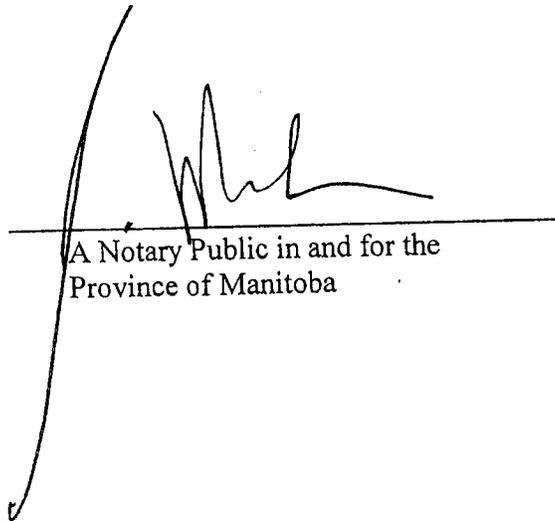


**THIS IS EXHIBIT "15"
REFERRED TO IN THE
AFFIDAVIT OF WARD P. WEISENSEL
SWORN BEFORE ME
THIS 19th DAY OF JUNE, 2007**



A Notary Public in and for the
Province of Manitoba

Agriculture and Agri-Food Canada

October 7, 1996

Policy Statement

Changes in Western Grain Marketing

On Friday, October 4th, the Minister of Agriculture and Agri-Food Canada, the Honourable Ralph Goodale, outlined in remarks delivered in Regina the general direction being taken by the Government of Canada in responding to the differing views among western grain producers about the system for marketing their wheat and barley.

The Minister indicated that legislation about grain marketing changes is now being drafted for enactment during the current session of Parliament.

The government's policy objective is to build upon the proven strengths of our existing marketing system while, at the same time, modernizing the governance structure of the Canadian Wheat Board, enhancing its accountability, improving responsiveness to changing producer needs and opportunities, providing more flexibility and faster cash-flows through CWB operations, and minimizing future complications in international trade.

Many of the government's changes will empower farmers with a bigger and more direct say in how their marketing system works.

Established under federal legislation, the Canadian Wheat Board currently serves more than 110,000 Prairie farmers as a single-desk marketer for wheat, durum and barley for export and for domestic human consumption. Its annual sales revenues are close to \$5 billion, making the Board one of Canada's most significant business enterprises. It is the country's fifth-largest exporter and Canada's biggest net earner of foreign exchange.

Doing business in more than 70 countries world-wide, the Canadian Wheat Board has earned a positive reputation in the eyes of its global customers.

The changes to be made fall into three broad categories.

Category #1 – changes related to CWB structure, governance and accountability.

The overall governance of the CWB will be placed in the hands of a board of directors including a majority of farmers. To facilitate a prompt and smooth transition to the new structure, a full set of interim directors will be appointed by the Government of Canada in 1997. Real or perceived conflicts-of-interest will be avoided in the selection process. The producer-director majority will be replaced by directors elected by farmers beginning in 1998. One of the principal tasks of the interim directors will be to oversee the orderly adjustment of the CWB's management system to one which is accountable to a board of directors.

The existing CWB Producer Advisory Committee will continue in place until the election of producer-directors is well underway, and in any event until the conclusion of their current mandate in 1998.

The election of directors will transform the CWB from being a "Crown Corporation" to being a "Mixed Enterprise" within the established definitions of federal agencies. The Government of Canada would, however, continue to guarantee the Board's annual August 1st initial payments, its credit sales program and its annual operational borrowings.

Category #2 – changes related to more flexible operations and improved cash-flow.

Enabling legislation will make it possible for the Canadian Wheat Board:

- * to make cash purchases of wheat and barley;
- * to manage adjustment payments during any crop year on an expedited basis;
- * to terminate pool accounts at any time and to pay-out farmers' returns as rapidly as possible thereafter;
- * to issue negotiable producer certificates;
- * to fully utilize modern risk management tools in dealing both with farmers and customers;
- * to defray farmers' grain storage and/or carrying costs;
- * to allow farmer deliveries to condo grain storage facilities; and
- * to acquire grain using new technology such as on-farm "mobile elevators."

These new flexibilities will help put more money from CWB operations into the hands of farmers more quickly. To facilitate the first two of the above-noted measures in particular, the CWB will be authorized to establish the appropriate contingency funds within its financial structure to serve as a capital backstop.

(A further description of these new flexibilities is provided in an attached background.)

Category #3 – changes related to the CWB's marketing mandate and the empowerment of farmers. The proposed legislation will not alter the Board's existing mandate, but more decision-making about the Board's jurisdiction will be placed in the hands of farmers themselves.

The proposed legislation will provide for future mandate changes contingent upon the formal considered advice of the CWB board of directors and, if a quality control issue is involved, the formal certification by the Canadian Grain Commission that a change can in fact be made without jeopardizing the world-renowned Canadian reputation for high quality, consistency and dependability. If the CWB directors consider any proposed change to be significant or fundamental, a producer vote would be a prerequisite before implementation.

