



**Presentation by the Canadian Wheat Board (CWB)
to the House of Commons
Standing Committee on Agriculture and Agri-Food
June 13, 2006**

Mr. Chairman and Agriculture Committee members:

My name is Ken Ritter. I am a farmer from Kindersley, Saskatchewan and it has been my pleasure to serve as a farmer-elected board member and Chair of the CWB's board of directors since this new form of governance took effect in 1999. With me here today is Adrian Measner, the Chief Executive Officer of the CWB. Adrian is now in his second three-year mandate as CEO and he also sits on the CWB's board.

I wish to thank the Committee for providing us with the opportunity to appear before it today. I know that the Committee has a lot on its plate and it is reassuring to know that, among the many concerns it must address, there is appreciation for the significant role that the CWB has to play in the future of the grain industry, especially in Western Canada.

Mister Chairman, I intend to be as concise as my training both as a lawyer and a farmer will allow me to be.

In spite of the recent increase in commodity values, agriculture and grain production are in a state of crisis. Farmers are facing margins that stretch their reserves of equity, their resolve and their ingenuity.

Against this backdrop of economic hardship, what is the marketing system that will best serve farmers' needs in wheat and barley? There was a time when I, like the Conservative Party of Canada, would have answered the dual market. In other words, let farmers sell either through the CWB or direct into the private trade. Put in place a voluntary CWB – I would have said – because it will make the CWB more cost-efficient and it will give farmers more choice.

I would have said that eight years ago – but I wouldn't say that now. I have changed my mind about the CWB's role as a single desk seller for a variety of reasons that I would now like to share with the Members of the Committee.

First of all, I have seen evidence of higher returns on CWB sales compared to values bid by our competitors. At each board of directors' meeting, a binder is put at the directors' disposal. In that binder, records of the sales that the CWB has made are placed side-by-side with those of our chief rivals. This is valuable information. It enables me and the other farmer-elected directors to ascertain that the single desk is indeed being used to add value for Prairie grain producers. But it is also information that is commercially sensitive – both in terms of our relationship with our valued customers and our many competitors. This is why the binder stays in the board room and why we don't broadcast its contents. But let me state categorically: those records offer solid proof that the CWB is getting more for the grain it sells on behalf of Prairie farmers than what other sellers are getting. It doesn't achieve premiums in every market but in some, the premiums are quite large. I don't know of many farmers who can afford to leave those dollars on the table, especially not in today's farming environment.



As a farmer, this is my bottom-line: I want to know if I'm getting more because of the CWB or if it is working against me. I have seen the CWB earn significant premiums for me and the other wheat and barley farmers on the Prairies and I have understood that the major reason – apart from the courage and tenacity of the producers who grew the grain – is the single desk.

Secondly, I have seen evidence of another factor that is just as compelling as the first: consolidation in the grain industry. Everyone – from the grain companies to the railways to our competitors – they are all getting bigger and more powerful. In light of this, what should we do here in Western Canada? Clearly, we have to ramp up and keep pace with them. Otherwise, we will find ourselves shut out of markets, out-negotiated and stuck with an uncompetitive cost structure. What tool – other than the single desk – do we have at our disposal to get this done? There are none. Grain companies that at one time were farmer-owned and farmer-run have almost entirely disappeared from the Prairie landscape. Today's grain producers have more faith in the CWB to act in their interest than they do in multinational grain companies.

Both of these advantages – the ability to attract premiums and the strength to go toe-to-toe with the world class heavyweights in the grain industry – are predicated on the single desk. So the notion that you can have a “dual market” with a strong, effective CWB alongside the lack of restrictions that come with the open market is quite simply misguided. It can't work. The second the CWB is voluntary, the single desk disappears and with it, the benefits I have just outlined. The true choice that farmers face is between the CWB and an open market without a strong, effective CWB. Given those choices, the preference of farmers is overwhelmingly to retain the CWB and the single desk.

Lastly, I have seen how, as farmer-elected directors, we can push for changes to the single desk system which accommodate farmer choice and farmer freedom. The Producer Payment Options which we have put in place are major accomplishments in that they give the farmers who want it greater control over the pricing of their grain while maintaining the advantages of pooling and single desk pricing for all the others.

I know the term ‘dual market’ means different things to different people. I believe it arose from the days when the CWB was government-controlled, secretive and lacked both accountability and choice. But those days are gone. Grain producers can now have both market power and greater control over their own marketing choices. However, the CWB and farmers cannot have market power without a single desk, which in turn allows it to offer these exciting new choices. These kinds of changes take time – they take a lot of innovation and education but they bring with them the best of both worlds: the opportunities of the open market and the risk management and premiums that the CWB has always provided.

The alternative is not a ‘dual market.’ It is an open market where the CWB would be rendered ineffective and producers' only choice would be to sell to a handful of multinational grain companies who would then effectively control the marketing of all grain.

All of this is not to say that we are complacent at the CWB. As I stated, we have undertaken many changes in order to make the organization more efficient, more responsive and more flexible for farmers. We have a business strategy now for even greater and more dramatic



changes, within the existing framework, to further enhance returns to farmers and to place the CWB completely under farmer control.

I am fully aware that the Conservative Party of Canada has pledged to make marketing through the CWB voluntary and I can fully appreciate that the Government now feels obliged to deliver on its election promises. But on behalf of the many farmers in Western Canada who like myself have seen clear cut evidence of the need for a single desk approach to marketing wheat and barley, I call upon the Government to recognize that this issue is one where farmers should have the final say. It's our industry, it's our money and it's our future – it should be our decision. If there are to be significant structural changes to how they market their wheat and barley, those changes should be put to farmers in a plebiscite. This is an opinion held by the vast majority of Prairie grain producers. It is therefore the CWB's position as well and it is clearly the requirement outlined in *The CWB Act*.

Thank you.