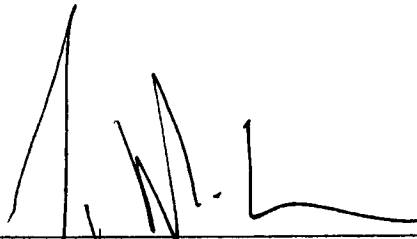


**THIS IS EXHIBIT "12"
REFERRED TO IN THE
AFFIDAVIT OF WARD P. WEISENSEL
SWORN BEFORE ME
THIS 19th DAY OF JUNE, 2007**

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

A Notary Public in and for the
Province of Manitoba



CANADA

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(HANSARD)

Monday, June 8, 1998

Speaker: The Honourable Gilbert Parent

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to arbitration but it is up to them. It is up to the people directly involved.

I go back to the comment that it seems pretty democratic to me. The only thing I take exception to is the continual innuendo that the whole thing is being manipulated in some way. I only wish members could stick to the facts in front of them. I encourage whomever to go to one of these pension plans that are affected and ask a member of the plan if he or she feels that he or she should have the right within a process to decide what should be done.

I can only respond to the question by saying that the hon. member for St. Albert seems to feel it is quite democratic. I only wish the hon. member for Elk Island would also concur.

• (2030)

The Acting Speaker (Mr. McClelland): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed

Some hon. members: On division.

(Motion agreed to, bill read the third time and passed)

* * *

CANADIAN WHEAT BOARD ACT

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.) moved the second reading of, and concurrence in, amendments made by the Senate to Bill C-4, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts.

He said: Mr. Speaker, everyone knows that Brandon was the wheat city of Canada and Mr. Speaker as a prairie resident knows that this bill is dealing with a subject matter that has theological undertones for a great many of the 5 million of us who live in the three prairie provinces.

I am very pleased on behalf of the minister responsible for the wheat board to speak on the amendments to Bill C-4, an act to amend the Canadian Wheat Board Act, put forward by the other place.

Before making some comments regarding the amendments may I acknowledge the diligence with which the committee has approached its work on this legislation. As we all know, the Senate committee held hearings in Brandon, Regina, Saskatoon, Calgary,

Edmonton, Winnipeg and Ottawa over the course of several weeks. At those hearings there were 92 individual farmers, 34 farm organizations and three provincial ministers of agriculture who made presentations to the Minister responsible for the Canadian Wheat Board, officials from Agriculture and Agri-Food Canada and officials from the wheat board itself.

The result of those consultations is a set of amendments which the Government of Canada intends to support and I will comment briefly on the three amendments.

The first clarifies the conditions for the appointment of the president and it says that the Minister responsible for the Canadian Wheat Board must consult the Canadian Wheat Board's board of directors on the qualifications required for the president and the person whom the minister is proposing to recommend. It also directs that the board of directors must have set the remuneration for the president before the minister recommends an appointee. I think all members will understand why that is a good principle.

The Government of Canada has always intended that the formation of the governing structure of the new Canadian Wheat Board be a true partnership between western Canadian producers and the government. One of the ways this partnership would work is through the corporate governance structure of the board.

Under Bill C-4 western farmers would elect 10 of the 15 members of the new governing board of directors with the government appointing 4 as well as the president and chief executive officer, who would also serve as a board member.

It is felt that this role for the government is justified since the government continues to guarantee initial payments and borrowings, guarantees worth many billions of dollars, and Canadian taxpayers deserve as much accountability as is feasible.

To ensure that both prairie farmers and Canadian taxpayers are well served and protected, the committee has proposed strengthening and clarifying the requirement that the minister must consult the directors before recommending an appointee for president. No recommendation will be made before the board of directors has determined and informed the minister of the president's remuneration.

By clarifying the requirement to consult fully with the directors prior to the appointment of the president the amendment if passed will help ensure that the relationship between the president and other members of the board of directors is harmonious and productive from the outset.

It was always the intent of the government that the board of directors be consulted on the appointment of a president.

• (2035)

This amendment clarifies and enshrines that intent. The government is very pleased with the additional clarification.

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The second area of Bill C-4 where the Senate has proposed amendments concerns the means by which the number of grains under the marketing mandate of the wheat board can be either expanded or reduced.

As originally drafted, western Canadian producers had a process for excluding any kind, type, class or grade of wheat or barley from the marketing authority of the board. Similarly, the bill also laid out an inclusion process for adding crops to the mandate of the wheat board.

The amendment filled a gap in the existing wheat board act. As it now stands under the Canadian Wheat Board, the process for changing the Canadian Wheat Board's mandate is unclear, as every member from prairie Canada I am sure knows.

There have been concerns expressed by producers and producer groups about the mechanism for inclusion and exclusion originally laid out in Bill C-4. Plenty of concerns have been expressed.

I am sure my colleagues from the opposition party are going to get up very shortly and tell me why the matter has not been set right yet.

The amendment responds to those concerns. The amendment would replace existing clauses related to the inclusion-exclusion of grains with the provision that would require the current and future ministers responsible for the board to consult the board of directors with its two-thirds majority of farmer chosen members and conduct a vote among producers before any grains are added or removed from the mandate of the board.

The outcome of that vote would have to be in favour of the proposal to add or exclude a grain before the minister could take any action. The government is committed to the democratic principle that producers should be in control of any future changes to the board's mandate.

What remains fundamental is that farmers, not government, would be in control of any future change to the board's marketing authority.

The third area in which the committee has made amendments concerns the financial accountability of the wheat board and the producers it serves.

The Senate has recommended that the Auditor General of Canada be permitted to conduct a one time audit of the accounts and financial transactions of the Canadian Wheat Board and report the findings to the board of directors and to the minister responsible.

As members of the board of directors, the 10 directors elected by farmers will have full access to the report. The board of directors will also control what information would be publicly available and what should remain confidential because of commercial considerations.

The government recognizes that producers are entitled to know how their marketing agency is working on their behalf. The wheat board works for them, not the other way around, and therefore how it conducts its business is very relevant to them.

Honourable members must bear in mind, however, that the wheat board is a major competitor in the international grain trade. With \$6 billion a year in sales, it is Canada's fifth largest export earner.

It markets on behalf of Canadian grain producers wheat and barley to more than 70 countries around the world. Grain trading on this scale is a highly competitive business where information is king and confidentiality is of paramount importance.

Who is selling what to whom and for how much is highly regarded commercial intelligence that in the hands of its competitors could do grievous damage to the workings of the wheat board.

Obviously a balance is needed between transparency and accountability to producers in ensuring that the board's operations and records are not subject to significantly greater levels of public access and scrutiny than the private sector grain companies it competes against.

It is in the interest of striking this balance that the Canadian Wheat Board already is fully audited every year by respected private accounting firms. The audit report is public information available to anyone.

In addition to this public information under Bill C-4, 10 of the 15 members of the board of directors would be elected by producers and those directors would have access to all board operational information. This would include the prices at which grain was sold, the price premiums realized, all operating costs and whether the corporation is running efficiently.

• (2040)

As well, the government with this bill is very deliberately moving the Canadian Wheat Board further from its purview. Once this bill is passed, the board would cease to be an agent of Her Majesty and a crown corporation. Producers will finally control the future of the board.

All these factors mitigate the need for an ongoing role for the auditor general to audit the books of the board. Nevertheless, if this additional examination by the taxpayers' auditor can enhance the transparency and accountability of the agency and alleviate sincere concerns, the government is willing to support the amendment to authorize a one time audit of the accounts and financial transactions of the board by the auditor general.

