Churchill. We agree with him. That's why, in this piece of legislation, we are coming forward with \$5 million per year over the next five years for a \$25-million pot in total that will provide incentives for other commodities, not just the Wheat Board commodities. Last year there were two boats loaded with pulses that moved out through Churchill.

So we know the opportunity is there. They have some concerns, and there are some criticisms of the rail line. It needs some work. Certainly, there is a lot of work to be done to make it a world-class facility, but the beginnings are there. The stabilization is there. We want to make sure that we have the incentives in place. As I have said, we've gone beyond the Wheat Board crops to provide incentives for others to take a look at that and make sure they have the ability to move those commodities up and to make use of Churchill for certain aspects.

A couple of years ago, we allocated \$38 million in one of our budgets, \$14 million of which went to the airport—which is now open and shiny new—and the rest to the port. We haven't spent a lot of that yet; we're waiting to see exactly what they're going to do with it. We'll extend those deadlines. We'll make sure they will have the ability to build more capacity, if that is what it's going to take, to make them a pull port rather than a push port, and to make use of that rail in the winter. We'll certainly work with them every step of the way. We have continued that incentive to make sure they still have the ability to draw grain up through there.

**The Chair:** Thank you, Minister.

Your time has expired, Ms. Hoepfner.

We're moving to Mr. Valeriote, please, for five minutes.

**Mr. Frank Valeriote:** Thank you, Minister, for appearing before the committee.

Your position is no surprise to the Liberal Party, but I'm going to ask you specifically about the following. You said in Minnedosa in March that there wouldn't be any attempt to impose dual marketing on the Canadian Wheat Board unless a majority of producers voted for it. You told them that in what was described as a campaign-style speech. You know the quote from the *Manitoba Co-operator*: "Until farmers make that change, I'm not prepared to work arbitrarily", said Ritz. "They are absolutely right to believe in democracy. I do, too."

Now having said that, you were elected. Everyone knows that you regard 39% of the vote to be adequate for you to bring about these changes. We know your answer. You've said it many times.

Yet there are the pleas of farmers, in begging for the stability the Wheat Board offers, and in begging for the clout that the Wheat Board offers over railways, producer cars, and large grain companies. They have asked time and time again and pleaded with you. We've petitioned you in Parliament to hold your own plebiscite, if you don't believe in theirs and figured that it's just an expensive survey. Those pleas have been ignored.

Having said that, I'll take you to the legislation. My questions to you, Minister, are specific, and I'm asking you to be specific in your answers, with a yes or no. Your answers in question period are that you have faith in farmers.

**Hon. Gerry Ritz:** Absolutely. We all do.

**Mr. Frank Valeriote:** And yet in clause 12 of the legislation, you won't allow farmers to elect themselves as directors. And then later on in clause 42, when they're supposed to transition into a private board, a private corporation, you refer to the three specific pieces of legislation through which they would make that application—and quite rightly—but then you say, unusually, because any other farmer who'd like to incorporate certainly doesn't need your permission, "Oh, by the way, first you're going to have to send me your application and I need to approve it before I'll let you apply".

So on the one hand, you propose that you have all of this faith in farmers, and then on the other hand, you take control of that corporation away from them. I find that quite contradictory.

So my questions are these. First, yes or no, will you let farmers elect themselves to a voluntary wheat board so that this the board can be by farmers for farmers? Second, yes or no, will you allow the removal of that clause requiring the approval of the farmers' applications through your department, so that farmers can be like any other Canadian and have the freedom to go and make their own application for incorporation under legislation they choose?

• (2045)

**The Chair:** Mr. Minister.

**Hon. Gerry Ritz:** I agree with you Mr. Valeriote on faith in farmers. I still can't get my head around the fact that you have more faith in Ontario farmers, in allowing them—

**Mr. Frank Valeriote:** I'd like a yes or a no answer, Minister.

**Hon. Gerry Ritz:** No, no, no, it's my turn.

**Mr. Frank Valeriote:** Yes, yes, yes, this is my time. I asked you for a yes or no answer.

**Hon. Gerry Ritz:** Okay, let's try again.

You have faith in Ontario farmers to market their own commodities. I have faith in western Canadian farmers to be able to do the same thing.

**Mr. Frank Valeriote:** Excuse me, Mr. Chair, a point of order.

I've asked him a specific question—

**The Chair:** You're doing a point of order on your own time?

**Some hon. members:** Oh, oh!

**Mr. Frank Valeriote:** Yes. You directed this committee to focus its questioning on technical issues about the legislation, and I'm doing that.

**The Chair:** Okay.

**Mr. Frank Valeriote:** I'm asking for a yes or no answer. I don't want him to be evasive. I expect him to answer the questions, yes or no, on whether he will allow farmers to elect or not elect the directors, and whether he will allow them to choose their own legislation through which they'll incorporate, without his permission.

I don't need a sermon by him—

**The Chair:** Understood, Mr. Valeriote—

**Mr. Frank Valeriote:**—nor do Canadians need a sermon by him.

**The Chair:** Minister, I believe Mr. Valeriote's simply asking you to get to the point of your answer in as efficient a manner as possible.

Please continue.

**Hon. Gerry Ritz:** His preamble took three minutes, and I get a yes or a no answer. That's not tenable, Mr. Chair.

Mr. Valeriote, I fully believe in the strength of farmers. Yes, they will elect their own board after the interim period. After the interim period, where we control it as a government, yes, they will elect their own board, should they decide to do that.

**Hon. Wayne Easter:** After you expropriate the....

**Mr. Frank Valeriote:** Why not in the interim period?

**Hon. Gerry Ritz:** Because in the interim period the taxpayers of Canada, through the Department of Agriculture and the Government of Canada, will be backstopping that whole entity. We'll guarantee the initial prices, we'll guarantee the moving forward on price premiums as they're paid, we'll guarantee the pools, and at that point taxpayers' money is at risk. So once we're past that interim—

**Mr. Frank Valeriote:** Understood.

**Hon. Gerry Ritz:** —absolutely, farmers will run it.

**Mr. Frank Valeriote:** Understood.

So four years go by, and they want to incorporate. Why do they need your permission?

**Hon. Gerry Ritz:** If they do it in two years, it'll be great.

**Mr. Frank Valeriote:** Whenever they do it—

**Hon. Gerry Ritz:** Absolutely.

**Mr. Frank Valeriote:** —why do they need your permission?

**Hon. Gerry Ritz:** Simply to make sure that taxpayers are done and move forward, that's all.

**Mr. Frank Valeriote:** What do you mean “taxpayers are done”? An application—

**Hon. Gerry Ritz:** That we're not longer guaranteeing.... There has to be that period where the new board, elected by farmers and run by farmers, will take over—

**Mr. Frank Valeriote:** Minister, if you understand—

**Hon. Gerry Ritz:** —they will guarantee pooling that, and we will move away.

**Mr. Frank Valeriote:** —incorporating, you'll understand that you file articles of incorporation, period. Nothing more.

