

House of Commons Standing Committee on Agriculture and Agri-Food
Prepared statement by Ken Ritter, Chair, Canadian Wheat Board
December 5, 2006

Mr. Chairman, Members of the Commons Standing Committee on Agriculture and Agri-Food:

I wish to thank you for again providing me with the opportunity to appear before you and talk about issues of concern to the CWB. With me today is Adrian Measner, our president and CEO. After I have spoken, Adrian will also be addressing the Committee.

Since the CWB last appeared before this committee in the month of June 2006, the relationship between the federal government and the CWB has unfortunately not improved. In fact, many of the events of the past few months have contributed to a growing rift between Ottawa and the CWB.

The July 27th meeting in Saskatoon to which the CWB was not invited was, in hindsight, a sign of things to come. It was followed in short order by the constitution of the Minister's task force committee – to which we were invited but declined due to its unbalanced nature. However, we agreed to provide information and cooperate. The timeframe for completion of the task force's report also gave us pause since it did not allow for the kind of in-depth economic analysis that this issue requires. Then came the Minister's order-in-council that indefinitely restricted the CWB's right to openly communicate with farmers in the way it sees fit. There was a series of op-ed pieces from the Minister – especially one that called into question the value of the CWB's single desk powers - in the midst of the director election process. And most recently, on Wednesday of last week, the Minister initiated a process whereby Adrian is to be removed from his position as president and CEO of the CWB, where he has consistently received positive performance reviews by the board of directors.

While I will come back to some of these measures and how they must be redressed, it is not my intention this morning to dwell on the past. I mention these many events primarily in order to substantiate the fact that the federal government has not been treating the CWB right. The CWB has made several overtures and has expressed on many occasions its desire to meet with the Minister to discuss in an open and forthright manner issues related to its mandate and future. So far, these attempts at engaging the Minister and the federal government have not been successful. This morning, my message to the Agriculture Committee, to the Minister and, by extension, to the entire federal government, is the following: there must be a better way.

As proof of the CWB's willingness to grow and stretch and accommodate farmers who want more flexibility, let me point out some recent developments at the CWB. At its meeting two weeks ago, the board of directors looked at changes that would allow small processors to purchase wheat and barley for human consumption or export directly from farmers. We also looked at the CWB's policy towards farmer-owned new generation cooperatives that are involved in value-added processing. Both of these initiatives received board approval.

These changes, of course, are in addition to the wide array of Producer Payment Options that we also offer and that we continue to expand. More and more farmers – over 17,600 this crop year – are availing themselves of the opportunity to price their grain themselves through options like the Fixed Price and Basis Payment Contract. And starting this crop year, we have put in

place a pilot program called the Delivery Exchange Contract that enables participating farmers to match delivery opportunity with their own individual business needs.

The CWB's board of directors has been making these kinds of changes ever since we first arrived on the scene in 1999. They are gradual and feasible changes that build on our strengths without putting the organization at risk. They are changes that happen gradually, that give farmers and the industry as a whole ample opportunity to adapt. They are changes that appear seamless to our customers so that from their perspective, there is no change: they know that we can be counted upon to continue the high level of service to which they have become accustomed.

This is how the majority of farmers want us to improve the CWB: we want more choice and more programs tailored to the needs of our farms but we do not want chaos, we do not want uncertainty, we do not want schemes that will cost us money. At no time has this reasonable approach been more important than it is today. Western Canadian grain producers have just been through what could easily be called a "perfect storm": a cycle of low commodity prices, severely curtailed crops and high input prices. We are just rounding the corner. The 2006 crop, for the most part, was favourable both in terms of quality and quantity and prices have rebounded. There is even talk that the shift to higher prices may be long-term and that demand for wheat and barley will keep prices at levels where grain production can again be profitable in Western Canada.

As a grain producer myself, I can say clearly and unequivocally: now is not the time to foist major, ill-considered changes on our industry. We need to catch our breath, we need to recover from the crisis we've just been through, we need to make sure that in growing and improving our industry, we do not take a step back into the abyss.

So where do we go from here? What do we want the government to do and how can the CWB and the government work together to make things right?

Let's start by agreeing on some of the issues around the plebiscite that the Minister has promised for early in the new year.