The government continues to believe that with the full knowledge of the inner workings of the board the directors would be in the best position to assess what information in the auditor general's

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report could be made public and what for commercial reasons should remain confidential.

I commend the other place on its work on this legislation. The amendments proposed are good ones and I am very pleased to support the motion to accept them. It is important that these amendments are passed by this House quickly to allow for the election of the 10 farmer elected directors to take place this fall to give control of the future of the board to producers.

The bill is a result of extensive consultation, the contents of which have been discussed, dissected, debated and deliberated on, some would say ad nauseam. It can be very truly said that this piece of legislation is probably one of the most thoroughly discussed in recent memory.

I strongly urge colleagues to support these very reasonable amendments so that western Canadian farmers can move forward with their new modern and accountable Canadian Wheat Board.

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, I really enjoyed the presentation by the minister. I was not quite sure whether he was talking about the Canadian Wheat Board or the Latin American wheat board. There seems to be some discrepancy in the way he described the wheat board.

I would like to enlighten members a bit on the history of why this bill is before the House. I must agree with the Liberal government. It finally did bring a bill forward where it really has consulted for about five years now, since I came to the House.

This wheat board bill was the result of farmers being unhappy when their frozen wheat could not be sold in 1992-93, when the fusarium wheat was not sold by the wheat board and farmers had to do that themselves and they found a market. They found better prices than the wheat board had ever offered them for it.

That is what created quite a stir in western Canada. All of a sudden farmers realized they can market their wheat and barley the same as they are marketing canola, flax, lentils and peas and get better prices. That is where the debate started.

I was encouraged in this House when after a lot of discussion at the agriculture committee meeting the wheat board minister said bring forward some legislation, let us see what we should be doing but first we should consult. That was not a bad idea. I must give the wheat board minister credit for that. I also must give him credit for establishing the Western Grain Marketing Panel which went across western Canada to see what farmers really wanted in the new legislation.

It was astounding when the marketing panel was finished after about a year of consultation and travelling and wrote its report. The majority of farmers said they can live with this, it is a pretty good piece of advice from the marketing panel. Farmers were going to

have choices. They could decide whether to market some of their barley outside the board or within the board. They could designate up to 25% of their wheat to be marketed into the cash market. Some of the more extreme farmers who wanted total freedom to market their grain said they could live with this. They wanted to try it to see how it would work.

• (2045)

This is where the Liberal government went wrong. It did not like what the western grain marketing panel told the government and decided to start a letter writing campaign. It took four to five months before those letters were in and the farmers had given more advice. I do not think that advice was much different from what the western grain marketing panel had heard.

For some reason the government and the minister just did not seem to get it. Farmers were unhappy with the marketing system and wanted more choice. We finally did get some legislation.

I must give this government credit again. We made another tour across western Canada with Bill C-72 and heard the same thing from every part of the prairies. The farmers wanted more market choices. They wanted to have a say in how to market their grains. Farmers grow it and have become the most productive enterprise in the world as far as farming is concerned but they cannot survive on the prices that they are getting for their wheat board grains.

More and more farmers switched to special crops and were growing less and less wheat board grains every year. This is detrimental to our farming industry because we need a rotational system to keep our land in good stewardship and make sure there is a good future in farming for generations to come.

When we were finished with Bill C-72 the bill might have passed but there was one mistake made during the hearings. It was a very sad mistake because it created a lot of division. One of the members on the Liberal side introduced an amendment which he called an inclusion clause. It really caused division across western Canada. People did not want to hear about any more grains being put under the Canadian Wheat Board. They first wanted to see if they could change the wheat board enough that it became accountable and that it did a good job in marketing their grain.

I do not think it was ever put in a better perspective than by the *Globe and Mail* just before C-4. It stated that if the Canadian Wheat Board could not be made accountable, and if the Canadian Wheat Board was negligent in doing its duty of selling the grain for the best price, why would farmers then want a Canadian Wheat Board?

Mr. Speaker, I am sure if you were running a business and somebody was managing the business for you and did not get the best price for you, did not show on the bottom line that there was a profit and that you were always in the red and could not afford to run the business without a deficit, you would not have the guy

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around very long or you would be gone. That is what farmers are fighting for today.

Farmers are disappearing from western Canada as quickly as the flies in fall. We are getting bigger and bigger farms and more farmers with bigger debt problems. We are losing our agriculture industry. That is why it is so important that we do not make another mistake in this bill.

I agree that these amendments are going in the right direction but they do not go far enough as far as western Canadian farmers are concerned. What should be in this bill is a preamble which states that the Canadian Wheat Board will have as its main mandate to sell grain for the best interests of the farmer.

To have the Canadian Wheat Board there, to have a mandate, to do an orderly marketing job and to move the grain is not sufficient for farmers. They have to show profit to remain viable.

• (2050)

Why is the government so hesitant to include that preamble or a clause that says the wheat board's main mandate should be to sell the grain at the best price available? It does not say it always has to be the highest; it says the best price available. That is what farmers were doing in 1992 and 1993. They found markets that were better than what the wheat board was giving them.

Is that a sin? That is what I would ask the minister. Is it a sin to provide a piece of legislation that would provide those benefits? That is why I find it kind of hard to pass this bill with the amendments that the Senate proposed. They are good amendments, but I do not think they go far enough.

I see in a few notes what the Senate said after they were finished with the hearings. It became very clear throughout the hearings that the majority of farmers were unhappy with this legislation.

The minor watered down amendments are not going to resolve the problems in western Canada. They are not going to create unity among farmers who have been debating for about 10 years whether we should have open markets or single desk selling or dual markets or a voluntary wheat board.

Those are the issues we will be addressing in the next day or so, as much time as the Liberal government will allow us to debate these amendments. I think it is very fitting that we do not leave this House before we pass this bill with amendments that will create more unity among western farmers.

If that is not what this bill does, we are going to get into a situation where we will lose more of the wheat board grain. Farmers will grow less of it and finally it will kill itself. There will be no need for a wheat board because there will be only special crops grown.

I want to ask you another question, Mr. Speaker. You are a wise man, I know, and you are a good businessman. I read in this amendment that is being proposed by the Senate that the minister will not appoint the president unless the board has fixed the remuneration to be paid to the president and has informed the minister of the remuneration.

The minister can appoint the president. He can pick whoever he wants. He can pick probably his son-in-law or his wife if he wants to, but the board has the right to set the remuneration. Mr. Speaker, if you had a person in your business and somebody made you hire him and you knew already that he had been fired by the last five businesses where he worked, what kind of compensation would you give him? Would you give him a high priced job? Would you set him right up at the top with all the rest of the CEOs or would you give him nothing so this guy would take off before he was ever hired?

I can see what is going to happen. There is going to be a fight between the board and the directors. If the directors do not think the president or the CEO is capable or will fill the job, the remuneration is going to be such that he will not be able to stay around very long. They will be changing CEOs quite regularly. The farmers will demand that this man do his job.

That is one big problem I see with this amendment. The minister can like the guy. The minister can say that the guy carries a Liberal membership card, but by cracker the directors are going to set the remuneration and that is where the problem is. I as a farmer would say "Make him pay you something for working for you if he does not have the qualifications because we are going to get rid of him anyhow. Why spend money on him?" That is one of the very big faults with this amendment.

The other fault I see is when it comes to the auditing of the board by the auditor general. We put in an amendment that said the audit should be done by the auditor general because most farmers show a lot of respect and have a lot of confidence in the auditor general. That is one piece of paper farmers would read. Whenever the auditor general came out with a report, they did not read much, but that they would read. Farmers know what a good job means to an industry and what a good audit does to a business.