**Mr. David Anderson:** A point of order.

**The Chair:** There's a point of order, Mr. Valeriote.

**Hon. Gerry Ritz:** They may not incorporate. They may do a cooperative, they may do a not-for-profit—

**The Chair:** Minister, the chair has the floor.

I am recognizing a point of order.

Mr. Anderson.

**Mr. David Anderson:** Mr. Chair, this is ridiculous. Mr. Valeriote does not want to let the minister answer his question—and that's okay. But it's time to let him answer his question with some respect for him, and I'd appreciate it if he'd back off and let him do that.

**The Chair:** Thank you, Mr. Anderson.

Mr. Valeriote, your time has expired already.

I was assessing the nature of the exchange between the minister and Mr. Valeriote. I do believe that they were engaged in a good discussion. I believe the minister had his opportunity to answer his question. I believe Mr. Valeriote had his rights as a parliamentarian respected in asking his question.

Our next questioner would be Mr. Zimmer, for five minutes, please.

**Mr. Bob Zimmer (Prince George—Peace River, CPC):** Thank you, Minister, for coming out tonight.

To me, personally, this bill rights a wrong, where western Canadian farmers have long been denied the freedom to sell their grain to whomever they choose, even to the extent that some hardworking farmers have gone to prison for that. The opposition has criticized our expediting an efficient process to pass our freedom for farmers bill.

Can you tell us why it is important to pass this bill as quickly as possible for the benefit of farmers?

**Hon. Gerry Ritz:** As we've said all along, Mr. Zimmer, it's about certainty and clarity, including for the farmers who are doing fall work right now. In your part of the country, they're putting on fertilizers and chemicals to get ready for next year's crops, and they need to know what they're going to put in their air seeder and go out and do the seeding. We're making sure they have the knowledge that they will be able to market their own commodity after August 1, 2012. It's the same thing with the whole grain value chain: They need to know what's going to be required of them.

To that end, both CN and CP are doing over a billion dollars worth of renovations on their main lines across western Canada, because they know there are going to be demands on them to move more product more quickly than they do now, because we won't be dragging our sales out at the rate of one-twelfth every month, as the Wheat Board does now. There will be a lot more moving off the combine and a lot more going to market positions earlier, getting us away from starting our trucks and our augers at minus 40 degrees in January. It used to drive me nuts. I'd wait for a malt car until it was the coldest, wettest, or muddiest day of the year. Now we'll be able to put that product into market position ahead of time.

**Mr. Bob Zimmer:** You've explained that very well, but further to it, could you expand generally on how this bill provides for market certainty for the farmer?

• (2050)

**Hon. Gerry Ritz:** Western Canadian farmers have proven over and over again their expertise in marketing. They've built world-class systems in canola and pulses and other specialty crops. They've done the same thing with livestock, cattle, pork, and so on. We know they can do the same with wheat, barley, and durum. We know they will work together and start to do more value-added commodities.

There are changes required around the world. Even when I talk to entities that are dealing with the existing board now, they always ask, can I have a little more choice in what I want? It's been too prescriptive to this point. Certainly, that's where the Canadian International Grains Institute comes in; it does a tremendous job of showing other countries what they can do with our product.

I was at the largest flour mill in the world in Jakarta, Indonesia. They had stopped buying Canadian wheat. They're now back up to a \$200 million per year system, simply using good, top-quality Canadian wheat to blend with everything else they buy, to make sure that the bread rises.

So we know there are markets out there. We know we can get a premium for our product and that we are not going to have to wait 18 months to get a final payment. You're going to be able to sell it to whomever you want, deliver it when you choose, and make that contract with your buyer. Whether it's with a farmer-owned terminal out there in western Canada or with Viterra or Cargill, you choose.

**Mr. Bob Zimmer:** Do I still have some time?

**The Chair:** You have more than two minutes.

**Mr. Bob Zimmer:** I guess my next question speaks more personally and is related to my riding. We've heard what you've said about the opinion of Canadians on the ground is.

My relatives in Manitoba weren't allowed to vote. For whatever reason, they didn't receive a ballot, and even then the ballot didn't list the third option that we're providing—the hybrid option, I like to call it.

What are you hearing on the ground? What has been the best news with the progression of Bill C-18 and what it's leading to? What are the good stories you've heard about what is going to come?

**Hon. Gerry Ritz:** I've been hearing a lot. I listened to Jeff Nielsen talk about there being 20,000 commercial farmers in western Canada and that 66,000 ballots went out. Who did they go to? I get all kinds of stories from farmers about estates getting a ballot—a guy had been dead for three years and still got multiple ballots—and landlords who aren't farming. Anybody who had inputs could actually apply for a ballot.

That's the old description. The people we need to talk to are the actual producers, people who have their shoes on the ground and in their tractor cab and are actually making decisions and moving forward with their farm enterprise in western Canada. Those are the people we need to talk to, and we do that every weekend.

I made that comment in question period the other day. We go home on a weekend. I did that yesterday in Alberta. I met with about 50 farmers in Leduc, talking about the great opportunities moving forward. They're pumped; they're ready to go. They have their fall inputs in. They're going to actually start to grow...

We've had tremendous slippage of our wheat and barley acreage in western Canada. We're down to almost half of what we used to grow because guys have gone to other rotational crops. They're going into canary seed and triticale and myriad other things simply because they need a rotational crop for their canola, to offset clubroot or whatever it is. They're just moving away from the wheat, durum, and barleys.

We know there's a hungry world out there, we know there's a growth market out there, and we know we can produce the best. It's just a tremendous opportunity to move forward.

**The Chair:** Thank you, Mr. Zimmer.

Moving on, we have Ms. Ashton, for five minutes, please.

**Ms. Niki Ashton:** Minister Ritz, to follow up on the theme of Churchill, you know that Port of Churchill either directly or indirectly affects 200 jobs in a community of about 1,000 people. Approximately 95% of what goes through the Port of Churchill every year is board grain. For decades it has provided a more cost-effective option for farmers. Moreover, the work that has come as a

result of the board grain that comes through has meant employment for many people, who are then able to raise their families in the community of Churchill.

As you can probably imagine, given that 95% of what goes through the port is from the Wheat Board, the announcement that the Board will be dismantled has brought a great deal of uncertainty to people in Churchill. Yesterday, I had the chance to ask Mr. MacKay, the Commissioner of the Canadian Grain Commission, how many people from the Grain Commission will lose their jobs in Churchill.

