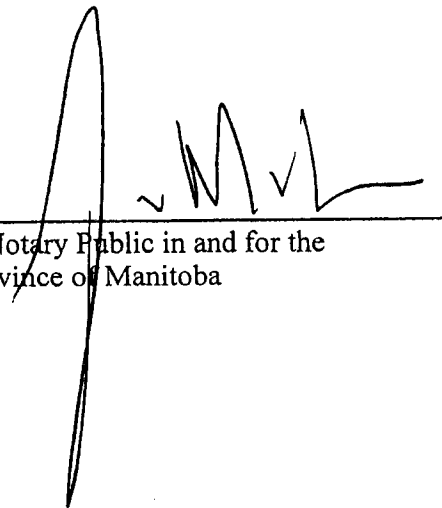


**THIS IS EXHIBIT "46"  
REFERRED TO IN THE  
AFFIDAVIT OF WARD P. WEISENSEL  
SWORN BEFORE ME  
THIS 19<sup>th</sup> DAY OF JUNE, 2007**



A Notary Public in and for the  
Province of Manitoba



The Canadian Wheat Board  
La Commission canadienne du blé

May 9, 2007

The Honourable Chuck Strahl, P.C., M.P.  
Minister of Agriculture and Agri-Food  
and Minister for the Canadian Wheat Board  
Agriculture and Agri-Food Canada  
Sir John Carling Building  
930 Carling Avenue  
Ottawa ON K1A 0C5

via facsimile: (613) 944-9272

Dear Minister Strahl:

Thank you for your letter of April 23<sup>rd</sup>. It is a very succinct statement of how your government intends to proceed regarding barley marketing. However, some of the fundamental issues underlying the CWB's opposition to how the government is moving ahead on its agenda are not addressed.

Let me attempt to outline our concerns.

First, as farmer-elected directors of the CWB, we are the legitimate representatives of farmers' views on the single desk and the ongoing viability of the CWB. Your letter speaks of the CWB's "corporate interests" as if they were separate and distinct from those of the farmers who elect us and pay the CWB's bills. The CWB has no corporate interests other than to maximize farmers' economic returns from the marketplace.

As directors, we have long had to deal with the fact that farmers want choice when it comes to marketing their wheat and barley. We have decided against an outright open market – allowing all farmers to sell their grain to whom they want when they want – because we are convinced that, over the long term, this will yield less choice, less competition and less negotiating clout than what farmers have today. Instead, we have decided to deliver on farmers' expressed wishes to have more marketing choice by proceeding carefully and strategically and in a fashion that adds options while maintaining the strengths of the CWB's single desk approach to marketing. That is why we have gradually introduced the Producer Payment Options (PPO) and why we have recently made changes to our policy towards producer-owned processing facilities.

If farmers do not approve of our approach to delivering marketing choice, they will elect someone else to take our place. That is the nature of the democratic process and that is, without a doubt, the intention of the *Canadian Wheat Board Act*. The manner in which your government is trying to bring about change goes against the process which is laid out in the *Act* and against the mandate that the majority of directors have received from the farmers in their respective districts.

Farmers have consistently, in election after election, voted for a majority of directors who are willing to implement change in a way that is measured, thoughtful and truly beneficial to themselves and future generations of farmers. This is not the kind of change that will be achieved by simply doing away with the single desk.

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Secondly, the uncertainty that is currently causing disruptions in the malting barley industry is real and serious. An attempt to lay the blame for that uncertainty at the feet of the CWB is contradicted by the fact that prior to the government embarking upon the process of eliminating the CWB's single desk, there was no uncertainty in the marketing of Prairie malting barley. We were doing our job of marketing barley in an orderly fashion and all industry players knew their role and the rules of the game. It is the government's decision to proceed with its marketing choice agenda in the absence of support from the elected directors of the CWB, of clear support from Parliament, of a clear and workable plan, in defiance of existing legislative processes and without regard to the commercial realities of the barley market that has caused uncertainty. The federal government must accept responsibility for the situation it has created and the farmers of Western Canada, through the CWB, cannot be held liable for the loss in revenue that the current lack of certainty is creating.