• (2055)

In my area it was the talk of the town in the coffee shop when the auditor general said that the government had again wasted hundreds of millions of dollars on overpayments on welfare, on foreign junkets or on whatever. They would have very willingly accepted the auditor general auditing the books.

This amendment says that there will be a one time audit and the auditor general can do that within two years of this bill becoming law. He can pick the years he wants to audit. I am sure the auditor

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general will be wise enough to pick the years that are closest to the termination of the board so he has an idea.

However if there is enough political pressure on him he could be made to audit the 1943 wheat board books which would not do us much good, would it? There is another problem. It should be specified what years are audited and when the audit is brought back. We should be given a value for money audit so we can know whether or not the board has done a half decent job in the past two or three years. That is another big problem I find with these amendments.

The third one is doing away with the inclusion and exclusion clause. It is kind of vague. According to the amendment, the minister has some kind of manipulative power to bring forward a vote but if he does not want to, there is nobody who can force him to call for a plebiscite among the farmers. There is no mechanism that you can do it or not. This could be a disputatious type of clause where farmers could be divided.

I do not think farmers will accept this bill the way it is. It will be forced on them. We know that after so much of the situation where people have no say in what they do or in what they want to do, eventually there will come a time when the system will destroy itself.

The first time I talked on the Canadian Wheat Board was in 1994. I heard all the comments of farmers about the unaccountability of the board and the suspicions of the board. If the board is not going to become more open and accountable, just the mistrust will eventually destroy it, even if it has done a fairly good job. But when people see a closed entity that is unable or unwilling to give the people involved, in this case farmers, the opportunity to see what it does, those people will refuse it whether it is good or bad. We have seen that in other industries. Openness, competition and fairness give us the entity and competition needed to make a board function properly and do a good job for the farmers.

It is imperative that we do not pass this legislation if we are not able to include in this legislation the preamble that the board has to be accountable and open to farmers. If it is only going to be open and accountable to the corporation or the minister, the mistrust will stay there and the board will never function properly or at least not to its fullest capacity.

We have to have a system that can be trusted the same as government is. The Liberals will realize the more mistrust, the worse the situation is. I would bet my bottom dollar that in 1993 when the Conservative government lost its mandate, it was probably not for the terrible job it did but because of the mistrust that it was not doing a proper job.

They always say a government is not elected; a government is defeated. It is the same thing with the Canadian Wheat Board. The Canadian Wheat Board will destroy itself if it does not become accountable and give farmers the opportunity to trust it.

• (2100)

That is why I maintain that a voluntary wheat board will make the board function better. It will probably do more business because it will have to compete. It is in the position to do the best job. With its mandate and with the amount of grain that it can access it should be able to do a better job than any individual farmer.

I can see the point that if the trust is put back in the board and it does a good job there is a future for the board marketing other grains. If that trust is not put back into the board farmers will see that and experience it. The bottom line is that they have to put food on their table. They have to pay machinery expenses and input costs. It has to work. If the system is not in a position to make farming viable it will fail.

One point I want to make clear is that in 1935 the Canadian Wheat Board was not a monopoly wheat board. It was a dual marketing system. The wheat board was put in place to provide competition for grain companies that were probably doing a lousy job.

In 1943 the wheat board was given its monopoly not to increase prices for farmers but to control prices and to allow the government to sell grain at a lower price to our allies. I do not think that any farmer in western Canada objected to helping with the war effort, to taking a lower price so that they could help the allies in their battle against the Nazis, the imperialists or whatever they were called.

I just thought the minister would want to know that it was not a monopoly at one time and it functioned very well in a competitive arena. That is the direction we should go in. I hope the Liberals are wise enough to add that amendment and take the credit for it instead of having Reform do it for them.

The Acting Speaker (Mr. McClelland): We will now revert to 20 minutes maximum with 10 minutes for questions and comments

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, it is a pleasure to take part in the debate this evening on Bill C-4. My recollection, and I only go back in this place to last September, is that Bill C-4 was the first out of the shoot. We referred it immediately to committee. It is appropriate now in what appears to be the dying days of this session that we are still at it.

In the time allotted to me tonight I want to briefly review the history of the bill and to explain why the NDP caucus will not and cannot support it. In particular, we cannot support the amendments that have been sent back to the House by the Senate.

This wheat board legislation has followed a long, winding and torturous road that predates my arrival. In December 1996 the government introduced Bill C-72 to amend the Canadian Wheat

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Board Act. Our smaller caucus opposed that bill for reasons that I will describe a bit later. The bill was then sent on to the agriculture committee. Our party and other parties worked hard in committee proposing useful amendments, but we were overtaken by events and the bill died on the order paper when the 1997 federal election was called last April.

Following the election in September the wheat board legislation, as I noted, was reintroduced as Bill C-4. Our caucus had serious initial concerns about it but we wanted to hear what the government had in mind and to enter the debate with an open mind. Speaking in the debate last fall I recall saying that if those concerns could be sorted out by the Standing Committee on Agriculture and Agri-Food we would be able to support the bill.

• (2105)

It was sent off to the standing committee but my optimism went unrewarded. I found the committee experience to be a largely hollow exercise. The Liberals were not really interested in any give and take and the committee's deliberations were unduly rushed. How rushed?

I recall very well the day that Lorne Hehn, chair of the Canadian Wheat Board, came before the Standing Committee on Agriculture and Agri-Food. We had to have as an opposition party our amendments submitted, the ones we wanted to propose. We had to have the changes we wished to introduce even before the Canadian Wheat Board had made its presentation to the standing committee. We did not think then and we do not think now that it was much of a way to run it.

The bill came back to the House in February. Our caucus could not support it despite our desires to see an end to the uncertainty surrounding the Canadian Wheat Board. As we all know, the bill then went off to the Senate and the agriculture committee of that place decided to hold public hearings. The senators proposed three amendments and made several recommendations. I will describe these amendments in a minute and explain again why we cannot support them.

First I want to summarize what it is about Bill C-4 that has concerned us most. Fundamentally New Democrats have always supported the Canadian Wheat Board because it works in the best interest of western grain farmers. However Bill C-4 undermines the board and that is why we oppose it.

How does it undermine the board? For one thing Bill C-4 proposes cash buying. We believe this will destroy a fundamental pillar of the wheat board and undermine farmers' confidence in it. Under the terms of Bill C-4 the wheat board will buy grains from anyone, anywhere, anytime, at any price. This disrupts the board's

long practice of buying grain from farmers at announced prices and distributing profits to all on an equitable basis.

Second, Bill C-4 proposes a contingency fund which will cost farmers millions in check-offs. The fund is not needed. Farmers cannot afford it and do not want it. The minister says that this fund can now be capped at \$30 million which is a grand improvement over the \$575 million or \$600 million contingency fund that was being talked about last fall when it was before the Senate committee. Whether it is \$30 million or \$575 million we still believe it is too much and not required.

This proposal follows from the bill's provisions which would allow cash buying. The contingency fund would not be necessary if Ottawa continued to provide financial guarantees to the board as it has always done. Whether it was 1935 or 1943 that has been the pattern of the history of the Canadian Wheat Board. These guarantees have seldom been used and as a result cost the Canadian taxpayers virtually nothing over six decades.

We want the Canadian government to continue to provide guarantees to farmers on both initial and final price payments. That is the gist of an NDP amendment that the government has consistently refused to accept.

Finally there is the question of governance. For 60 years the wheat board as a crown agency has done an admirable job for farmers. Now the government is suggesting that the board cease to be a crown agency and says that Bill C-4 will put farmers in control of the wheat board's destiny.