Unfortunately, the answers to that question were not brought to the attention of our committee.

My question is, for the financial commitments that your government has made, when will we be hearing the details of how the money will be rolling out? When will the town of Churchill—the mayor and the town and other players on the ground in Churchill—be consulted on the way that money is going to be rolled out? When will we hear the details as to how many of the people who stand to lose their jobs as a result of wheat no longer going through the port might be hired as a result of the money committed by your government?

• (2055)

**Hon. Gerry Ritz:** All we can do is to make sure that the status quo is assured. What we've done is to dedicate \$5 million a year to provide incentives for the grain—the same as the Wheat Board was doing—to move through the Port of Churchill. What that will do is to allow farmers to hold it for a little longer, to run it up there during that short window of opportunity they have. Churchill has about 250,000 bushels of storage, and they need about double that. So they need to run some during other parts of the year when the ships are in. They need a sort of “best before”, and that's problematic.

Having said that, the same incentive value is there now, but we have gone beyond the board grains. As I said, two boatloads of pulses went through there at the end of the season, and we're hopeful there will be more of that. This incentive now will apply to the canolas, the pulses, and other crops as well as to the Wheat Board crops. So it's a broader diversification for Churchill, should the board not use it any longer.

Now, I also would point out that the board was intending to move a lot more product through Thunder Bay, in buying two lakers. So maybe they were already starting to move away from Churchill. We don't know that. That would be unfortunate.

**Ms. Niki Ashton:** Right. Well, what we do know is that the Wheat Board made a consistent commitment to Churchill, and not just for the community but also for prairie farmers.

I also want to point out that there was a reference to \$14 million for a new airport. The airport in Churchill has been around for many years. The railway also was referred to as being usable in the winter. The railway works year-round. I say this just so that we're clear on some of the details here.

The reality remains that people are feeling extremely uncertain when it comes to their jobs, which they fear will be lost if grain no longer goes through.

We've also heard that, given that Cargill, Viterra, and other corporate entities do not have the infrastructure in Churchill, they will likely stick with where they do have the infrastructure, which is in the other major ports across the country. This, as you can imagine, encourages the feeling of uncertainty that people in Churchill and across the north in Manitoba are facing.

The next question I want to ask, Minister Ritz, is this. You made reference to hearing from farmers. The elected directors, of course, are elected by farmers on the ground. I'd like to know whether you have ever met with the entire board of elected Wheat Board directors?

**Hon. Gerry Ritz:** Just to follow up on your point on Churchill, when we're talking about realities, you should also know that Omnitrax, an American corporation, owns the rail and the port, and there's a VIA Rail train that runs on that same set of tracks on a weekly basis. So I just point out those facts as well.

**Ms. Niki Ashton:** Yes, I'm aware of that. It is my riding.

**Hon. Gerry Ritz:** Yes, exactly. Good for you.

I've met with a number of the directors from time to time. I've never been allowed to attend a board meeting. I've asked a number of times to do so. They have always said now is not a good time, or the directors don't really want to hear from you.... There are a number of different reasons that I've been told, and I was never allowed to attend a board meeting.

**Ms. Niki Ashton:** Have you ever been invited?

**Hon. Gerry Ritz:** I've met with the board at other places of their choosing, with some of them various places around the world, when we have been at the WTO; with some of them in Ottawa; and with some of them in other places. Ken Ritter, the former chair, was a constituent of mine. I met with Ken a number of times on board issues. At that time, Greg Arason was the chair. I met with him a number of times. I've also met with Mr. Oberg and Ian White at separate facilities throughout the years.

**The Chair:** Thank you.

Ms. Ashton, you've gone a little over the time. I appreciate the exchange.

Mr. Storseth for five minutes please.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

Also, I'd like to say that this is the first time I've seen this. We have the member for Crowfoot and Senator Plett, for example, who've here the whole time sitting in the back. It shows the

importance of this issue to western Canadians and western Canadian farmers, Mr. Chair. So perhaps we could extend the table on this side and borrow some on that side.

On behalf of constituents like the Adair family, the Bower family, and thousands of others across my riding, I'd like to thank Minister Ritz for bringing this bill forward. Freedom for farmers is something they have been looking to have for an awful long time.

I'd like to maybe bring the minister back to when he was first Minister of Agriculture and Agri-Food. I was sitting on this committee demanding an answer as to when we were actually going to get some movement on this. So it's great to see this, Minister, as it is a historic occasion. I would like to congratulate you on this.

One of the concerns that I do have, Minister, is all the fearmongering by the opposition to this bill. The tactics they have used to scare individuals don't seem to be getting any traction in western Canada. Even at this committee, we're hearing young farmers, entrepreneurs, and small businesses coming forward saying they see opportunities within this bill.

I'd like you to comment on the opportunities that you see for businesses in my riding, such as Westlock Terminals, and the independent terminals as a whole. Could you comment on the opportunities that you see being created for them through this bill?

• (2100)

**Hon. Gerry Ritz:** There's been a huge paradigm shift, as you probably know. This is my 15th year of representing the great people of Battlefords—Lloydminster. We campaigned on this in every campaign I've been involved in—and this is my seventh, if you count the one where I was campaign manager. There's been a tremendous and growing acceptance that this is what needs to be done.

Farmers have seen the ground shift and know that they can do a better job. They know that they need to market their own product at the time, place, and price of their choosing for their own business bottom line.

When it comes to Westlock Terminals, certainly there'll be a tremendous opportunity for them to increase their volume by taking advantage of the board's pooling capabilities. The new entity will either be able to offer a pool on any of the commodities—anything that's grown—or they can operate as a broker, but they're going to need bricks and mortar to move these commodities through.

They can buy from farmers up in your country, move it through Westlock Terminals, which, of course, is good for them because it's all dependent on economies of scale, volumes, and so on. It gives them better access to their own port, which they're a part of with Alliance in Vancouver.

I think it's a great opportunity for some of these privately owned, farmer-owned terminals to work with the new entity.

**Mr. Brian Storseth:** Thank you very much, Mr. Minister.

The other question I have is regarding freight issues. As you know, I've been a proponent of some of the freight issues that we have in the system. One of the things we've heard at this committee is a concern from producers that not enough is being done to enhance Canada's rail freight system. A working group has recommended the need for action on the rail service review.

Can you please explain to the committee what the government's plan is for proceeding with the rail service review and how it will affect the transition to an open market?

**Hon. Gerry Ritz:** There have been a growing number of concerns about the logistics. The Wheat Board always said they championed better rates and so on, but in some cases a better rate didn't necessarily get your product to market on time. You ended paying to merge and store it, and a whole bunch of other things that negated that buck a tonne they said they had negotiated for you.

