

Senate Committee on Agriculture

Prepared statement by Allen Oberg, elected director for District 5 and Adrian Measner,
President and CEO, Canadian Wheat Board
December 12, 2006

Good evening Senators.

My name is Allen Oberg. I run a cattle and grain operation with my brother near Forestburg, Alberta. This past Sunday, I was re-elected for a second term to represent the farmers of north east Alberta and north west Saskatchewan on the CWB's board of directors. With me tonight is Adrian Measner who is the President and CEO of the CWB.

As I mentioned, I am recently off the campaign trail, having spent a good part of the fall personally speaking to somewhere between 200 and 300 farmers in my district about their concerns and their opinions.

I ran on a clearly stated platform of support for the CWB's single desk. The dominant issue, the issue that clearly distinguished me from the other candidates, was without a doubt, the single desk and ultimately the future of the organization.

I also know for a fact that this was not a situation that was unique to my district. Regardless of where candidates were running – whether it was in Southern Alberta, Northern Saskatchewan or Western Manitoba – the key topic that was on everybody's mind was the single desk.

So when you have four out of the five successful candidates elected on single desk platforms, not to mention that single-desk candidates received over 60 per cent of the popular vote, what does it mean?

It says to me that grain producers in Western Canada are sending a simple message. They are stating in the clearest terms that the single desk has broad support. They are stating that a majority of farmers prefer to sell their wheat and barley through a single agent. The Conservative government believes it has a mandate based on the federal election results—but clearly it doesn't. Farmers in Cypress Hills-Grasslands voted in the last federal election for David Anderson, Parliamentary Secretary to the Minister of Agriculture. But in that same geographical area—farmers in this recent CWB election, overwhelmingly voted for Larry Hill, a strong advocate of the single desk.

I will be taking the farmers' message into every meeting that I attend, every strategy session and into every discussion that I have with my colleagues on the board of directors. The other seven directors who like me were elected on a single desk platform will be doing the same. Therefore, the federal government needs to understand that any President and CEO who is put in place to work with our board is going to have to do everything in his or her power to uphold, protect, maintain and strengthen the marketing power of farmers. Refusal to do so will place that person directly at odds with the eight elected directors who support the single desk and with the majority of western Canadian farmers who have elected them.

At the CWB, we currently have a President and CEO in whom we believe and who has devoted all his efforts to serving the majority views of farmers. He has been a model of integrity, whose wisdom and counsel we appreciate and value.

This is not only an opinion held by the board of directors and the farmers of Western Canada. In the past weeks, a series of letters have flowed into our Winnipeg office with testimonials from our customers here in Canada and throughout the world. Let me take a moment to read a few quotes from some of the letters we have received:

- From Warburtons Limited, a miller in the U.K. “With our concern over the position of Adrian and the Board in general, we feel that we would ultimately be forced to look elsewhere in the world in order to confidently ensure a continued supply of high quality wheat into Warburtons.”
- From COFCO, our highly successful partner in China of 46 years and over eleven billion dollars of business: “We hope a consistent leadership at the CWB is retained for the sake of our mutual business interests.”
- And finally, from A.D. Plowman, vice-president at Agro-Hall Ltd. in Montreal: “Mr. Measner has always been a most distinct, important and valuable asset to the CWB, in all facets of its operations, from the individual farmer, right through to the final, ultimate consumer – and to everyone and everything in between.”

As a director, I must admit to having mixed emotions when I read these letters. On the one hand, I feel extremely proud that the President and CEO who I have supported is held in such high regard by the industry. On the other hand, I am very disappointed, both as a farmer and a director that we are about to lose Adrian to this unfortunate battle between the farmer-elected board of directors and the Government of Canada.

I am disappointed as a director because it is our responsibility as a board to provide good governance to the corporation and to ensure that it has the best possible leadership. But as a farmer, it deeply disturbs me that long-standing customers – both from the point of view of the quantities they buy and the premiums they are willing to pay – are about to start looking elsewhere for their grain because the government is playing politics with my grain marketing agent.

I cannot afford to lose customers for my crops, not good customers, not customers who are willing to take product year after year. Adrian’s dismissal as President and CEO is bound to put those sales in jeopardy.