Bill C-4 proposes a 15 member board of directors with 10 elected by producers and 5 appointed by the federal government, by Ottawa. If there is to be a board of directors we have no problem with the government naming some members to it. If the government is to have a financial exposure, and it does, it is only reasonable that it have some window into the board's operations.

Under Bill C-4 the minister maintains the authority to choose the president of the board of directors, a person who will also double as chief executive officer of the Canadian Wheat Board. Our caucus is opposed to this.

We believe it gives the government too much control over a board of directors that should be accountable to farmers. The government consistently says that it is turning it over to farmers or to producers. However any time it gets into a narrow corner it seems to me that it reverts to the government that will have the hammer. I think of the fact that the auditor general, for example, will have the power to look into and review the balance sheets of the wheat board. We believe that Deloitte & Touche which has been its accounting company of practice has done an admirable job over the years. We do not see why, particularly when the board is supposed to be going to the producers, this is necessary.

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• (2110)

We believe that the board of directors should have the authority to choose the president and the chief executive officer. We have consistently urged the minister responsible for the wheat board to make this amendment.

If the wheat board is to have a board of directors elections must be fair. They should be elections by and for farmers. We do not believe it is in anyone's interest to have outside interests interfering in this process.

The amendments we proposed at report stage call for one producer, one vote. I note that the senators agree with us on this point and suggest exactly that, one producer, one vote. However they did not go so far as to make it an actual amendment.

Fair elections also mean a limit on the campaign spending of candidates just as there are in our federal and provincial elections so that wealthy individuals, in this case perhaps wealthy producers, do not have an unfair or undue advantage. This was another of our amendments and again the senators suggested that as well.

Fair elections also mean strict and transparent limits as to what third parties can spend. The wheat board is after all a \$6 billion industry and certain corporate interests would love to get their hands on it. We do not believe in seeing them use their deep pockets to influence unduly elections to the board of directors.

On the inclusion clause we have always held in this caucus to the point that one of the few things to cheer about in Bill C-4, at least until the Senate got a hold of it, was that it made provision for inclusion of additional grains under wheat board jurisdiction.

Bill C-4 would have allowed farmers to decide to add extra grains to the board's authority as well to remove or delete them. Such an inclusion or exclusion clause would have occurred only after a vote of producers. Our caucus strongly supports and supported the inclusion clause. We thought that it was a sensible, moderate and democratic proposal.

I remember very well when the Saskatchewan minister of agriculture appeared before the committee last November and made it quite clear that in his opinion it would be tying the hands of the future Canadian Wheat Board to restrict to the limit we see in the legislation the inclusion and exclusion clause. Mr. Upshall asked who could forecast in 10 years time the future needs of the Canadian Wheat Board and why would we go to those particular lengths. I agreed with him in November and I agree even more so now in view of the changes that we see coming from the other place.

We are opposed to that and we recognize that on exclusion we went through a little vote in 1997 by western farmers when 63% of

them voted in favour of keeping barley under board jurisdiction. The corporate coalition and some of its partners are demanding that the inclusion clause be dropped from Bill C-4. I have explained why we are opposed to that.

We fundamentally believe that the future of the wheat board is a debate for farmers and not for corporations. Frankly we thought we heard the minister responsible for the Canadian Wheat Board saying much the same thing last fall and earlier in 1998.

One can imagine our surprise when at the 11th hour of debate on third reading the wheat board minister caved in to this corporate lobby by proposing to the House that we accept an amendment that would do away with both the inclusion and exclusion clauses, exactly what the anti-Bill C-4 lobby had been demanding all along. The minister's amendment would have allowed him to choose when there would be vote to include or exclude a grain.

It is yet again another example of they want to give more control to the producers except when they get into a tough corner. This caucus said no. The minister claims that the board of directors of the wheat board is for real, that it has real power. If that is the case why did he grab power back from the directors even before handing it over? If he is really a democrat why did he not accept the amendment which would have allowed the board of directors to decide exactly when a vote should be taken?

It was in this content that Bill C-4 was sent to the Senate.

• (2115)

The senators held their hearings, which were alluded to earlier, and have now pronounced. The senators have proposed three amendments and made two recommendations.

The most important of these amendments is that the existing inclusion and exclusion clauses be deleted. This is essentially a capitulation to the corporate farm lobby which so desperately wanted the inclusion clause out that it was willing to bite the bullet and accept the exclusion clause as well. It had to go too.

This unfortunately may well have been in concert with the minister responsible for the board, who attempted to do just that with his eleventh hour amendment moments before we voted on third reading last February.

We believe that the Senate amendment leaves the initial decision about the inclusion or exclusion of a grain to the minister rather than to the board of directors. Only after the minister decides will there be a vote amongst producers on whether a grain should be included or excluded.

To set the bar even higher, following such a vote by farmers parliament would have to legislate the inclusion or exclusion of a grain.

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The senators offer an alternative that would make it almost impossible to ever add a grain or delete one from the board's mandate.

The inclusion clause, as I have mentioned, was one of the few redeeming features of Bill C-4 and now senators, apparently at the urging of the minister responsible for the board, have gutted it.

We in the NDP oppose the bill, which effectively removes the inclusion clause and does so in an anti-democratic fashion. It is our understanding that we either accept or reject the Senate amendments as a package and, because of our serious concerns regarding the inclusion clause, we oppose the package.

We believe that farmers support the wheat board because it works and has worked consistently in their best interests. New Democrats join them in that support. The Canadian Wheat Board has 60 years of international experience and is one of the best grain marketing organizations in the world.

I had the opportunity a couple of months ago to speak with an expert in agriculture in Chile. He noted in our conversation that grains are the single largest commodity that flow from this country to that South American country. I asked him about the wheat board. He said he had talked to his millers in Santiago to inquire of them why they would pay an extra 8% or 10% premium on Canadian Wheat Board grains as opposed to buying them from the Americans or on the international market.

The answer he received was that they could be consistently relied on. They knew they would be getting exactly what they were told they would be getting by the wheat board. In contrast, if they purchased through the Americans, it would be about x percentage of this or that and around that amount. He was quite impressed that the miller said it was not worth it for 8% or 10%. They could sleep securely at night knowing they were going to receive exactly what it was they ordered. I think that is a very important point that is not lost on a lot of Canadian grain farmers in western Canada.

We cannot support Bill C-4 because it undermines the Canadian Wheat Board and in doing so it undermines any secure future for Canadian grain farmers.

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, I enjoyed the speech of my colleague from the NDP. I would like to ask him a couple of questions. One is whether he would favour putting something in the preamble which would give the board the mandate to work in the interests of farmers rather than the corporation.

I must compliment the member, first of all, on his statement that foreign buyers are buying our grain because of its quality. I have heard so often from the member for Malpeque that it was the wheat board that got the premiums for our grain and I have always maintained that it was the quality of the grain. It was the farmers who were producing the grain that brought in the extra money.

What I would like the member to address is the latest poll in Saskatchewan. As we know, those farmers have always been more or less very strong supporters of the Canadian Wheat Board, but the Liberal MLA in the Yorkton—Melville area did a poll in his constituency and he found that 62% of his farmers would now vote for a dual marketing system. It was really surprising.

• (2120)

I wonder what the member would say about this drastic change. It used to be the philosophy that farmers could not grow grain without the Canadian Wheat Board.

Mr. Dick Proctor: Mr. Speaker, with regard to the first point of the member for Portage—Lisgar on the preamble, we do not have a problem with that. We indicated our support for such a proposal when the bill was last before the House. This evening I am happy to articulate a similar position.

With regard to the poll, we are all politicians and we all know that there are polls and there are polls. We all know that polls can be terribly scientific or not very scientific at all. Without knowing the details of the poll that was completed by the MLA for Yorkton—Melville, I would say that it would probably not fall into one of those polls that was accurate 19 times out of 20 on a plus or minus 3% basis.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I also listened with interest to the NDP member.