The rail freight review, of course, is under Transport Canada, not me. But we have taken it upon ourselves to put together a comprehensive agricultural package. We will continue to work with industry in that regard.

As you know, Jim Dinning has just been announced as, and accepted the role of, facilitator in that enterprise. I think Mr. Dinning will do a tremendous job. His background says that he's been a tough negotiator with industry. He's done some great work in Alberta and I know he'll do a great job for us in facilitating the rail freight review.

I think there's a tremendous opportunity to start more value added on the Prairies, as we're already seeing in a couple of announcements that we've made. We'll see our freight rates change drastically so that the commodity can be processed right there at point of production and then moved out by truck, train, air, whatever it takes.

There's a growing demand around the world for processed goods, not just hewers of wood and drawers of water, as we've been for years in western Canada. We've been forced to be. I think that whole value-added side is just going to mushroom.

**Mr. Brian Storseth:** Thank you very much, Mr. Chair.

Minister, we've heard there will \$450 million to \$628 million more per year to western Canadian farmers. We've heard there will be up to 28,000 new jobs, from different studies and reports that have been put forward at this committee. One of the things that we continually hear is that marketing certainty is necessary for this to move forward in an orderly fashion. Can you emphasize the importance of that, and how we're going to get and maintain that marketing certainty?

**Hon. Gerry Ritz:** We've said all along that certainty and clarity have to underscore this. That's one of the reasons for the speed with which we're doing this. Of course, governments are always criticized for not working at the speed of commerce. In this case we are, and we're being criticized by the opposition because we're moving too fast.

But we've been in this situation for decades. I've listened to the debates and watched with interest the last couple of nights, but I really haven't heard anything that I haven't heard for the last 20 years. It's about the same arguments over and over and over, and there's not one good reason not to do this. So we will deliver this and give clarity and certainty to the marketplace in western Canada.

Farmers, we know, are adapting already. We know they have the ability to step up and make this work. We know that industry is ready to roll up its sleeves and work with them. There have been a number of tremendous public pronouncements. Viterra has said it is more than happy to work with the new entity and to move that product through the Viterra infrastructure and system. That's fantastic. That's the type of thing that needs to happen, partnering up and moving forward.

That whole value chain is going to get a tremendous commercial bump here.

● (2105)

**The Chair:** Thank you, Minister. Thank you, Mr. Storseth.

We have to move on. Mr. Allen, for five minutes, please.

**Mr. Malcolm Allen:** Thank you, Chair.

Thank you, Minister, for being with us.

You talked earlier about other farmers across the country, as you have done very often in the past. Being on the agriculture committee, I've heard you say that often. I think you know—and I'm sure you'll confirm this for us—that in the case of Ontario, when it came to wheat farmers, they actually did make the decision. The government didn't make the decision; it was farmers who made the final decision, because they voted to decide what they wanted to do, which I think is ultimately right.

If you check *Hansard*, which I'm sure your staff did, you will see that during the debate on this particular motion, I said that we should debate and agree on the question, and put it to the prairie farmers and ask them what they want, just as we did in Ontario. What I said in the House, as I pointed to my colleagues across the way, was that if they were right, we would sit down; but that if we were right, then they should sit down. I said that because the folks we are ultimately affecting are those farmers we've been talking about, who include some of my colleagues across the way. That's understood—and, Minister, I know you are as well.

What we're really saying is that if it was good enough for Ontario farmers to vote, then let's find the question and put it to farmers on the Prairies and say to them, "What do you want to do?"

I've heard you talk about not liking the plebiscite, and that's okay. I'd remind everybody that you can find dead folks on Elections Canada's list as well, by the way, and a few other folks every now and again. It doesn't happen often, but it does happen. I think we all know that. All of us have come through this process. We find folks who are no longer with us on lists all over the place. Lists are not the greatest piece; they're simply not the greatest things.

So I ask you specifically, if it was good enough for Ontario farmers to vote and decide for themselves, why can't we find a way to come up with the right question and then put it to prairie farmers and say we'll abide by their decision as prairie farmers?

**An hon. member:** That's a good question.

**Hon. Gerry Ritz:** One of the things that differentiate what happened in Ontario from what happens in western Canada is that there was no piece of federal legislation governing Ontario farmers, so they decided to form a co-operative, or however they ended up banding it together, and they took a vote to put that back together. There was no legislation that stopped them from moving forward. There is in western Canada, and we're getting rid of that legislation. Then if farmers, when they put this new entity back together in year one, two, three, four, five—or whatever it takes—decide to have a vote, then we'll be more than happy to do that and to facilitate it. In 1943 when this was brought in as a war measures act, there was no vote to put it into place.

So farmers are telling us about the speed of commerce thing and to get on with this, to get it done, and to give them the freedom to make the choices they need to make."

**Mr. Malcolm Allen:** Thank you for that, and I understand the difference between the two.

You and your colleagues have talked about this sense of democracy, so that's why I put it to you to let them vote. And by the way, if they voted to dismantle or get out of the wheat pool, then we'd simply bring your legislation forward and go ahead and do that. That's how you do these sorts of things. Normally you ask first and act later. We've acted first and asked later. We've done it in reverse, it seems to me.

Getting back to your earlier comment, Minister, you were asked if you had ever been invited by the wheat board to sit down with the board itself. Do you recollect receiving a letter from the wheat board this October inviting you to a meeting? Do you know whether you received it?

**Hon. Gerry Ritz:** Yes.

**Mr. Malcolm Allen:** Do you know why you were unable to attend? Was it a scheduling conflict?

**Hon. Gerry Ritz:** Yes.

**Mr. Malcolm Allen:** Or was it an issue of your allowing them to make that decision?

**Hon. Gerry Ritz:** I want to clarify one thing. You talk about dismantling the Wheat Board. We're not doing that; we're maintaining the Wheat Board as a vibrant option for farmers to use if they decide to do so.

And, yes, it was a scheduling conflict. I received the letter about three days before I left on a Europe-Russia trip to promote Canadian

product over there. We had a very successful trip. When I got the letter, I immediately got back to the Wheat Board and made the offer to have my parliamentary secretary attend. He's well versed on the Wheat Board issues. Of course, they said no. I was not able to attend with the scheduling conflict, but I did make the offer.

**Mr. Malcolm Allen:** I understand your offer of the parliamentary secretary. But we're dismantling, or at least changing, how we do the Wheat Board. I think the minister is the important person here. I mean no offence to your parliamentary secretary, as I have utmost respect for Mr. Lemieux and he's a wonderful person. I work very well with him at committee. I think that in this instance, it would have been appropriate for you to go, since we are talking about major undertakings. Perhaps you could have offered a different time when you came back from Europe.