Specifically on the most contentious issue of barley marketing, the Government of Canada will proceed this winter with a vote among farmers to determine their precise marketing preferences. They will be asked a clear-cut question about whether they wish to put all barley (both feed and malting) onto the completely open market for all sales **OR** would they prefer to retain the current system through which the CWB (as modernized by the changes the government is making) remains the single-desk seller for all barley exports and domestic barley sales for human consumption.

This grain marketing policy package was arrived at following the most extensive consultations in the history of the western grains industry. All producers have had the opportunity to let their views be known, and literally thousands have done so. While no set of proposals could possibly satisfy all sides in what is often a sharply polarized debate among farmers, the government's approach is aimed at meeting the reasonable expectations of a majority of western grain producers.

(See backgrounders)

BACKGROUND – CWB STRENGTHS

In Canada, today, we produce about seven per cent of the world's total supply of wheat and barley. In our own eyes, we are "big" producers, but globally we're relatively "small" on the production side of the equation. But our marketing system has captured for Canada more than 20 per cent of world markets. In other words, our market share is about three times larger than our share of production.

Three eminent academics -- Dr. Daryl Kraft, Dr. Hartley Furtan and Dr. Ed Tyrchniewicz -- have confirmed a substantial cost/price benefit to western wheat producers from the operations of the existing marketing system for wheat. While contrary academic studies have also been generated, the KFT evaluation (which is based upon actual CWB sales data) is reputable and has not been substantively refuted.

As set out on page 52 in the report of the Western Grain Marketing Panel, Canada's existing marketing system produces results which rank first in the world, in the eyes of our customers, for such characteristics as intrinsic quality, cleanliness, consistency, technical support, long-term dependability and customer services. Canada ties with Australia on efficiency of contract execution. Significantly -- from the point of view of world buyers -- Canada trails the United States and other countries on issues related to pricing. In other words, we are viewed as high-price sellers. While the Americans in particular tend toward lower prices, sometimes undercutting the market (especially when they use subsidies), Canada seeks premium prices to maximize market returns to producers.

(See extract from Western Grain Marketing Panel Report, July 1996, attached).

BACKGROUNDER -- OPERATIONAL FLEXIBILITY

The Government of Canada is advancing amendments to the Canadian Wheat Board Act giving the CWB the flexibility necessary to provide farmers with more options and better service.

Payments for carrying costs and superior delivery performance

The CWB will be able to offer storage and/or interest payments on farm-stored grain to encourage producers to sign delivery contracts early in the crop year. The CWB will also be authorized to pay bonuses for good delivery performance by farmers.

Payment for carrying costs would also reflect staggered delivery opportunities for individual growers, and result in fairer prices to farmers. At the same time, payment of carrying costs will reduce the need for the CWB to draw grain evenly from across the Prairies during the crop year, and help in logistical planning. Greater logistical efficiency results in higher net returns for farmers.

Pool account termination and prompt payments to farmers

The CWB Act prevents the CWB from issuing "final" payments to farmers prior to January 1, roughly five months after the end of the crop year. CWB pools are sometimes closed as early as August 31 and usually no later than November. The CWB is typically in a position to issue final payments before January 1 and under the proposed amendments will be allowed to do so.

At present, CWB pools remain open for a full year coinciding with the August/July crop year. The proposed amendments will give the CWB the ability to close pools on short notice during the crop year and establish a second pool for the balance of the crop year.

Negotiable producer certificates

Producer certificates, which entitle the holder to receive adjustment, interim, or final payments on grain delivered to the CWB, are currently not negotiable or transferable. Making producer certificates negotiable will allow farmers an additional element of flexibility regarding how and when they receive payment for grain delivered to the CWB. Specifically, the CWB will be allowed to establish a program that would provide farmers with a mechanism to trade their producer certificates at mutually agreeable terms.

Cash purchases of wheat and barley

The CWB is currently limited to purchasing grain from farmers at the initial payment, and subsequently issuing adjustment, interim and final payments. Under the amendments, the CWB will be allowed to buy grain on a "cash" basis from farmers and/or the grain trade.

This authority will provide the CWB more flexibility in acquiring grain by allowing it to buy grain at prices that represent one-time settlement and/or forward contract with producers.

When used to complement pooling operations, cash trading will reduce delivery uncertainty and increase pool returns by, for example, reducing demurrage costs, facilitating additional sales at attractive prices, and by improving the overall efficiency of the CWB sales program. Delivery uncertainty contributes to demurrage costs and can also result in forgoing sales at attractive prices. With this authority, the CWB will be able to bid varying prices for grain, thereby securing supplies more effectively and improving the efficiency of its sales program and returns to farmers.

Elimination of Governor-in-Council approval of adjustments to initial prices

The federal government currently guarantees CWB initial payments, adjustments to initial payments made during the crop year and interim payments made following the end of the crop year. The current requirement that all such payments be approved by the Governor in Council hinders the speed with which the CWB can adjust prices during the crop year.

In order to allow the CWB to operate in a more business-like manner and to adjust payments to producers more quickly, the current system of government guarantees and approvals will be amended to apply only to the initial payment established at the start of each crop year. In the future, the CWB will be authorized to make all subsequent adjustments and issue related payments to farmers at its discretion.

It is noteworthy that in the CWB's 61-year history, it has never incurred a deficit on an *adjusted* initial payment. The few deficits that have occurred in the CWB's history have all been relative to the initial price established at the start of the crop year.