One of phrases that he used was that the wheat board has served farmers well. Of course the wheat board applies only to western farmers. I have two questions for the member based on the statement that it has served the farmers well.

First, if it is good for western Canada why do other farmers in the country not have access to the same plan or a similar plan?

Second, how do we answer a farmer in the prairies who says that while the Farm Credit Corporation, a federal agency, is closing in on him, demanding payments on his loans, he cannot sell his grain because the wheat board is not calling for it? That farmer tells me he could sell it by putting it on a truck and driving it across the border. He not only could sell it and get cash for his grain right now, but he could get between two and three times as much as the wheat board will give him in the end. How can we equate that with the farmers being well served by the wheat board in its present form?

It is obvious that the wheat board can serve a great function, but in situations like that a farmer should have the right, legally, in this country that is supposed to be so free, to sell the grain where he can get the best price.

In my business I was never forced to take a job at the lowest rates. I could take my choice and so it should be for farmers. I would like the member's comments on those points.

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Mr. Dick Proctor: Mr. Speaker, as the member well knows, this country developed at different stages and at different rates. We might all get some historical advice from the member for Portage—Lisgar, but it is my understanding that there was a demand by western Canadian wheat growers and Canadian grain farmers several decades ago that they have a monopoly. As I heard the member say earlier this evening, the private grain companies were probably doing a poor job of marketing the grain, the prices were high and the freight rates were high. There was a demand that the problem be fixed and the wheat board resulted.

Indirectly the member is talking about the fact that the Ontario Wheat Board now has a system of dual marketing. We are really comparing apples and oranges because we are talking about a \$6 billion a year industry in western Canada. I do not think we want to play around too much with that or make a rash move when we have that much exposure at stake.

• (2125)

With regard to the whole business about being closed in on by the Farm Credit Corporation, the need to market grain and the wheat board not handling the commodity, I guess my comment to the member for Elk Island would be that I honestly do not believe that in five years' time there will be a recognizable Canadian Wheat Board, regardless of what we do here this evening.

In the next round of the WTO, I believe that the Americans will insist on changes. The Europeans already have the wheat board in their gun sights. The Canadian Wheat Board, as we have known it, even tonight in its watered down form, will basically not survive the next round of the WTO.

We are tinkering around the edges here tonight, but the reality is that the Canadian Wheat Board is on life support as we know it.

[*Translation*]

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, as I did during the debate on the grain legislation, I must start right out by admitting that, as a Quebecker, I have difficulty feeling concerned by this bill.

It is my impression that this is a bit like life in a big family, with its ups and downs, its squabbles, its unspoken words, its misunderstandings, and all the arrangements that are made between the members of a big family.

It is perfectly normal, because the Canadian Wheat Board and the bill to amend the Canadian Wheat Board Act and to make consequential amendments to other Acts mainly concerns the western provinces.

I have looked at this bill carefully from the economic point of view, as a representative of Quebec, to see where our interests lay

and the points where we would have to defend ourselves, if there were any. Like many of my colleagues, I had problems with the inclusions and the exclusions, but overall, throughout the debate, I never felt totally concerned by it.

So what do I do under such circumstances? I look at whether all farmers or all agriculture can benefit from it and I try to direct the discussions toward that.

But since the debate has dragged on, I found myself obliged to broaden my horizons and I started to read the western newspapers in order to convince myself of how absolutely important this debate was for the western farmers and also how it was limited to that framework.

I have just heard one of my colleagues saying "But how can the other provinces not be interested?" I think it is a historical fact that a Canadian Wheat Board was created for the areas where there was wheat.

I remember, also, that during the 1970s—I can talk about the past—very little grain was produced in Quebec. It was only for farm use, and we produced traditional grains, mainly oats and barley. It was in the 1980s that the government of the time, formed by the Parti Québécois, decided to increase farm consumption and to focus on export.

Obviously there is no comparison between western granaries and Quebec production, although we have made a considerable improvement in the range of grains we grow and we have even exported bread wheat.

That said, our marketing is naturally done in the free market, since we are not the same sort of player as the provinces whose prime agricultural production is grains.

• (2130)

We are in agreement generally with the bill, because we always agree with proposals for organized marketing of agricultural products. This is the focus of the debate, too, organized marketing versus the free market, with the advantages the Canadian Wheat Board has created over time, that is, a reliable product in terms of price, quality and delivery.

Importers needing to mix animal feed need to know who they are dealing with and to be sure of a uniform quality product. Over the years, the Canadian Wheat Board has earned such a reputation.

Today, we are to vote on the amendments the Senate has proposed to the bill. There are technical amendments, two of which are of interest to us because they are points we raised along the way. There is the new clause 8.1 and clause 36.

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The following is added after the existing paragraph in clause 8.1:

8.1 Within two years after the day this section comes into force, the Auditor General of Canada may commence an audit of the accounts and financial transactions of the Corporation for such fiscal years as the Auditor General considers appropriate and a report of the audit shall be made to the Corporation and the Minister.

Many people wanted this addition, so that the accounts can be audited. This is an additional guarantee of good management, and will probably also reassure producers dealing with the board.

I will not linger over the deletion of lines 31 to 40 on page 17, because this has been debated extensively. This paragraph removes the exclusion of any class or grade of wheat, or wheat produced in any area in Canada. This clause may be questioned over the years.

Clause 47.1 of the bill, which was amended, reads as follows:

The Minister shall not cause to be introduced in Parliament a bill that would exclude any kind, type, class or grade of wheat or barley, or wheat or barley produced in any area in Canada, from the provisions of Part IV, either in whole or in part, or generally, or for any period, or that would extend the application of Part III or Part IV or both Parts III and IV to any other grain, unless

- a) the Minister has consulted with the board about the exclusion or extension; and
- b) the producers of the grain have voted in favour of the exclusion or extension, the voting process having been determined by the Minister.

Obviously, greater participation by producers is desired, and if this does not come about directly, these clauses will give bodies producing specialized grains, whether wheat or barley, a say.

The amendments introduced by the Senate do not pose a problem for the Bloc Quebecois. Some of them even reflect the wishes of the opposition and of certain producers.

I therefore do not feel I have the right to speak at greater length, since I said at the outset that this affected us little, if at all. We will therefore be voting in favour of the bill, as amended by the Senate.

[*English*]

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, it is nice to see that members of the government have waited around so long to hear some pearls of wisdom that will come from these benches as opposed to the wisdom from colleagues in the National Farmers Union.

• (2135)

It seems like ever since I came to the House it has been this piece of legislation that I have been most involved in. When the new 36th parliament was elected Bill C-4 was one of the first items on the order paper.

I had the opportunity as a rookie member of the House to follow this legislation through the whole process and I can say that there was not only process but there was politics that went along with the process obviously in the legislation of Bill C-4.

At second reading we in the Progressive Conservative Party voted in favour of sending it to committee with the understanding that at committee we would have the opportunity of actually listening to the issues coming forward from the producers, that we would actually listen to the people this piece of legislation was to affect not only individually but as their businesses depend on the ability to market the produce which they grow, in this case the product being wheat and barley by western Canadian producers.

As we sat in committee we heard these producers speak of all the issues and problems with the Canadian Wheat Board. A majority of us outside government listened to what we heard and suggested at that time that the legislation that was put forward by the Minister responsible for the Canadian Wheat Board was not going to solve the problems of western Canadian producers. In some cases with the legislation it would exacerbate the problems of western Canadian producers, particularly with a very objectionable clause that was put in by one of the members of government.