We need some clear rules around the plebiscite so that farmers can have a reasonable level of comfort that results will be fair and unbiased. This means a fair question. Back on October 17, three general farm organizations from Western Canada with broad representation from each of the Prairie provinces met with the Minister to talk about the need for a plebiscite in both wheat and barley. At that time, they proposed that farmers be asked to choose between two simple options:

- I wish to maintain the ability to market all barley, with the continuing exception of feed barley sold domestically, through the CWB single desk; or
- I wish to remove the single desk marketing system from the CWB and sell all barley through an open market system.

The CWB supports the phrasing of the plebiscite question in this fashion because it removes all doubt whatsoever that the choice is anything but one between the single desk and the open market. In fact, we were pleased that the Minister's own task force stated in its report that there is no such thing as a dual market.

The CWB also supports the farm groups' recommendations on the issue of the voters' list. They told the Minister that the voters' list should be based on the 2005-06 list of CWB permit book

holders, that eligible voters should be entitled to one vote only and that there should no weighted ballots. This position is consistent with the recommendations of the CWB electoral review panel which tabled its findings late last year and with the results of the CWB's annual producer survey which found that 77 per cent of farmers in general – and even 58 per cent of farmers with more than 2,500 acres – preferred the one farmer-one vote formula.

Another step has to be the rescinding of the Minister's order-in-council of October 5.

Section 18 (1) under which the order was issued was never meant for the purpose of muzzling the CWB and its board, which is controlled by farmer-elected directors such as myself. How can you have a situation where a minister of the Crown tells an organization where farmers pay all the bills that it cannot expend funds the way it sees fit? I made the statement at the time that as an organization, the CWB was fully aware of the extensive debate surrounding its future and that it was critical that farmers have the benefit of a free and open debate. I believed then – as I do now – that any restrictions that stifle in-depth examination, like the ones imposed in this order-in-council, will not do the debate justice.

As a result, the CWB has served notice to the government that it will be challenging the order-in-council in court in an effort to get it rescinded. This is not a decision that the board of directors has taken lightly. However, under the circumstances, we felt we had no choice, given the potential consequences of not being able to intervene freely in the ongoing debate on farmers' future. We remain open to discussing this matter with the Minister instead of settling it in court and would accordingly welcome the opportunity to meet with him to further discuss the lifting of this directive.

The same applies to the removal of Adrian from his position as President and CEO. As we stated in the letter we sent to the Minister, the board of directors is extremely disappointed that it was not consulted on the matter of Adrian's appointment. The board has complete confidence in Adrian's abilities to lead the CWB. We followed a rigorous selection process when we first hired Adrian and, since that time, we have continued to closely assess his performance. Our opinion is that there is no one better suited and better placed than Adrian to lead the CWB. He has constantly demonstrated his ability to manage the business effectively and has brought his sound judgment to bear on many difficult issues. Both the CWB's foreign and domestic customers have come to highly respect Adrian and his strong leadership has built fruitful relationships in both these sectors.

We therefore wish to clearly state that the CWB's board of directors supports the retention of Adrian as president and CEO and we recommend to the Minister that he reconsider this action in consultation with the board.

Which brings me to my final point. All of my comments this morning can be summarized in one word: respect. I call upon the Minister to respect the fact that 10 of the 15 directors around the CWB's board table are elected by farmers. In five of the 10 districts where farmers are elected to sit on the board, votes are being counted as we speak. The results will be known late Sunday. When the new board has been constituted, I call upon the Minister to sit down with us – not just one or two of us, not just those of us who hold views which are close to the government's, but a cross-section of the representatives whom farmers themselves have elected – to begin an open, face-to-face dialogue on the future of the organization.

As a board, we have knowledge, we have experience, we have legitimacy and we deserve to be heard. Farmers have elected us for a reason. Our positions as board members have given us

unique insight into the grain industry and we are open to any and all suggestions that will genuinely improve the CWB and put more money into our pockets and the pockets of all of the other grain producers of Western Canada...

We are farmers and farmers, as you may know, are practical, common sense people. This is why farmers of all political stripes – blue, red, green and orange – support the CWB. So let's turn down the political heat on this issue. Let's have a face-to-face discussion about what system will best serve farmers' interests today and down the road.

The CWB can be shaped and molded and modified and enhanced. I know because I have seen it grow during the eight years that I have served as its chairman. I would like to say to the members of the Committee in closing that you have an important role in enabling us as farmer-elected directors to continue to improve this organization and to complete its transformation into the kind of marketing tool that we need for the 21st century and beyond. You can do so by passing along our concerns to the federal government and by encouraging the Minister to accept our overtures and begin the kind of open dialogue that is needed to move the Western Canadian grain industry forward.

Thank you.