The same can be said for the elimination of the single desk. But don’t take my word for it. Take the word of the customers I have quoted above. And take the word of Prima Ltd., a very important customer in South-East Asia that has bought over one million tonnes of wheat from Canada in the last 12 months. They also sent us a letter and it states: “We are more than happy to do business with the Canadian Wheat Board, despite our closer proximity to Australia. We have come to appreciate and value the single desk concept in Canada. We believe that with a single desk, as in the CWB, we will be able to cultivate and develop a special long-term relationship. This is important from a buyer’s perspective. The CWB understands our needs and at the same time, has the ability to provide all grades of Canadian wheat to meet our requirements.”

There have been many accusations that the CWB puts out propaganda just to save its own skin and that the whole debate is about the CWB and not about farmers. Well, the letters from which

I have been quoting and that will be tabled with you tonight clearly demonstrate that the elimination of the single desk and Adrian's firing will be all about the loss of farmer control, the loss of farmer power and the loss of farmer returns. Farmers are the ones who stand to lose and we are also the ones who accordingly should have the final say.

Thank you. Now Adrian Measner will make some comments

Thank you, Allen. I also wish to express my gratitude to the members of the Senate Committee for extending this invitation to the CWB.

The customers that Allen mentioned are people I have known and worked with for many, many years. I have built relationships with them one visit and one sale at a time. I have worked hard at this because I could see the importance of business partnerships built on trust, respect and integrity and because I could see how important such relationships are for the farmers of Western Canada.

Building such relationships was always a part of my job that provided me with a great deal of satisfaction.

So was improving the programs and services that we offer farmers. During my tenure as President and CEO, I worked closely with the board of directors and the staff to develop and offer services to farmers that enhanced their ability to manage their own price risk and their own deliveries. Farmers can now price off the commodity markets, off U.S. elevator prices and they can lock in their prices in advance. They also have more control over deliveries than ever before with programs like Guaranteed Delivery Contracts and the Delivery Exchange Contract that we are piloting this year in areas of Saskatchewan.

By focussing on these two priorities of improving services to farmers and strengthening customer relations, we were moving this industry forward. We were shifting the debate away from the old issues of ideology and politics and getting people to talk about how to further improve the system, how to streamline logistics, how to give farmers even more flexibility, how to support and enhance value-added opportunities for farmers.

Unfortunately, the momentum and the energy that we were channelling into these types of positive initiatives are currently being put at risk by the old arguments that have been brought back to life, as if none of the reforms of the past 10 years had actually taken place.

The government's view of the CWB is stuck in 1996.

Their CWB is still some kind of government agency with no farmer-elected directors and no farmer oversight of everything from sales to finances. They refuse to see that farmers now actually run the organization, that they can look at all sales. They refuse to see that farmers called in the Auditor-General of Canada, that they gave her the mandate to look at how the organization was run and that they acted on her recommendations.

They refuse to acknowledge that the farmers of Western Canada have the same rights as the farmers in Ontario and the farmers in Quebec. The farmers in Ontario, through their elected representatives on the Ontario Wheat Producers' Marketing Board, decided to eliminate their single desk system of marketing. Prairie farmers, through their elected directors like Allen can do the same. Grain producers in Quebec have recently voted to institute a single desk system for marketing their wheat. So, in fact, the only course of action that would actually discriminate

against the grain producers of Western Canada is if the government moved unilaterally, without the board's consent.

The current government also refuses to talk about the options that farmers now have, about the flexibility that it gives them to get spot prices, to lock in prices in advance, to get more of their money up front.

And lastly, they continue to perpetuate myths about value-added processing in Western Canada, as if it was true that we were lagging behind the Americans and the rest of the country. The opposite, in fact, is true. The policies that we have put in place and the fairness with which all processors are treated by the CWB have created an environment where value-added processing has experienced sustained growth.

The reform of 1998 which turned control of the organization over to the elected farmer directors was a major milestone in the CWB's history. They put in motion a renewal that was both necessary and positive. Rather than setting the clock back a decade or more, the grain producers of Western Canada want to build on this renewal. The grain producers want to pursue the enhancements that have been initiated under the leadership of the farmer-elected directors.

Thank you.