That was the exclusion and inclusion clause, particularly the inclusion clause suggested in Bill C-4 but which was not suggested in its sister legislation, Bill C-72 which came before members in the 35th parliamentary session.

At the committee level we put forward what we thought were well thought out logical amendments and lo and behold, none of those amendments passed in committee because government felt it was necessary to ramrod this shoddy piece of legislation through totally contrary to what the producers were telling us.

When we got back to the House after coming from committee, we thought perhaps at that time the government would again have a second opportunity to listen to good amendments. At that point the government invoked closure to debate in the House about this very important piece of legislation that affects the majority of people in my constituency.

At that time it went to the Senate. Before I discuss the Senate report further and some good amendments that have been sent back from the Senate, there are a couple of things I would like to say.

If the amendments are passed the Progressive Party will support the legislation. We will support it reluctantly because the legislation does not deal with the issue producers want to deal with, freedom of choice. That is choice in how they market and choice in how they can sell their produce outside of having a single desk marketing system like the Canadian Wheat Board. It does not deal with that. It does not deal with a number of other issues. However, the amendments do modify the legislation sufficiently that it can start the process of changing the Canadian Wheat Board and having it evolve in the 21st century.

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When the legislation went to the Senate the Progressive Conservative Party and the Reform Party both asked the Senate to do another tour of western Canadian producers.

• (2140)

A number of Reform members signed a letter to the Senate asking it if it would not take it back on the road and to listen to those people who unfortunately the government would not allow us to listen to in committee.

The reason I mention the Reform Party is that after the Senate came back with the amendments, the critic for the Reform Party sent out a press release stating that the hearings were a pathetic attempt to justify the Senate's existence. After asking the Senate to take them out, after asking for these amendments to be discussed we had Reform saying that it was a pathetic attempt to justify the Senate's existence. The Reform Party seems to be contradicting itself once again. Not only does the Reform Party constantly contradict itself, these cheap partisan attacks do nothing for trying to work together as legislators in both chambers to make better legislation for the western Canadian farmer.

When the Senate came back it came back with a number of amendments. I stood in this House on numerous occasions and spoke in opposition to the inclusion clause and the exclusion clause. I spoke because that is what people wanted us to hear and put forward in this package. What happened? The Senate effectively came forward with an amendment that would take out the inclusion clause. The minister does have the opportunity to go back to the producers, but it is this House that will ultimately decide whether any additional commodities will be included in the Canadian Wheat Board marketing system. That in itself is a very positive amendment.

The Senate also came back with a recommendation to cap the contingency fund to a level of \$30 million. This was a concern raised to us constantly in committee where there was no parameters with respect to contingency. It was a check-off which producers are getting sick and tired of. It was dollars that would be coming out of their pockets. That contingency fund has been capped at \$30 million, which is also acceptable.

I have received some correspondence from Saskatchewan canola growers. They are pleased with some of the Senate committee amendments and are glad that it listened. They are particularly happy with the inclusion clause change and amendment.

A key amendment, something Reform also put forward as an amendment, was the role of the auditor general with respect to the Canadian Wheat Board. We felt and heard the message from producers that if they were the owners of the Canadian Wheat

Board why was it that they were unable to get information from the organization there to represent them. It did not make sense.

The Senate listened. It came back and said that for a period of two years the auditor general will have the right to look at the operation of the Canadian Wheat Board, not a balance sheet, not a financial statement submitted by the Canadian Wheat Board but an operation audit by the auditor general. It is good and it is bad. It did not go far enough. We would like to see a full report from the auditor general to this House and to the actual owners of the Canadian Wheat Board, the producers. It does not go that far but it is a first good step. Again, it is an amendment that got through not by the opposition, not at the committee stage in the elected House but by the Senate.

There are a couple of things it did not deal with. To improve the legislation I wish it would have. All board members should be elected by the producers instead of the 10 out of 15 board members who will be elected, the others appointed by government. Unfortunately that was one amendment put forward by our party and by the Reform Party that was not accepted by the Senate.

The last and the most important change that was not included in the Senate amendments that came forward was the change and the amendment to dual marketing.

• (2145)

One of the major issues that we all heard at committee from the producers themselves was to give them the choice that the hon. members keep talking about across the bench. "Give us a choice. Let us have the opportunity of a dual marketing system where we can choose either the Canadian Wheat Board or the open market to sell our commodities. Or at least give us the option of opting out. At the very least, give us an option of the portion of the commodity that we are producing so that we can market that in some other fashion outside of the Canadian Wheat Board".

That did not happen. That in fact is the one area of which I say I have some reservations by supporting this amended piece of legislation. It has not dealt with nor has it solved the underlying problem of the Canadian Wheat Board.

The hon. member from the NDP, whom I have a lot of respect for and who I know listened intently at the committee hearings, has put a lot of thought into this. He and I differ ideologically on this particular issue. He feels that this legislation goes way too far, that in fact if the legislation is put into place with amendments, it is going to adversely affect the Canadian Wheat Board. I on the opposite side believe that it has not gone far enough. What it has done with the amendments is that it has allowed the Canadian Wheat Board now to at least evolve into the 21st century. It will give that opportunity.

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The hon. member also said that the Canadian Wheat Board organization will be changed in the next few years. He is right. It is going to change because we as Canadians have to change with the global economy.

We recognize that when we negotiate in the WTO in 1999, this is one organization that is going to be on the table. There has to be transparency. There has to be openness. There has to be an opportunity for producers and our trading partners to see that it is indeed free trade, open trade and honest trade. That comes with the opportunity for choice and obviously the opportunity for the dual marketing system.

It has been a very interesting process that we walked this piece of legislation through from its beginning here about nine months ago in the 36th Parliament to where we have it right now. I can honestly state that this piece of legislation has been accepted by virtually no one. The minister responsible for the Canadian Wheat Board alienated just about everyone, those people such as the hon. member from the NDP who feel that it has gone too far and those people who feel it has not gone far enough.

It has pitted family against family, brother against brother, father against son and it still has not dealt with the issue. It is going to come back to this House. I hope that I am here long enough to be able to say I told you so and that we should have done the right thing with this piece of legislation when it came forward in 1997.

I said earlier, and I will repeat that if the amendments are approved in this legislation, we of the Progressive Conservative Party will support C-4 and the legislation but reluctantly. We know that it is not going to solve all if any of the problems that western Canadian producers have.

Thank you, Mr. Speaker, for giving me this opportunity. It is late this evening. I know there will be a lot of questions and comments, so I would be more than happy to close my speech.

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, it is always a pleasure to listen to the member for Brandon—Souris.

I was kind of surprised though that he was attacking the Reform Party because we are not the government. The other thing that the Reform has done for the hon. member for Brandon—Souris is to isolate him from the bad Liberals. We are all around him to the east, to the north, to the west and the Americans protect him from the south. So he is in pretty good shape. I thought once in a while he would give us a little bit of credit to keep him away from the hostile enemy.

I do not know whether I heard him right about the inclusion and exclusion clause. This House will decide whether grains will be added or deleted. That is good. I thought it would be up to farmers to decide that. I do not know whether he made a slip of the tongue or not.

• (2150)

I did not think that was Conservative policy so I would like to help him along. I would not want his constituents to hear that he was siding with the Liberals because that could spell trouble. I was wondering whether that was a slip and whether he had something nice to say about the Reform Party.

Mr. Rick Borotsik: Mr. Speaker, in speaking to being surrounded by Reformers as opposed to Liberals, and the hon. gentleman suggests that I am not surrounded by enemies, I should rethink that one. In either fashion if I did not have friends from my own caucus surrounding me, I would suspect that perhaps they would be enemies. However, I do thank the hon. member. The member for Portage—Lisgar was a valuable member on the committee.