The CWB will be authorized to establish the appropriate contingency funds to guarantee adjustment payments to farmers and to back cash trading operations. Options for building up such funds include allocating to a separate account CWB profits on lending operations and a checkoff on producer sales.

Deliveries to farmer-owned condo storage

The Act currently requires that all grain delivered to an elevator facility must not exceed the quotas for that grain established by the CWB. The switch to CWB delivery contracts and the establishment of condo storage facilities have rendered the Act out of date in this area, and a change is required to clarify the criteria for and operations of condo grain storage facilities. As it is unnecessary for the CWB to be involved in monitoring or approving the flow of grain to condo facilities, this change will formalize open access by farmers to condo facilities.

CWB on-farm purchases

This amendment represents a minor change in the technical requirements for buying grain from farmers. The CWB is currently limited to buying grain delivered to an elevator or a rail car. This amendment will treat wheat and barley the same as other grains and oilseeds, which can currently be bought on farm using "mobile elevators," i.e. trucks with scales. It responds to the use of new technology that has created the trend toward picking up grain in farmers' yards.

BACKGROUNDER – DUAL MARKETING

It is important to appreciate the reasons why some farmers call for "dual marketing", or in other words, the "freedom" to sell their wheat or barley either through the Canadian Wheat Board or on the open market.

For many farmers, the decade between the early 1980's and the early 1990's was extremely difficult. Year after year of drought and other weather problems. Severe grasshopper infestations. Other pests. Heavy debt loads. High interest rates. And poor markets, grossly distorted by the export subsidies of both the Europeans and the United States.

A lot of farmers were squarely behind the 8-ball. They tried to diversify into better paying crops. And they looked anxiously across the U.S. border at what appeared from time to time to be better wheat and barley prices on the American spot market. The U.S. subsidy system (particularly its Export Enhancement Program – EEP) not only drove down grain prices overseas, it also caused the U.S. domestic market to run short on its own supplies and artificially inflated local U.S. prices. Cash-strapped Canadian producers naturally wanted access to those prices.

In reality, those better U.S. prices were, in fact, being captured through CWB sales into the American market. But, by definition, within the Board's price pooling system, those higher returns on CWB sales into the U.S. market got averaged across all Board sales in all markets (including those overseas where prices were depressed because of the U.S. EEP), and individual producers could not see the benefit directly. The average or pooled price will always be lower than the high-end of the spot market.

Thus arose the demand from some to be able to market individually – to circumvent pooling and capture by themselves and for themselves the full benefit of American spot prices.

As the debate has evolved, it has – for some – become a matter of ideology. It is expressed in terms of each individual's marketing "freedom".

It is well understood that an outright argument to completely eliminate the Canadian Wheat Board would not be accepted by the vast majority of farmers. Only a minuscule percentage of prairie producers would support that drastic idea.

So the "freedom" argument is structured around the notion of "dual marketing" – yes, keep the CWB, but make it purely voluntary. Those who still want it, can have it!

But can they? That's the crux of the issue. It is simply not accurate to suggest that two quite opposite marketing systems (price pooling vs open marketing) can co-exist simultaneously without the one undermining the other. It is not accurate to assume that the Canadian Wheat Board could just carry on unaffected – for those who want to use it voluntarily from time to time.

The Board would be profoundly affected. It would be diminished.

First, a practical problem. If the CWB were voluntary, it would be called upon to operate in competition with private grain companies, but it has no grain collection facilities – no elevators, no terminals. The Board would be in the position of "just another grain company", but without any rural infrastructure.

Its pooled price would be lower overall, to the extent that the highest U.S. prices were collected on an individual basis outside the pooling system. The price pool would be smaller and diluted.

At times when U.S. spot prices were moving up, the CWB's pooled price would appear relatively unattractive. The Board would not be able to draw in deliveries and it could not offer its global customers any assurances about security of supply. Canada's reputation as a reliable world supplier would thus be jeopardized.

When U.S. spot prices were falling, the CWB could be unexpectedly inundated with grain. Sudden surges like that would put in question the viability of initial payment guarantees. Government guarantees would become untenable.

With multiple sellers marketing grain, Canada's renowned ability to guarantee quality and consistency would be put at risk. Western farmers produce the best quality grain in the world. Our marketing system now helps to ensure that it gets sold as such. In a free-for-all, Canadian quality and consistency could not be counted on.

Further, if the big issue for those who advocate dual marketing is really how to cash in on American spot prices when they're really hot, how big and how available is that U.S. market over time? Over the long term, we can sell about 2.5 or 3 million tonnes per year across the border. By comparison, we produce more than 10 times that volume – most of it for export. By how much should we compromise our global effectiveness in order to position ourselves just for the U.S. market?

Dual marketers would argue that none of this really matters. Complete marketing freedom is the only important thing and never mind the consequences.

All in all, "freedom" is very much in the eye of the beholder. One farmer's freedom is another farmer's straight-jacket, and vice versa. And therein lies the policy dilemma in

grappling with grain marketing issues.

