

End Wheat Board monopoly: report: Opposition says author was biased from the start National Post (f/k/a The Financial Post) (Canada) October 31, 2006 Tuesday

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OTTAWA - The **Canadian Wheat Board's** monopoly over grain and barley selling should be revoked and replaced with a new arrangement starting in January, 2008, says a report commissioned by the federal Conservative government.

But political critics and agricultural economists panned the findings of the task force, which was established on Sept. 19 to look into how to give the country's wheat and barley farmers more choice in marketing their products.

Now, farmers are compelled to sell their grain to the farmer co-operative, which then markets the products on their behalf. The Conservative government pledged during the election to allow Prairie farmers to sell grain to whomever they wish.

The main finding from the seven-member panel is to strip the wheat board of its monopoly powers and convert the body into a for-profit company owned by farmers. "A [new] CWB that is owned by farmers can create value for them by buying and selling their grain, serving its customers and reducing supply chain costs," the report advised. "The task force recommends that the CWB prepare a business plan for marketing choice as soon as possible."

Under the timeline envisaged by the task force, a new bill to create a for-profit wheat board and allow for choice in marketing would be passed by June, 2007. Afterward, the wheat board's monopoly power on barley marketing would end by January, 2008, and wheat marketing by August, 2008.

The **Canadian Wheat Board** is one of the largest sellers of wheat and barley in the world with annual sales approaching \$6-billion.

Ken Ritter, the Saskatchewan grain farmer who chairs the board, said the Tory government should reject the report findings.

He added if farmers want to change the wheat board mandate, they are free to pursue changes through a plebiscite, as outlined in legislation governing the wheat board.

After reviewing the report and its vision of a remodeled wheat board, Richard Gray, an agricultural economist at the University of Saskatchewan, said he was unimpressed.

"The task force was given impossible terms of reference, which was to create a voluntary wheat board with no special authorities under which the board would have a high probability of survival," Mr. Gray said.

Mr. Gray said historical evidence suggests conversions of pricing co-operatives, such as the wheat board, to for-profit outfits do not succeed. He cited the Saskatchewan Wheat Pool, whose conversion wiped out millions in valuation and forced it into a restructuring.

Under the task force plan, the new wheat board would be left with \$110-million in assets in the form of trapper cars and office supplies.

"It would have very few assets in an industry with multinationals that own billions in assets," he said. "So I don't see how the wheat board can take this good will they have created in the past and parlay that into a real advantage."

Opposition politicians, meanwhile, vowed to fight the government should it push ahead with the task force recommendations.

"These guys have absolutely dropped the gauntlet on the Prairies and the push back will be enormous,"

said Pat Martin, New Democratic MP for Winnipeg Centre. "The government has a real fight on its hands and we are going to go down swinging on this one."

Wayne Easter, the Liberal agriculture critic, said the task force was dominated by wheat board opponents.


"The task force was clearly stacked with one conclusion in mind," he said. "The report has no credibility. This is the government bulldozing ahead with its own ideology and disregarding the farmers' voice."

The federal Minister of Agriculture, Chuck Strahl, said he would study the recommendations and noted he was not bound by them.

Mr. Strahl said he looked forward to sharing the report with farmers and making good on the Tory election vow.

"Canada's new government is committed to marketing choice for farmers and we are also committed to a strong voluntary wheat board, something that farmers want and something that this side of the House is very determined to make happen," he told the Commons yesterday.

As part of that vow, Mr. Strahl has already secured a Cabinet order banning the board from spending money advocating for the retention of its marketing monopoly.

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