With respect to the inclusion clause the best solution as the member knows is to simply have taken it out of the legislation totally, not to have inclusion, not to have exclusion. That was the argument of the member from Prince Edward Island, that if you have exclusion you should have inclusion. That did not happen.

We tried. We put amendments forward to do that and the best solution that could come from this came from the Senate where it will now go to the minister. There will be a plebiscite. There will be a vote of producers as the member has indicated. I suppose it is positive that producers do have the right and should have the right to say whether it will be included in the Canadian Wheat Board. It is another check and balance.

The final check and balance is that it comes to this House. There is a protection there even for those producers who may still not want to have any commodities included. We are talking about commodities that in my estimation should not be included in the Canadian Wheat Board. It is important that we have that other check and balance, as the hon. member has put forward.

The best solution was not to have any inclusion as was suggested many times to the member from Prince Edward Island who actually put this thought forward although it was not included in Bill C-72 in the last parliament.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I listened with interest as I always do to my colleague, the member for Brandon—Souris.

I am having trouble understanding this reference to the auditor general. Maybe it is my thick headedness or the lateness of the hour but I really fail to understand if as the minister has said so frequently, we are going to put the producers in the driver's seat on the Canadian Wheat Board, why then are we also agreeing with the Senate amendment that within two years of the bill coming into force, the auditor general should commence an audit of the corporation?

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At the Standing Committee on Agriculture and Agri-Food we saw the annual reports from the auditing company of Deloitte & Touche. We know there is sensitive trading information that, if it were made available, it would have a deleterious effect on the wheat board's ability to trade in an open market.

For the life of me I do not understand the reference to the auditor general. Perhaps the member for Brandon—Souris could explain that to me.

Mr. Rick Borotsik: Mr. Speaker, the hon. member has been opposed to any type of outside transparency to the Canadian Wheat Board so I understand why he would not understand why it is important that the auditor general have access to the Canadian Wheat Board. Although 10 out of 15 members of the board of directors will be elected, it is still important that the board of directors has the professional opportunity to bring in someone like the auditor general to look at the operations, to perform an operational audit.

This would make sure that what the board says is happening is in fact happening, that it is the best marketing system in the world. The auditor general has the ability and the professionalism to be able to bring that talent forward and to either agree or disagree with the statement being made by the Canadian Wheat Board.

As for the opportunity for competitors to be given an unfair advantage, I find that to be a very loose argument of those who are supporters of the Canadian Wheat Board. Perhaps they have something to hide and they do not wish to have those comments brought forward. The fact of the matter is that in this amendment the auditor general will report to the board of directors and to the minister but not to this parliament.

• (2155)

The member also heard in my speech that it has not gone far enough. I would have liked to have had that auditor general's report come to this parliament so we could also see whether the Canadian Wheat Board was providing the proper services that the producers are paying for in marketing their particular commodity. I wish they would have gone that far.

As it is now it is better than it has ever been. In fact there will be a report from the auditor general within the first two years. It will give the board of directors another tool to be able to say that they are doing the job right or if they are not doing the job right, how to correct the problem. That is all it is. It is another tool and a very important tool. I am very pleased that the amendment came forward.

Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I want to pick up on a few points that the member for Brandon—Souris mentioned.

Mr. Rick Borotsik: How about potatoes?

Mr. Wayne Easter: How about potatoes? Listen, if we could have an agency like the Canadian Wheat Board marketing our potatoes, we would be happy.

The member for Brandon—Souris spoke about freedom of choice. The fact is when he spoke of freedom of choice he spoke against it. What a contradiction the member for Brandon—Souris is. The fact is the inclusion clause allowed the opportunity for a process to be set up for producers to decide whether or not they wanted a new crop included. It gave everybody the opportunity to be a part of that decision. That is what real freedom of choice is and the member for Brandon—Souris talked about it. As I said, what a contradiction.

The member for Portage—Lisgar I will admit did have it right when he said that the Senate amendments to this bill weaken that freedom of choice and they certainly do. The way the inclusion clause was proposed in Bill C-4 originally, it set up a system that gave the right to producers to make the decision to include new crops. It gave producers the right to control their own destiny in terms of what crops they would have under the Canadian Wheat Board in the future.

There is another point I want to take issue with. The member for Brandon—Souris said he was disappointed that there was no dual marketing amendment in this legislation brought back from the Senate. We cannot have a dual marketing system and a single desk selling agency operating at the same time. I do not know why it is so hard for the PC Party and the Reform Party to understand this. We either have a single marketing system or we do not. It is as simple as that.

If we have a dual marketing system, we really have the open market. Producers in western Canada have clearly decided that they do not want a dual marketing system. They want a single desk marketing system which maximizes returns back to producers.

In terms of debating this bill this may be the last time I have an opportunity to say anything on it so I want to say a few words on the Canadian Wheat Board advisory committee. Clearly in the last election the very strong majority of Canadian Wheat Board advisory members were pro Canadian Wheat Board producers. Though I differ strongly with the strategy they put in place in terms of dealing with this particular bill, I do want to thank them for their years of service and their strong support in terms of the Canadian Wheat Board. They did a very good service.

Members opposite constantly claim that producers do not have a say. Every three or four years there is an election of wheat board advisory committee members who advise the Canadian Wheat Board in terms of its operations.

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• (2200)

Those producers stand for election and consistently pro-Canadian Wheat Board producers are elected to represent producers in terms of advising the Canadian Wheat Board.

One of the problems regarding this bill is that those producers felt that Bill C-72 and Bill C-4 would over time because of cash purchase and some other things in the bills weaken the board.

They were split in their position. As a result, when the Senate committee held its hearings it was divided and did not do the strategizing they should have done to go out there and show the pro-Canadian Wheat Board side. I will admit on this side of the House as a strong Canadian Wheat Board supporter that the pro-wheat board side was not active enough and the anti-wheat board side had more people at the hearings than we did.

That is too bad but that is the reality of the day. I still firmly believe there are still more out there who support the Canadian Wheat Board's single desk selling approach than who oppose it.

The Canadian Wheat Board has been and continues to be one of the superior marketing agencies anywhere in the world. It maximizes returns back to producers and has shown that consistently since 1935.

I had the privilege in the last House of serving on the standing committee on agriculture and doing a tour of western Canada as we held hearings on the previous bill leading up to Bill C-4.

I think it was a real opportunity to hear western producers as they came out clearly and told us that they wanted freedom of choice, the opportunity to include new crops in the bills and the opportunity to have a stronger say in the operations of the Canadian Wheat Board.

The Canadian Wheat Board operates on four major principles, government guarantees, single desk selling, maximizing returns back to producers and the pooling of returns.

That agency has meant a lot to western Canadian farmers and indeed farmers across Canada, even those outside the wheat board region, because it has meant upward pressure in the prices of Canadian grains.

Although I personally am a very strong supporter of wheat board commissionnaires and their appointment in terms of their expertise in marketing. I admit out of those hearings that we held across western Canada I conceded, based on hearing the arguments brought forth from farmers across the country, that maybe we had to move toward a majority of producers being elected to the board. I think we have that in this bill.

Let me indicate where the government comes from on this issue. The government has always intended that the governing structure

of the new Canadian Wheat Board give western Canadian grain producers the power to chart the future of the wheat board.

Under Bill C-4, western farmers would elect 10 of the 15 members of a new governing board of directors with the government appointing 4 directors as well as a president and chief executive officer who would also serve as a board member.