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For access problems contact: Rich Parent at (613)-759-7920, or parentr@em.agr.ca

Rating of grain exporters by importers

	Argentina	Australia	Canada	EU	U.S.
Price	4.0	3.7	3.6	3.9	4.3
Forward pricing	3.6	3.3	4.1	3.6	4.5
Government credit	2.8	2.0	3.1	1.8	3.7
Intrinsic quality	3.2	4.3	4.5	3.3	3.6
Cleanliness	3.0	4.4	4.5	3.6	3.2
Consistency	2.8	4.4	4.6	3.5	4.1
Technical support	1.9	3.8	4.3	2.2	3.5
Trade agreements	3.1	2.9	2.7	2.5	2.6
Dependability	2.9	3.5	3.9	3.0	3.6
Contract execution	3.4	4.3	4.3	3.8	4.0
Customer service	2.4	4.1	4.2	3.3	3.7

1. Importers rating on scale of 1 to 5
2. Reference Western Grain Marketing Panel, page 52

News Release

For immediate release

LEGISLATION TABLED TO AMEND CANADIAN WHEAT BOARD ACT

OTTAWA, December 3, 1996 — The Government of Canada today introduced its promised legislation to change and improve the system for marketing Western Canadian wheat and barley.

Amendments to the Canadian Wheat Board (CWB) Act will build upon the CWB's existing strengths, while modernizing its governance structure and enhancing its accountability to farmers. The legislation will also make the Board's operations more flexible, speed up cash-flows to farmers and empower farmers with more decision-making authority about the CWB's marketing jurisdiction.

"The clearest and strongest recommendation for change which we received from the Western Grain Marketing Panel and from farmers generally, was in relation to accountability — that is, placing the overall governance of the CWB in the hands of a board of directors, with a producer-majority, to whom the CWB would be accountable," said Agriculture and Agri-Food Minister Ralph Goodale.

"This forms the cornerstone of our amendments which we hope to have enacted well in advance of the 1997-98 crop year."

The government plans to appoint an interim board of directors in 1997, with the producer-majority being ultimately replaced by directors elected by farmers beginning in 1998.

With respect to operational flexibilities, legislative changes will provide the CWB with the flexibility to make cash purchases, expedite adjustment payments, terminate pool accounts at any time and make early payouts to farmers, issue negotiable producer certificates, fully utilize modern risk management tools, defray farmers' storage/carrying costs, facilitate deliveries to condo grain storage facilities and use on-farm mobile elevators to receive deliveries.

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QUESTIONS AND ANSWERS -- GENERAL

Changes to the Act

Q1. How are the changes in this bill good for farmers?

A1. The proposed amendments to the Canadian Wheat Board Act will contribute to a stronger, more effective CWB. They will allow the CWB to offer farmers more options in terms of the pricing and timing of payment for their grain, and provide it with greater flexibility in the way it acquires grain. At the same time, the amendments leave intact the basic principles of single-desk selling, price pooling and an effective partnership with the Government of Canada. In addition, the establishment of a board of directors will provide farmers with a direct role in shaping the operations and direction of the corporation.

Q2. Will these changes address the concerns of farmers asking for more choice in grain marketing?

A2. The tools provided to the CWB will enable it to provide additional options to farmers, such as cash settlement, negotiable producer certificates, and forward contracts, while maintaining the integrity of pooling and single-desk selling. However, as it is not possible to operate a single-desk system and an open market simultaneously, there are limits to the amount of choice that can be granted. In the case of barley, farmers are being given the choice between the present system and the open market.

Q3. Is the Government of Canada backing away from its commitment to farmers?

A3. No, the Government is fully committed to Canadian farmers and to rural Canada. It is enacting these changes so the CWB can be a more flexible, more effective marketing organization that is better able to serve farmers. The Government will continue to guarantee CWB borrowings and the CWB initial payment as established at the start of the crop year. As well, the Credit Grain Sales Program and other credit programs remain available to the CWB.

Western Grain Marketing Panel Recommendations

Q4. How do these changes compare with the recommendations of the Western Grain Marketing Panel?

A4. This package reflects the essence of the Panel's recommendations on CWB governance and operational flexibility. In addition, the bill establishes the criteria and general process for making changes to the CWB marketing mandate. Doing so before appropriate quality-control safeguards are in place would threaten the integrity of exports of registered wheat varieties by, for example, misrepresentation of unregistered wheat varieties as registered, and vice-versa. The legislative authority to alter the CWB marketing mandate would only

of consistently high-quality wheat, and would run counter to the desire for a marketing system that is customer driven and maintains or enhances Canada's reputation for consistently high quality.

Q9. Could organically grown wheat be exempt from the CWB monopoly in future?

A9. The proposed amendments provide for this type of change to be made by Order in Council. Whether the provisions in the bill will eventually be applied to organic wheat will depend on the CWB board of directors. In addition, the Canadian Grain Commission would have to approve a system to prevent co-mingling of excluded and CWB grain.

Q10. How is the Government responding to the WGMP recommendations on grain transportation?

A10. The Government intends to implement the Panel's recommendation to take fully into consideration the situation of farmers captive to one railway when the grain provisions of the *Canada Transportation Act* are reviewed in 1999.

Q11. What is the Government doing about the WGMP recommendation to change some of the cost-recovery policies at the Canadian Grain Commission (CGC)?