The suspension of the barley PPO and the CWB's inability to publish an ongoing pool return outlook (PRO) for the coming crop year are both cases in point. These can no longer be offered simply because the CWB no longer has the capacity to offer these much-valued tools to farmers. How can the CWB publish a predicted price for barley when it cannot know how much barley it will be handling? How can it offer PPOs when there is no price outlook and no other markets on which to price malting barley? It appears these consequences came as a surprise to the government. Just as the government has repeatedly stated that it wants to move towards a marketing choice environment, we have repeatedly stated that it will not be business as usual without the single desk.

Your letter states that a longer transition period would be an inappropriate remedy to "the lack of forward planning by others". Again, it is disturbing to see an attempt to lay fault at others' feet as no amount of "forward planning" could have prevented this situation. The CWB has a legal duty to act as the single desk selling agent for Prairie farmers. Domestic customers seeking to purchase Canadian malting barley must respect that. The CWB was obliged to continue negotiating contracts with maltsters for future sales of barley in accordance with market practices. Any other action would have crippled the domestic malting industry by cutting off its access to the barley it requires to meet its customers' needs. It would also have meant denying farmers access to markets for their barley. Quite aside from the legal obligations, it is important to note that at no point prior to the plebiscite results did the government indicate that August 1, 2007 would be the date when it would try to remove the single desk. In fact, the task force recommended a change in February 2008 at the earliest.

Your letter of April 23<sup>rd</sup> also suggests that the CWB and other market participants could have managed change in the marketplace by including appropriate provisions in contracts. Unfortunately, it is not reasonable for malting companies to sell their product to customers without any price certainty. A clause enabling the maltster to modify the price after the fact would have been necessary to eliminate the risk of a hasty or ill-informed change in the CWB's marketing mandate. That is hardly something that the maltsters' customers would have accepted. Effective change management in the marketplace – particularly in situations where supplies are contracted up to a year in advance - requires far more advance notice than what the government has given in the case of barley.

The prospect of impending regulatory change may well have some additional impact on deliveries by farmers this crop year. Beyond the resulting financial loss for our customers and



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possibly for farmers themselves through reduced pool returns, the practical impact of the government's position is to encourage farmers to renege on 2006-07 malting barley delivery contracts. It is imprudent for government to be indirectly promoting this kind of commercial behaviour with the rushed implementation of the proposed regulations. Imagine the outcry if producers of other crops were being encouraged in this manner to renege on their delivery contracts with grain companies.

One of the unfortunate consequences of these actions is a tarnishing of Canada's reputation as a sound place to invest and do business. The government has heard directly from malting companies that have invested in value-added processing in Canada that the proposed timeline is making business more difficult for them and will cause them to lose money. Farmers can ill afford the damage that this determination to proceed with an August 1, 2007 implementation date is wreaking on our brand image as a consistent, reliable supplier of quality malting barley and malt.

In summary, I agree with the letter's closing comment about the CWB and the government needing to work together to give producers the choices they really want. So far, we have not had the kind of face-to-face dialogue that would enable us to come to an agreement on what farmers are truly seeking. We must have that discussion.

Accordingly, I am reiterating the CWB's request for a delay in implementing this change to enable the courts to determine whether the process that the government has proposed is legal. In the meantime, given the primary importance of the legal issue, it would be helpful if the government could provide a detailed legal analysis supporting its position that these changes can be implemented by regulation. Under the circumstances, the CWB is in the impossible position of having to prepare for change as communicated by the government and at the same time could be facing a situation where the single desk is retained if the process is overturned through a legal challenge.

The CWB's board of directors has a duty to ensure that the financial interests of western Canadian wheat and barley producers are protected and advanced. We will therefore continue to support measures that give grain producers more choice, more freedom, more options and more money over those that take power and influence out of farmers' hands.

Sincerely,

Ken Ritter  
Chair, board of directors

KR/ag/ljs  
POC1786-CH

c: Yaprak Baltacioglu, Deputy Minister, Department of Agriculture and Agri-Food,  
Fax: (613) 759-1040