You talked about value added, which I think all of us talk about. I think you've heard us talk about this when it comes to other resources, like lumber and other things in this country that get shipped out as raw materials and get sent back to us. You talked about the malting increase that you saw—this plant expansion that you mentioned—but you didn't mention Prairie Malt. It actually laid off half its staff.

Are you aware of what happened there?

• (2110)

**The Chair:** Thank you, Mr. Allen.

Your time has expired, but I'll allow the minister to answer, and then we'll have to move on.

**Hon. Gerry Ritz:** Yes. Prairie Malt is owned by Cargill. It's in Biggar. I used to deliver there when it was owned by a different entity. They are in the process of reassessing their water situation; they have a problem with some filtration. They're in a shutdown phase. I'm not sure how long that is going to last, but I have had chats about this with Len Penner, the Canadian president of Cargill.

**The Chair:** Thank you, Minister.

Mr. Hoback.

**Mr. Randy Hoback:** Yesterday I asked Ms. Ashton to present the report she was quoting from indicating that Cargill's share price had increased. I'm curious to know if the clerk has received that report yet.

**The Chair:** You posed a question publicly to Ms. Ashton. To my knowledge, nothing has been received, but there was no compulsory reason for Ms. Ashton to produce the report.

Please proceed with your line of questioning, Mr. Hoback.

**Mr. Randy Hoback:** It is disappointing. She must have some inside information about Cargill's ownership structure that nobody else around the table has.

**Hon. Gerry Ritz:** They're privately owned.

**Mr. Randy Hoback:** That's my point exactly.

**Hon. Gerry Ritz:** Okay.

**Mr. Randy Hoback:** Somehow she knows that the share value is going up.

**Hon. Gerry Ritz:** Yes, there are no shares.

**Mr. Randy Hoback:** Anyway, Minister, I want to thank you for standing up for farmers. Thank you for putting up with this barrage of questioning and having the gumption to see this through. I appreciate that. More importantly, my constituents and farmers appreciate that and want to pat you on the back. They're ready to celebrate once this is done. It'll be a great celebration right across the Prairies, because they have been shackled, jailed, bullied, and targeted. Now all of this is going to come to an end.

It's interesting that when you travel abroad and start talking about the Wheat Board, people go up to you and ask if you really have an entity like that in Canada, of all places. We are definitely righting a wrong that's been in there for way too long, and I commend you for doing that.

Minister, one concern that my constituents and farmers have is that the board of directors of the Canadian Wheat Board seems to have a scorched earth policy of making sure that anything new in this new entity will not survive. They're trying to make sure that it's discredited. They've spread a whole pile of fear that the entity itself will not be capable of working. In fact, they're spending farmers' money right now doing that.

The other concern I have is that they're spending farmers' money in a legal suit against the government, trying to stop the government from moving forward on what farmers really want. Parliament creates a law. Parliament has the right to repeal its laws at its will. Even our colleague, Mr. Martin, would agree with that comment, because he has said that before.

Do the CWB directors' legal challenges pose any risk to the passage of this legislation?

**Hon. Gerry Ritz:** Well, I'm not a lawyer, but any lawyer will tell you that it's like the weather forecast—there's a 10% chance of everything.

Even the board's internal legal process has said that there is a slim-to-none chance of this moving forward. Certainly the government of the day has the right to change legislation. That's what we're doing. Again, we're not dismantling the board; we're simply moving away from the monopoly.

As you said, it's a scorched earth policy. I find it very sad that the board did not continue to forward contracts and hedge, and so on.

**Mr. Randy Hoback:** Exactly.

**Hon. Gerry Ritz:** That would have been an ideal time to make sure that the new entity had grain on the ground and could move forward. Instead, they just shut it down. That's really unfortunate, because there was an option for that to happen. That's why at royal assent other groups will be able to move forward, including the new entity. We'll be able to start offering those forward contracts in hedging at that point. That's one of the reasons we're pushing hard to get this done as quickly as possible.

I also find it very disturbing that as the board lost favour with farmers, they spent \$65 million to \$70 million, that we know of, on these lakers, without a lick of consultation with farmers. They took that money right out of the pool accounts, which was really unfortunate. Now they're spending money on lawyers and advertising campaigns without discussing it with farmers. It's actually coming back to bite them a little. Farmers are moving away, saying they've gone over the top.

If I had any warning at all, I'd say, "Slow down, check what you're doing, and come work with us to make sure this new entity has a chance to move forward. We will do our best to make sure it has a chance to get grain on the ground and farmers supplying it."

At the same time we're also seeing farmers counter-suing the board for using their money like that. I think that's one option farmers will always have. It's unfortunate that it has to get tied up in the courts. From the legal opinions I've seen and been privy to, I don't see this as tying us up at all. I certainly look forward to hearing what any judge has to say about this. As you rightly point out, Mr. Martin has agreed with us on the supremacy of Parliament.

• (2115)

**Mr. Randy Hoback:** I have a question about the working group and Mr. White's participation in it.

**Hon. Gerry Ritz:** He's not allowed to participate.

**Mr. Randy Hoback:** Can you explain why? Do you know why he wasn't allowed to participate—

**Hon. Gerry Ritz:** We asked for representation from the board on the working group chaired by Deputy Minister Knuble, and we got a flat no. We asked for Mr. White as the chair, and probably one of the directors—or however they wanted to set it up. We asked for representation from the board. They did not want to have anything to do with anything other than the monopoly, period. That was their line in the sand.

**Mr. Randy Hoback:** It comes back to that scorched earth policy they've had.

**The Chair:** Thank you, Mr. Hoback. Regrettably, the five minutes allotted to you have expired.

Mr. Martin is next for five minutes, please.

**Mr. Pat Martin:** I don't know if I'll need all that time, Mr. Chair, but I will begin. Maybe I'll share my time with my colleague, if we have some time left.

We're still not satisfied, Mr. Minister. If you want to give farmers more choice in how they market their grain, why don't you let them vote on it? That's what we keep coming back to.

When the legislation was crafted, they contemplated the fact that at some time we might want to add the grains that fall under the act, or remove the grains from the act. Therefore they put in place a section in the act that made it mandatory to consult with farmers before any unilateral action was taken. You tried to act unilaterally and the courts slapped you down.

When you talk about spending money, the board members have a fiduciary obligation to act in the best interests of farmers and to return all proceeds to farmers. Mr. Minister, you were carpet-bombing the prairie region with taxpayer-funded misinformation and propaganda. All of your MPs were blitzing with ten percenters, and at the same time a gag order was imposed on the Wheat Board so they couldn't even defend themselves. They had no right to spend a single dollar correcting your misinformation.