A11. The Government's current fiscal situation would make it difficult to retreat from current cost-recovery practices. Moreover, it would seem contradictory to be moving away from cost recovery for the CGC while moving toward it in other areas of agriculture and agri-food inspection. The Panel also made recommendations regarding the reduction of duplication, and this area will be further examined before an increased appropriation is considered.

Q12. How many farmers commented to the Minister on the WGMP recommendations?

A12. Minister Goodale received more than 12,000 letters from farmers over the summer. The feedback was resoundingly – nearly 90% – in favour of a strong single-desk seller for wheat and barley, with a continued strong emphasis on pooling. A small minority of those who responded – about 10% – were in favour of a dual market.

CWB Governance

Q13. How will farmers have more say under the new system of CWB governance?

A13. The board of directors will be comprised mainly of farmers. A board consisting mainly of grain producers should be in a very good position to understand and reflect farmers' views and requirements on operational and marketing policy issues.

Q14. How will board members be selected?

A14. The first board will be appointed by the Minister and the bill provides for future directors to be elected directly by farmers. Regulations for the election of board members will be made by the federal government.

Dual Marketing

Q21. Why don't producers get a say on wheat marketing?

A21. The CWB markets only a fraction of the barley produced in Western Canada, but nearly all of the wheat, which is subsequently exported. The substantial net benefits to farmers of CWB marketing of wheat are well documented, most recently by a study released earlier this year by three agricultural economists in Western Canada (Drs. Kraft, Furtan, and Tyrchniewicz) and there is a general consensus among farmers regarding the benefits of a single-desk marketer for wheat. The case for barley is complicated by the substantial quantity – over 80 per cent of production in the case of feed barley – that is used domestically and marketed outside the CWB system. This and other factors warrant a poll of farmers on their choice of marketing systems.

Q22. Why not offer farmers the prospect of "dual marketing"?

A22. On the surface, this is an attractive idea. It implies having the best of both worlds – the CWB single-desk system with price pooling, side by side with the fully open market. Accordingly, the dual marketing concept is often described as a "win-win" situation for everybody, with no downside. Farmers who want more freedom would have it, and the CWB would carry on as before, unaffected and unimpaired for those who want to use it voluntarily – or so the argument goes.

But realistically, it is far from clear that two quite opposite marketing systems can, in fact, co-exist simultaneously without one undermining the other. With dual marketing, the CWB would most definitely be affected. Its global reach and marketing clout would be reduced. Its price pools would be smaller overall and likely diluted. Since deliveries through the CWB would be less certain, its long-established reputation as a reliable world supplier would be jeopardized. Canada's strong reputation for quality and consistency, cargo after cargo, could not be assured, and uncertainty about supply and quality and about customer service and loyalty – not to mention pressure from domestic competitors – could render initial price guarantees untenable.

CWB Operations

Q23. Which of the flexible pricing tools do you expect will be used most by the CWB?

A23. The amendments in this area were granted because they are relevant to the operations of the CWB. It will be largely up to the new board of directors to determine how they can best be used to the advantage of Prairie farmers. These types of questions will rightfully and effectively be addressed by farmers via a revised CWB governance, which is intended to provide them with a greater voice in the policies and operations of their marketing organization.

COMING INTO FORCE OF VARIOUS SECTIONS OF THE BILL

Most of the provisions in the Bill amending the *Canadian Wheat Board Act* are expected to come into force on or before the start of the next crop year on August 1, 1997. There are, however, several major provisions of the bill that are expected to come into force at three later dates. These three dates are:

1. The date the first elected director takes office (in section 3.8 of the bill);
2. The date the Minister determines that the CWB contingency fund is sufficient to guarantee adjustments to the initial payment (in section 6(3) of the bill); and
3. The date the Minister recommends that the CWB Advisory Committee be terminated.

The specific provisions that come into force at each of the above dates are outlined in section 32 of the bill, and for greater clarity, are delineated below.

Section 32(1)

Subject to the other parts of section 32, this paragraph provides for the various provisions of the bill to come into force on a day or days to be fixed by the Governor in Council.

Section 32(2)

The date the first elected director takes office

This date, referred to in section 3.8 of the bill, brings into force:

Section 4 - eliminates the corporation's status as a Crown corporation and as an agent of Her Majesty, and specifies the respective liabilities of the government and the corporation relative to this date.

Paragraphs 6(1)(c) and (c.01) of the CWB Act as amended by section 6 of the bill - establishes an explicit link between section 6 (powers of the corporation) and section 19 (details of the federal government guarantee of CWB borrowings) of the CWB Act.

Section 11 - provides an explicit guarantee of borrowings for the corporation.

Section 24 - requires the corporation to adhere to the North American Free Trade Agreement (this is implicit for all Crown corporations and is necessary when the corporation ceases to be one).

Section 32(5)

States that the provisions of the CWB Act that authorize the corporation to issue remuneration to the Commissioners and the Advisory Committee must not be repealed before both the Commissioners and the Advisory Committee have been terminated.

Section 32(6)

States that the provisions of the CWB Act that authorize the corporation to issue remuneration to directors must come into force at the same time as the board of directors is established.

Section 32(7)

States that section 18(3) of the bill, which repeals the corporation's authority to pay for the cost of Advisory Committee elections, shall come into force at the same time as section 32(4).

CHRONOLOGY OF CONSULTATION

1. In July 1995, the Honourable Ralph Goodale, Minister of Agriculture and Agri-Food established the Western Grain Marketing Panel (WGMP) to conduct a comprehensive examination of western grain marketing issues. The Panel conducted a series of informational and consultative activities listed below.
 - a. A factual brochure on the grain marketing system which was distributed to over 200,000 farmers, organizations, and industry representatives in December 1995.
 - b. A series of 15 town hall meetings which were held across the Prairies in early 1996 to provide farmers and other individuals with the opportunity to express their views about the current marketing system and what changes they would like to see in the future.
 - c. Twelve days of public hearings held in Winnipeg, Edmonton and Regina during March and April 1996 to provide individuals and organizations the opportunity to present formal views on grain marketing to the Panel. In all, the Panel heard 69 briefs.
 - d. The Panel received and reviewed 78 written submissions from individuals and organizations who did not make presentations to the public hearings.
 - e. The Panel commissioned a total of six major reports from outside consultants.

In July 1996, the WGMP completed its report and submitted it to the Minister of Agriculture and Agri-Food. The report was released to the public on July 9, 1996.

2. Since July 1996, the Minister of Agriculture and Agri-Food Canada has received over 12,000 letters, most from farmers, on the subject of western grain marketing.
3. Numerous interdepartmental meetings and discussions were held to hear and incorporate the views and recommendations of federal government officials.
4. On October 4, 1996 the Minister announced the Government's policy direction regarding western grain marketing, including specific initiatives relating to wheat and barley. On October 7, 1996, the Department released a Policy Statement on western grain marketing that stated the direction in which the government is proceeding.

Minister responsible for the Canadian Wheat Board

News Release

for immediate release

LEGISLATION NOW BEFORE PARLIAMENT TO CHANGE CANADIAN WHEAT BOARD

OTTAWA, September 25, 1997 – Ralph Goodale, Minister responsible for the Canadian Wheat Board, today introduced legislation in the House of Commons to amend the *Canadian Wheat Board Act*.

Based upon many months of consultations with farmers, including the serious work done by the Standing Committee on Agriculture in the last Parliament and public hearings across the Prairies, this proposed new law embodies the biggest changes in western grain marketing in more than half a century.

ACCOUNTABILITY

Throughout its history, the Canadian Wheat Board (CWB) has been governed by a small group of "Commissioners", appointed by the Government of Canada (without any required consultation) and legally responsible only to the government.

But in today's dynamic and changing marketplace, producers have made it clear that they want the CWB to be more accountable to them, and the Government of Canada agrees.

Under the new law, for the first time, the CWB will be run by a Board of Directors. There will be 15 directors in total, and two-thirds of them (10 directors) will be elected directly by Prairie farmers. They will take office at the earliest possible date in 1998, once the new law is passed by Parliament.

All the powers of the CWB will be in the hands of its directors. And because two-thirds of them will be elected, they will be directly accountable to producers for how they manage the CWB's business.

In addition to their power to run the affairs of the CWB, the directors will have the specific authority to select their own chairperson; to set the salaries of the directors, the chairperson and the president; to review the performance of the president and to recommend his/her dismissal, if necessary.

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To ensure farmers are getting value for their money, the directors will be legally entitled to receive full disclosure of all facts and figures about the CWB's operations, including (but not limited to) audited financial statements. They will be able to examine the prices at which grain is sold, the price premiums achieved, all operating costs, and whether the CWB is truly efficient.

Through its elected directors, the CWB will gain the expertise of real producers. If the directors are not satisfied with how the CWB deals with farmers or its sales strategy or the way it does business, they can make the necessary changes.

The new law will require the directors and officers of the CWB to act honestly and in good faith, exercising all reasonable care, diligence and skill. And if they fail in that duty, they will be exposed to legal liability.

Despite these structural changes, the Government of Canada will continue to provide the CWB with financial guarantees. They will cover not only the initial payments set at the beginning of each pooling period and the CWB's credit sales program, but also all of its general borrowings.

Since the CWB is a multi-billion dollar enterprise, the amount outstanding under these guarantees is often very large.

For this reason, there is a continuing need for the government to have a "window" on the CWB -- in addition to the new accountability directly to farmers. Such a window is also necessary because any Canadian exporter of wheat or barley (whether on the Prairies or elsewhere) requires a CWB export permit.

This safeguarding of the public interest will be achieved by the government appointing a minority of the directors (five in total, including the president).

All of the directors, whether elected (10) or appointed (5), will have the same powers, duties and functions. But farmers will hold a two-thirds majority.

FARMERS CONTROL CWB MANDATE

The new law will put farmers in the driver's seat when it comes to any future changes in what the CWB can market.

If farmers want to remove some type of grain from the CWB's current single-desk system, that can be done -- subject to three conditions:

- (1) The directors must recommend it;
- (2) The Canadian Grain Commission must approve an "identity preservation" system to protect quality standards; and
- (3) If the proposed "exclusion" is significant, there must be a vote among farmers to approve it.

FILE COPY

GOODALE RESPONDS TO QUESTIONS ABOUT BILL C-4

REGINA, Jan. 26, 1998 – The Minister responsible for the Canadian Wheat Board, Ralph Goodale, today released a set of questions and answers about the government's Bill C-4, the proposed new law to change the Canadian Wheat Board.