To this day you're cranking out this stuff. I don't know what it costs to print hundreds of thousands of copies of this glossy coloured thing that says: Wheat Board bad, marketing freedom good; Wheat Board monopoly, one buyer, versus marketing freedom many buyers. At the very bottom, with a little asterisk in print so fine you can hardly see it, it says, "Subject to parliamentary approval". That's how much respect you have for the parliamentary process.

You're spending taxpayers' dollars blitzing this PR campaign, following your own narrow ideological and anecdotal notion that there's going to be some kind of nirvana in the free market as soon as you do away with your nemesis, the Canadian Wheat Board. I want to ask some questions about this myth you're propagating about how this windfall of value-adding is going to start.

Isn't it true that in the last 10 years, the milling capacity in the prairie region of western Canada has increased by 11% with four new processing plants? We have the figures and we can table them with you before you go. In malting, up to 75% of all malting takes place in western Canada, up from 50% 15 years ago.

In actual fact, value-adding has been taking place under the Wheat Board's regime. The examples you keep harping on are narrow and anecdotal, and these may be generated now because they think they'll be able to buy product for less. If they buy product for less, doesn't that mean the farmer will get less, as in selling it for less?

Are we misreading this altogether? Does it not mean that hundreds of millions of dollars that used to go into the pockets of prairie farmers will now go into the pockets of the shareholders of the grain buyers who are going to take over this market share?

**Hon. Gerry Ritz:** Actually, he started talking about section 47.1 of the Wheat Board Act. What that does is commit the government of the day—if they're adding or subtracting a commodity—to work

with the farmers affected, those growing the commodity, and that's it. That's all that section calls for. It does not pre-empt the minister of the day from changing legislation. No prior government can handcuff or shackle farmers or the minister regarding change in the future. That's not on, and we're happy to go to court on that.

We're not operating unilaterally, as the member should know there are four provinces involved in the Canadian Wheat Board area: Manitoba, Saskatchewan, Alberta, and the Peace River area of British Columbia. Manitoba is ideologically against what we're doing, but the other three provinces are fully on board and fully support what we're doing. They're with us every step of the way; and they produce 85% to 90% of the Wheat Board commodities. Manitoba produces 10% to 15%, depending on the year and the weather.

We've got the Grain Growers of Canada, the Western Canadian Wheat Growers, and the Western Barley Growers all with us in this. So we're not moving unilaterally.

Our publications probably cost a lot less than the Wheat Board ones, because we actually target actual producers. We don't just lock shoot. Our list is probably a lot smaller and more concise, because we're actually looking for farmers on the ground, the farmers who are actually making business decisions.

When you talk about milling that's been added, yes, there were a couple of small organic mills. I love this idea that capacity is based on population. It's got nothing to do with capacity; it's based a whole bunch more on population. As you know, with Manitoba, Saskatchewan, Alberta, you're talking four million, four and a half million people. It's a small chunk of Canada.

So when they make these goofy statements about how the milling has increased based on population, it's ridiculous in the extreme.

• (2120)

**The Chair:** Thank you. Mr. Martin, the time has expired.

Minister, this actually fulfills your obligation that you've committed to for one hour before this committee. So without any further direction, I will suspend for a few moments to allow you to leave, and then we will resume with a new round of questions, starting in the first round with department officials, which will take us to the end of the hour.

• (2120) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (2125)

**The Chair:** Colleagues, let's resume this.

I've spoken briefly with the witnesses from the department. Yesterday when they appeared before the committee, Mr. Knubley and Mr. Meredith were speaking in the context of the working group. Mr. Knubley has asked for just a couple of minutes of committee time to speak to some technical portions of the bill. I believe that would be in the best interests of the committee to hear that.

Mr. Knubley, how many minutes do you think you would require, sir, three or four?

**Mr. John Knubley (Deputy Minister, Department of Agriculture and Agri-Food):** I'm calculating it will be two, but it might be four.

**The Chair:** In the interests of not having you go over the time that you've set for yourself, I'll give you three. How does that sound, sir?

**Mr. John Knubley:** Perfect.

I think you'll recall, Mr. Chair, that we did provide to the committee yesterday with some charts that set out the staging of the bill, as well as the transition phases. I'd just like to provide an overview of the legislation that is being introduced.

The intent of the legislation is that it be staged to provide for a dual marketing system, with a five-year transition period.

The bill has five parts. The first part is the governance of the board, which has changed to enable stronger collaboration going forward and to ensure that the board is focused on a new marketing environment. Specifically, future contracts will be possible, as of royal assent. The voluntary board will continue to administer this year's pool. The other major elements of the existing Canadian Wheat Board Act would remain unchanged during this preliminary phase, presumably from January to August 1.

In the second part, beginning on August 1, 2012, the Canadian Wheat Board Act would be repealed and replaced with the Canadian Wheat Board Interim Operations Act. The monopoly is then removed and anyone can buy and sell any grain; in other words, farmers would no longer be required to sell through the board. The government would assist the board with the transition costs for up to five years. Under this interim legislation, the Canadian Wheat Board would continue to offer pooling, which would have government-backed initial payment and borrowing guarantees. A temporary check-off would be established at point of sale to support ongoing research and market development.

In the third part of the act, the Interim Canadian Wheat Board would be required to develop a business plan to capitalize itself and operate as a private company. The intent is to look to the Wheat Board itself to define that business plan. The board of directors would be required to submit such a plan to the minister and would need to become a private entity within five years. The intent of the act here, of course, is due diligence, in terms of taxpayer money. It could be a business corporation, a producer co-op, or a not-for-profit corporation. The business model is for the board to decide.

Part 5 would repeal the Canadian Wheat Board Interim Operations Act and would bring the transition period to an end.

As you can see, these are the five phases set out in the legislation for discussion.

• (2130)

**The Chair:** Thank you, Mr. Knubley.

There is agreement between the parties to proceed in the following fashion: we'll have a five-minute round from the New Democrats, five minutes from the Liberals, and five minutes from the Conservatives.

We're going to start right now.

We start with Mr. Rousseau for 5 minutes.

**Mr. Jean Rousseau:** Thank you.

[*Translation*]

My question is for Mr. Meredith.

Economic conditions can at times favour the free market but only for short periods. The Canadian Wheat Board ensures the long-term stability that is necessary to the survival of this economic sector that is crucial to this area of the country.

What is the ideological basis, the economic doctrine behind the progressive dismantling of the Canadian Wheat Board, when we know full well that the new directors will be appointed by the minister, and the board's business plan will be approved by him also?

**Mr. John Knubley:** As I just explained, the purpose of the bill is not to see to it that the minister approve the business plan of a new Canadian Wheat Board. In other words, the idea is simply to review the business plan, in order to ensure that the money paid by Canadian taxpayers in connection with the old organization is well spent.