Goodale said, "When this Bill was first tabled in the House of Commons last September, I wrote to over 100,000 Prairie farmers with a summary of what is being proposed and to publicize how producers could get more detailed information – by direct mail, e-mail, fax or over the Internet."

"Since that time, we have received about 150 spontaneous inquiries. We identified the most frequently asked questions and provided straight factual answers. These are now available for public distribution which may help increase awareness of what Bill C-4 does and does not do."

In the Parliamentary process, this legislation is now at "Report Stage" (the second last debating stage) in the House of Commons, following a detailed study conducted by the House Standing Committee on Agriculture and Agri-Food before Christmas. Debate will resume when the Commons comes back into session in February.

A copy of the Questions and Answers about Bill C-4 is attached.

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Changing the Canadian Wheat Board

Following are answers to some of the most frequent questions about the proposed new law (now before Parliament) to change the Canadian Wheat Board.

1. Will the CWB become more accountable to farmers?

Yes. For the first time in its history, the CWB will be run by a Board of Directors. There will be 15 directors in total, and farmers will take control over their marketing agency by directly electing 10 of those directors (a two-thirds majority).

The elected directors will reflect the views of farmers in CWB decision-making. They will be expected to demonstrate accountability to producers. Ultimately, if producers are not satisfied with what the CWB is doing, they can change directors in subsequent elections.

2. Will the directors have real power?

Yes. As in any modern-day corporation, all of the powers of the CWB will be placed in the hands of its directors. They will carry a heavy load of responsibility, being in charge of a \$6 billion enterprise.

The directors will select one of their own to be Chairperson. They will determine the salaries of the directors, the Chair and the President. They will oversee the CWB's management and control its strategic direction.

If the directors are not satisfied with any aspect of CWB operations, they will be able to make the necessary changes, including the introduction of flexible new marketing tools such as cash trading, expedited adjustment payments and early pool cash-outs.

3. Will the directors have complete access to all CWB information?

Yes. All directors will be entitled to complete disclosure of all CWB facts and figures, including (but not limited to) fully audited financial statements. They will be able to examine the prices at which grain is sold, the price premiums achieved, all operating costs and whether the CWB is running efficiently. With their full knowledge of the CWB and its global competition, the directors would be in the best position to assess what information should be made public and what, for commercial reasons, should remain confidential.

4. *Is the CWB subject to a full audit, like any private sector company?*

Yes. The CWB's duly-appointed external auditor - chosen from the private sector - is the well respected accounting firm of Deloitte & Touche. Fully audited financial statements appear in every CWB annual report.

Additionally, under the new law, the producer-controlled Board of Directors will have the power to create their own internal Audit Committee (just like any private sector company).

5. *Is it necessary for the government to appoint some directors and the President?*

Yes. There are two reasons for this. First, Canadian taxpayers backstop the CWB with financial guarantees totalling as much as \$6 billion annually - covering not only initial payments and credit sales, but also (unlike any other marketing agency) the CWB's general borrowings. Secondly, the CWB is responsible for issuing all wheat and barley export licences for all of Canada, not just the Prairies.

The appointed directors will have no special status or powers. They will be selected to bring additional expertise to the Board of Directors which might not otherwise be available internally. Such appointments are quite common in both the public and the private sectors. Ultimately, the appointed directors will be in a minority position, with Prairie farmers controlling a two-thirds elected majority on the Board of Directors.

6. *Can the CWB's directors effectively demonstrate their disapproval of a President?*

Yes. The government can appoint a President only after it has consulted with the directors. Once the President is appointed, the directors have the power to review his/her performance and to recommend dismissal. The directors also control the President's salary.

7. *Does this new law shield CWB personnel from legal responsibility?*

NO. No one is shielded from their responsibilities. In fact, all CWB directors and officers will be under an explicit obligation in the law to act honestly and in good faith, exercising all reasonable care, diligence and skill.

In the event of legal proceedings against them, they may be able to claim compensation for certain legal expenses - **if, and only if**, a court is ultimately satisfied that the person in question acted honestly and in good faith. (In this connection, to be consistent with the standards which apply in the private sector, the CWB law will mirror provisions in the *Canada Business Corporations Act*, which governs the conduct of private companies).

8. Does the CWB need a contingency fund?

Yes. To provide more flexibility in how farmers are paid for their grain and to speed up cash-flows, the CWB's Board of Directors will have the power to authorize:

- cash purchases of wheat and/or barley;
- adjustments to increase initial payments quickly, just as soon as market conditions warrant and without waiting for government approval; and
- an option allowing individuals to "cash-out" of a marketing pool early, before the end of the crop year.

The directors would implement these new "flexibility tools" when, in their good judgement, it would be beneficial to farmers to do so. But as with all new innovations, there could be some new financial risks. Like an insurance policy to serve as a safeguard against any such unforeseen new risks, the directors need the ability to develop a contingency fund.

The law will specify that such a fund could be used only in relation to the three purposes mentioned above. It would then be up to the Board of Directors (which includes a two-thirds majority elected by farmers) to decide if, when and how to create it.

In any event, the Government of Canada will continue to guarantee the CWB's initial payments set at the start of the crop year, its credit sales and its general borrowings.

9. Exclusions: Can farmers get a crop removed from the CWB's jurisdiction?

Yes. The new law will contain an "exclusion clause" to allow any kind, type, class or grade of wheat or barley to be removed, in whole or in part, from the CWB's jurisdiction.

To trigger it, the directors would first have to vote in favour of the idea. Secondly, for quality-control reasons, a system would need to be in place to prevent any mixing of the excluded grain with CWB grain. And thirdly, if the directors considered any proposed exclusion to be "significant", a democratic producer vote would be needed to approve it.

10. Inclusions: Can farmers get a crop added to the CWB's jurisdiction?

Yes. As a matter of fairness and balance, just as there is an "exclusion clause", there is also an

"inclusion clause" in the new law. The deciding factor in relation to both clauses will be the majority preference of the actual producers of the grain in question, as expressed through a democratic vote of those producers. They will be in control.

The existence of an inclusion clause does not, by itself, change the CWB's mandate. It merely sets out a clear procedure for doing so - if, and only if, producers themselves believe such a change is in their best interests.

The inclusion clause would be available only for crops which currently come within the definition of "grain" in the existing CWB Act, namely oats, flax, rye and canola.

Neither the government nor the CWB could trigger any inclusion. Only the producers of the grain in question could do so - in the form of a written request from a legitimate organization whose membership consists solely of the producers of that grain.

The request would have to be advertised publicly, leaving at least 120 days for the farm community and others to react.

The CWB's Board of Directors, which includes a two-thirds majority elected by farmers, would then consider the request. The directors would need to examine all of the implications of such a move, including (among other things) the costs of an inclusion, trade or commercial consequences, and the public comments received.

If the directors ultimately agreed with the request for an inclusion, the whole matter would then have to be put to a democratic vote among the producers of the grain in question for their ratification. The whole procedure - beginning, middle and end - would be fully and transparently in the hands of farmers.

11. Will the new law really allow for fundamental marketing changes?

Yes. The exclusion and inclusion clauses, together with other provisions in the new law, will empower farmers with full democratic control over what the CWB does and does not market. Depending upon what producers want, the new law could be used to implement virtually any of the marketing innovations which farm groups have been debating so vigorously over the past several years.

Further details are available upon request. Please contact:

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(Aussi disponible en français)

CWB Changes Approved By Parliament Minister Responsible for the Canadian Wheat Board

June 12, 1998

REGINA, June 12, 1998 -- The Minister responsible for the Canadian Wheat Board (CWB), Ralph Goodale, says a new law passed by Parliament yesterday (Thursday, June 11th) will bring about the biggest changes in western grain marketing in more than 50 years.

"After three years of intensive debate and analysis, **Bill C-4** has finally been approved," Mr. Goodale said. "It will make the CWB more democratic, more accountable and more flexible, and it will empower prairie farmers with more control over their wheat and barley marketing agency than ever before in history."

The key provision in the new law is the creation -- for the first time ever -- of a producer-controlled board of directors to run the CWB, instead of government-appointed commissioners. All of the marketing agency's powers will be placed in the hands of its directors and two-thirds of them (10 out of a total of 15) will be directly elected by western grain producers.

Elections to select the CWB's first producer-directors will be held before the end of this calendar year, likely in the month of November.

In addition to their general powers, the directors will have the authority to select their own Chairperson and to control the salaries of directors, the Chairperson and the President. They must be consulted in advance on who should be appointed as President of the CWB. They will also have the on-going power to review the performance of the President and to recommend his/her dismissal if they think that is necessary.

All directors will have full access to all facts and figures about CWB operations, including (but not limited to) audited financial statements. They will be able to examine the prices at which grain is sold, the price premiums achieved, all operating costs and whether the CWB is truly efficient.

"Through its elected directors, the CWB will gain the practical expertise of real producers," Mr. Goodale said. "If the directors are not satisfied with how the CWB deals with farmers or any other aspect of its business, they can make the necessary changes. And if farmers are not satisfied with their directors, they can change them in subsequent elections -- that's democracy and accountability in action!"

"The CWB's new directors will be assuming a serious responsibility. They will be in charge of a \$6 billion enterprise doing business in 70 countries world-wide, the nation's fifth largest exporter and Canada's biggest single earner of foreign exchange."

The new producer-controlled CWB will have new flexibility to be more agile in the marketplace and to speed-up cash flows to farmers. For example, when they believe it is advantageous to do so, the directors will be able to authorize cash purchasing, expedited adjustment payments, early pool cash-outs, pooling periods other than the usual crop-year, storage payments, negotiable producer certificates and the full use of modern risk management tools.

The controversial "inclusion and exclusion clauses" were removed from **Bill C-4** during the Parliamentary process. The new law now simply enshrines the basic principle that no future changes to the CWB's marketing jurisdiction -- either to add or to remove crops from its mandate -- can be made without there first having been a democratic vote among farmers to approve any such change in advance. The new law also provides a role for the Auditor-General in reviewing the books of the CWB, as the organization goes through the transition to a new, more democratic and more accountable form of governance.

Mr. Goodale said, "The critical factor for the future will be the full democratic participation of farmers. They will have the means to shape their marketing agency as they see fit and I hope producers will use that new empowerment to the maximum."

For more information, media may contact:

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