[*English*]

In other words, that the taxpayers' money was well spent in the transition period.

[*Translation*]

**Mr. Jean Rousseau:** I have another question. What will be the consequences of this transition plan on Canada's food sovereignty, which is very important to Canadians, and on small producers, who are often the cornerstone of many rural communities in Canada?

[*English*]

**Mr. John Knubley:** Perhaps I'll refer again to the working group report that we discussed last evening. The expectation is that this dual marketing system for farmers, which will give an opportunity to opt for pooling or for spot market prices, will lead to growth.

What we have seen with the non-Wheat Board grains, such as canola and lentils, over the last 10 years, has been significant growth, while the varieties and the yield in wheat and durum growth have been small relative to those other grains.

The expectation is that there will be a growing market and more exports.

[*Translation*]

**Mr. Jean Rousseau:** I am going to give the rest of my speaking time to Ms. Ashton.

**Ms. Niki Ashton:** Thank you very much, Mr. Rousseau.

[*English*]

Could the committee hear what will happen to the financial resources saved by farmers once the Wheat Board begins to be dismantled according to Bill C-18? Specifically, what will happen to the contingency fund?

**Mr. John Knuble:** The moneys in the contingency fund, which is being provided for through the operating activities of the Wheat Board, are not considered to be dollars derived from the farmers' pool. This is the way the accounting procedures are developed at the Wheat Board itself.

These moneys are derived not from the farmers' pool itself, but rather from the operating activities of the existing entity. The expectation is that the contingency fund will be used for future capitalization in a new Wheat Board, in a new viable entity, as we move forward.

**Ms. Niki Ashton:** Right. I understand, though, that initially everything on which the Wheat Board is based comes from farmers' work and their pockets. The concern, and it's a concern that I've heard from many, is that the contingency fund built from farmers' hard labour and the investments they've made in the Wheat Board is going to greatly benefit the private company that will result if Bill C-18 goes through.

Is that not the case? Will the new entity not benefit from this contingency fund?

**Mr. John Knuble:** It's not the case, in the sense that the contingency fund is derived from the operating activities of the board, not from the pool itself. The use of the dollars would be for the new entity.

• (2135)

**Ms. Niki Ashton:** Ultimately, though, the farmers own the board, and the concern is that farmers' money is unwillingly—without a farmer vote—being taken on by this new entity that will no longer be farmer-run.

**Mr. John Knuble:** Is that a question?

**The Chair:** Ms. Ashton, the NDP time has expired.

If you cares to comment on that comment made, I'll leave that up to you Mr. Knuble. If not, then we'll move on to Mr. Valeriote.

Would you like to—

**Mr. John Knuble:** I think I would simply say, again, that the intent of the act and the intent of the transition period is to give a full opportunity to the Wheat Board to reinvent itself. The plans will be developed by the directors themselves in consultation with farmers, and there are various business models that are open to them in that case.

**The Chair:** Thank you very much.

Mr. Valeriote, for five minutes, please.

**Mr. Frank Valeriote:** Thank you, Mr. Chair.

And thank you, again, Mr. Knuble, and Mr. Meredith, for appearing before us.

Yesterday you mentioned taxpayer money with regard to my question about directors who are non-elected but appointed and managed in some way by the minister. The minister, interestingly, made reference to the same thing, that is, taxpayer money, and I've heard you say it again tonight.

I see references to the contingency fund, and other references. Can you undertake now or later to tell this committee exactly what sections of the legislation expose taxpayers to an expense? You keep making reference to that, and I'm curious.

Right now the board doesn't cost taxpayers any money. Can you explain your reference to taxpayer money and what exposure there is?

**Mr. John Knuble:** Government guarantees.

**Mr. Frank Valeriote:** Is that the only section of the legislation where you feel—

**Mr. John Knuble:** In addition, as the legislation indicates, the government is willing to look at transition costs as the new entity moves forward, in terms of supporting where it might head as a farmer co-operative or a private entity. So again, transition costs will be considered.

Until the time that we can sit down with the governance of the new entity and work through the details of these transitions costs, I can't be more specific than that.

**Mr. Frank Valeriote:** So you haven't determined in advance what those costs might be, or explored the possible outcomes?

**Mr. John Knuble:** We haven't done it for precisely the reason you've been asking about; that is to say, we want the Wheat Board itself to advance its business plan, not the government. Nor do we want the minister to design that plan.

**Mr. Frank Valeriote:** Help me, because I'm not a farmer, and I'm not from the west. You keep using the term dual market. As a person in business, I only understand either an open market or a single desk. Where does this term dual market spawn from? Is this new language that you or the minister has created?

**Mr. John Knuble:** Again, I'm from a beef farming background in Ontario. What I certainly understand in this long-standing debate, which I have observed for many years, is as we discussed earlier when the minister was here: that there has always been this middle option called dual marketing—

**Hon. Wayne Easter:** It doesn't exist. There's no such thing. You either have an open market or you don't.

**The Chair:** Mr. Knubley, you have the floor to answer the question.

Mr. Valeriote, Mr. Knubley has the floor.

Please proceed.

**Mr. Bob Zimmer:** Mr. Chair, a point of order.

**Mr. John Knubley:** Again, the surveys that were referred to earlier—

**The Chair:** Mr. Knubley, according to our rules, I have to observe a point of order by Mr. Zimmer.

• (2140)

**Mr. Bob Zimmer:** Mr. Chair, we're hearing Mr. Easter speak, and I don't think he has been given that opportunity.

**The Chair:** Mr. Zimmer, you've raised a point of order. The ruling... On page 1029 of O'Brien and Bosc are the rules pertaining to legislative committees that we have adopted. They only allow for members or their substitutes to make representations to vote, or to have interventions at a legislative committee.

As Mr. Valeriote is the member for the Liberal Party here, it would be inappropriate for Mr. Easter to have an intervention at this committee, unless he substitutes for Mr. Valeriote. So I would respectfully ask Mr. Easter to continue observing this committee and observe the rights that he is entitled to as a parliamentarian, but not to interfere with the rights of other parliamentarians at this table who were duly assigned to this committee.

Mr. Knubley, please continue.

**Mr. John Knubley:** Mr. Chair, I'll be straightforward. There have been surveys run by the Wheat Board itself, and I think they were referred to earlier by members, which included this third option called dual marketing. Those surveys have been run for some years.

I can give you some of the details on the results of those surveys, if you like.

**Mr. Frank Valeriote:** No, that's okay. If we can go back to the directors—

**Some hon. members:** Oh, oh!

**Mr. John Knubley:** Because the results, of course, show that most farmers favour the dual marketing—

**Mr. Frank Valeriote:** I was just curious where the term came from, for all the laughter on the other side.

If I could ask another question, and that's again with respect to directors. This is respectfully submitted.

We're making a transition here. Would you recommend to the minister that the directors be elected as opposed to being appointed—nevertheless, still under the supervision of the minister—in the interim board? Second, would you consider in section 42 permitting the board, in its discretion, to apply for articles of incorporation or otherwise, without first seeking the permission of the minister?

Those are two specific questions.

**Mr. Brian Storseth:** Mr. Chair, I know you ruled on this yesterday, but I do think it's important to point out for the witnesses that page 1068 of O'Brien and Bosc states:

The role of the public servant has traditionally been viewed in relation to the implementation and administration of government policy, rather than the determination of what that policy should be.

In my opinion, it would be inappropriate to ask what they would recommend to the minister. That would be between the public servant and the minister and, therefore, would be protected under parliamentary privilege.

**The Chair:** Thank you, Mr. Storseth.

Go ahead, Mr. Valeriote.

**Mr. Frank Valeriote:** It looks like Mr. Knubley or Mr. Meredith may have an answer they may be willing to give me, while understanding and complying with the restrictions that Mr. Storseth has introduced here. I'm hoping that you'll allow Mr. Knubley and Mr. Meredith to answer the question, at least to the extent they're able.

**The Chair:** Thank you, Mr. Valeriote. I appreciate the interventions by Mr. Storseth and by Mr. Valeriote.

Mr. Knubley, you are an experienced bureaucrat. You understand the context in which you're able to provide information to this committee, as pointed out by Mr. Storseth. If you have something to offer in response to Mr. Valeriote's question, it should be in accordance with those rules.

**Mr. John Knubley:** What I think I can speak to is the nature of director liability set out in the act itself. I was going to ask Mr. Meredith to speak to that.

**Mr. Greg Meredith (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food):** Yes. As you pointed out, the act does allow for all directors to be appointed. On the issue of director liability, the act does protect directors from incurring personal liability, as is the normal case in most corporate situations.

You asked about the ability of the government to direct the new entity. That's a direction-order power that exists in the current act. It has existed for quite some time. It exists in the Financial Administration Act, as well, and gives the government power to direct crown corporations.

It's generally used sparingly, but it does ensure that there is some corporate control by the government over the behaviour of crowns, and in this case, over the new board.

**The Chair:** Thank you very much.

Mr. Valeriote, regrettably, your time has expired.

We'll have Mr. Merrifield, for five minutes, please.

**Hon. Rob Merrifield:** Thank you very much, Mr. Chair.

Thank you to our witnesses from the department for being here to answer questions as we look forward. In actually assessing the witnesses—and here we're at the end of the deliberations with witnesses—you kind of put it all together.

There were some challenges from Mr. Allen that the survey done wasn't so trumped up and that having dead people is an anomaly that happens from time to time with surveys. Perhaps that's true.

I've been farming all my life. My son has taken over the family farm. I don't know how many years it has been. It's been a half-century or more. We never got a ballot in that trumped-up survey. We saw those anomalies happening right on the table. So you can't just see the survey as a justification or a valid survey.

We've heard other things, such as whether dual marketing is a legitimate language. We understand that this comes right from the Wheat Board's own survey.

We've heard from the Wheat Board, and I think it all boils down to this: The existing Wheat Board is saying that once you open it up to dual marketing as an option for farmers to sell their own wheat and barley, it will cost western farmers. We've had other surveys and testimony here saying that there will be tremendous savings and opportunities for farmers. The minister was just here saying how much opportunity there is for new mills—pasta mills, noodle mills, and flour mills—and the number of jobs that are going to be created.

You know, I'm a farmer. I want to look at it as a farmer as much as I look at it as a politician. As I assess it, when you allow the option, those who want the Wheat Board and believe that they can get the best value from it will exercise that option. Why wouldn't they? I've never seen a farmer sell, when given two options, to the lower bidder. They'll sell to whomever they find is the best option. Those who can find a better option will exercise that option. We're really arguing about whether it's good or bad for western farmers. The reality is that farmers will decide. What I like about this piece of legislation is that it allows for that. It allows those farmers to have a comfort zone and an existing Wheat Board—a pooled option. It will allow those farmers who want to exercise another option to have that opportunity as well.

It will ultimately be the farmers who will decide. This is very exciting to me.

There are some questions on the technical side, and we've talked about how important it is to have the rail freight service review looked after and to have service agreements for those shippers. We're seeing some of the large corporations that move grains, such as Viterra and Cargill, and so on, working aggressively to get those rail agreements in place, preparing for this.

I do have a technical question for the department with regard to the railways. What is important for the small farmers out there who may be watching on television and assessing how this is all going to work is whether it is going to be a clumsy system for moving their

grain on producer cars. Are they going to have template agreements that will be able to smooth that system and the transition?

These are the kinds of things they're asking about. I'm wondering if the department has actually done some work with regard to that. I know that the minister referred to some of the work he's done with railways on the transportation of products across western Canada. I wonder if either of you have any comments with regard to that.

• (2145)

**Mr. John Knuble:** As you know, the work of the department has been done very closely with Transport Canada. Even in our working group, as you know, Transport Canada participated in that work.

The rail review itself, as you know, has four elements, including a facilitator—now Mr. Dinning—and establishing service-level templates, and looking at the dispute settlement resolution mechanism. That will ultimately lead to legislation.

There is a commodity supply chain table and a grain supply chain study, and this is where we will work very closely with Agriculture Canada, Transport Canada, and representatives of the agriculture sector, working together on that grain supply chain study.

The minister mentioned as well that we're working through our various value chain round tables with all grain producers—whether pulse, wheat, or barley producers—sitting down and understanding what the challenges and opportunities will be as we move forward into the new open system. So we have been doing that. Gordon Bacon, who was testifying here yesterday, has been particularly active in developing some of those discussions.

**The Chair:** Thank you, Mr. Knuble, and Mr. Merrifield. I believe we've honoured the agreement that was put in place.

I would like to thank you, Mr. Knuble, and Mr. Meredith, for appearing for two days in a row before this committee and providing answers to committee members' questions.

For the edification of committee members here, we will convene a meeting tomorrow for clause-by-clause review of this piece of legislation. We have some very strict rules of governance about how that's going to happen. I would encourage members to review those before they come to the committee meeting tomorrow night.

Tomorrow night we will start as a public meeting. We will be joined by a legislative clerk, I believe Mr. Wayne Cole, who is going to be here, as well as officials from the department who will be providing any advice on how that legislation was drafted and what the intent of that legislation might be.

With that, the meeting is adjourned.

---







**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of  
the House of Commons

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and  
Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the  
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les  
Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à  
l'adresse suivante : <http://www.parl.gc.ca>