Given that the government will continue to guarantee initial payments, credit sales and borrowings, guarantees that are worth billions of dollars, Canadian taxpayers warrant some accountability. We ensured that accountability in terms of Bill C-4.

On that basis, a continued role of government is justified because we guarantee the borrowings.

• (2205)

We guarantee the initial prices under this new bill and we are there backstopping western Canadian grain farmers in terms of the bill. Surely there has to be some accountability to the Canadian taxpayers and we ensure that through the appointment we would foster.

Bill C-4, as originally worded, required that the minister consult with the other directors before recommending a person be appointed president. This amendment brought forward by the Senate makes that legislative requirement to consult before appointing much stronger and clearer and requires that the board of directors must set the remuneration of the president before the appointment can be made.

I have no problem with that. We heard during the hearings in western Canada that if the board of directors, in terms of setting the remuneration, had a problem with the individual then it could set salary very low and then the individual would not stay on.

By clarifying the minister's requirement to fully consult with the board prior to the appointment of the president, this amendment would help ensure the creation of a harmonious and productive relationship between the president and the other members of the board. This supports what has been the government's intent all along. The government is very pleased to endorse this amendment.

The third area in which the Senate has proposed amendments relates to the financial accountability of the Canadian Wheat Board to the farmers it serves. The government is keenly aware of the comments made by many producer groups and other Canadian taxpayers about the need for some sort of role for the auditor general to help increase the level of trust in the Canadian Wheat Board.

While the government supports this amendment, I point out the reservation the government has had in the past. First, the Canadian Wheat Board already is fully audited every year by a respected

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private accounting firm. The audit report is public information, available to anyone who wishes to obtain it.

Second, in addition to this public information under Bill C-4, 10 of the 15 members of the new Canadian Wheat Board's board of directors would be elected by the producers. These directors would be able to set up their own audit committee and request special audits as they consider appropriate. They would have access to all Canadian Wheat Board operating data. This would include the prices at which grain was sold, the price premiums realized and all operating costs. In short, the directors would be able to ensure farmers are getting value for their money.

The government, with Bill C-4, is very deliberately moving the Canadian Wheat Board away from its control toward control by western Canadian grain producers. It makes sense to us for the producers to gain more and more control.

I want to come back to my original point which was my concern with the amendments coming forward from the other place. I believe with this amendment that farmers will have less choice by the taking out of the exclusion and inclusion clauses than they had previously in Bill C-4 as it passed this House in its original form.

I am sure the member opposite would agree that the Canadian Wheat Board has proven over time that it is a superior marketing agency in terms of maximizing returns back to producers so they can try to be as prosperous in that difficult international market with the help of the Canadian Wheat Board as they can be in this difficult and challenging world.

Mr. Jake E. Hoepfner (Portage—Lisgar, Ref.): Mr. Speaker, I always enjoy the zealous comments of the hon. member for Malpeque. I consider him a real promoter of the Canadian Wheat Board. I would call him the Canadian Wheat Board's Stompin' Tom Connors because he believes in that thing. He would stomp everybody to death if they did not believe it. He has a strong view on this. I am wondering why because he has never sold a bushel to the board. The only reason I can think of that he would support the board is because he has purchased a lot of cheap feed grains from it for his dairy cows. I can see why he loves the wheat board.

• (221)

The other question I would like to ask him is regarding the tremendous work he was talking about that the advisory board members have done. I am not going to argue against that because I do not think we can really judge it by the figures we see in the annual report.

Let us assume they did a tremendous job. Why would that not hold true also for the directors? If the advisory board members did such a good job, why not elect all 15 directors instead of appointing five? Is the member saying that western farmers only have 10

people in their constituency that could sit on the board, who have enough smarts to run the board, that they are short by five and that they have to pick them from somewhere out of a political system? To me that does not make sense.

As we know before the Senate hearings the Canadian Wheat Board finally admitted that it was one of the biggest players on the Minneapolis Grain Exchange. I have never seen that reported in any of their audits. I wrote the wheat board commissioner Mr. Hehn to see if I could have an annual audit of the trading activities to see whether it made me any money or lost some. I also requested that from the minister. It is very slow in coming. I do not know for what reason. Perhaps the first audit still has not been printed. Perhaps it has not been reported in the previous audits.

I would like the member to respond to that, to see why these trading activities do not show up in any other annual audits.

Mr. Wayne Easter: Mr. Speaker, there are quite a few questions there. Yes we love Stompin' Tom Connors, Bud the Spud from the bright red mud, and we are proud of him.

The member's first question relates to why I support the Canadian Wheat Board and it is certainly not because of cheap barley. In 1974 I am sorry to admit but I believe at the time it was the Hon. Otto Lang who weakened the Canadian Wheat Board when he took feed grains out from under the wheat board.

I have supported the wheat board in all sincerity. I went to western Canada as a youth president of the National Farmers Union. I spent 10 years as its national president. I was not like the opponents of the Canadian Wheat Board who have never been in the wheat board offices. I went to the office and I looked at how that system operated. I looked at how the Winnipeg Commodity Exchange operated. I looked at how the American system operated.

It is very clear when one goes to the Canadian Wheat Board and looks at what is called the war room with its market intelligence around the world and its system of transportation and how transportation is functional to marketing and how it tries to market that grain. It is in the business of maximizing returns to western Canadian farmers in the wheat board areas. It has proven it has done it.

Those people who say that it is not visible and transparent should compare the annual report of the Canadian Wheat Board where it is visible in terms of what it has for every price of grain, what the deductions are in terms of demurrage and transportation, what the administration costs are. They will see how efficient an operation it is. We do not get that type of report from Cargill Grain or others. We certainly do not.

Clearly if members had my experience and investigated the system and began to understand it, at the end of the day they could not help but be strong supporters of the Canadian Wheat Board.

Government Orders

There is accountability. The member asked the question in terms of 10 out of 15 directors. Why should it not be all 15? Why would it be all 15? The board is two-thirds producers.

• (2215)

Let us look at the government guarantees. No other agency in the country has the amount of government guarantees this system has. We need some accountability to taxpayers. There are guarantees on borrowings and initial, initial guarantees.

I cannot imagine the Reform Party saying that there should not be any taxpayer accountability. It should get with it. There has to be accountability. We will ensure the chief executive officer is accountable to taxpayers. At the same time we will appoint that individual to the agency for his expertise in marketing to ensure that the Canadian Wheat Board continues to maximize returns to grain producers and to be the kind of superior marketing agency it has been in the past.

The member's last point was audits, the bottom line. I believe he said they might have played the system a bit. The difference with the Canadian Wheat Board is it played the system with some market intelligence, with expertise in terms of the market, in terms of knowing the political situation around the world and in terms of knowing the weather situation around the world.

The bottom line of Canadian Wheat Board has proven to be true. It is maximizing returns to producers. If we look at the Canadian Wheat Board over the past 35 years and compare its prices to those of the open market, with the exception of maybe once out of that time the Canadian Wheat Board has always come out on top in terms of maximizing returns.

Members opposite who happen to live in Canadian Wheat Board areas should be thankful. They should be standing up in the House and thanking the Canadian Wheat Board for putting those dollars in their wallets over the years in terms of the marketing of grains.

The Acting Speaker (Mr. McClelland): We have two minutes left for questions and comments. Is it possible to have a 60 second question and a 60 second response?

Some hon. members: No.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I appreciate that the hour is late and that members want to leave. I have been waiting all evening to make a few remarks. As a matter of fact I have been waiting quite some time to make a couple of comments on Bill C-4. I will keep my comments short.

I come from northwest B.C. and I do not know very much about grain farming. I cannot drive by a field and tell the difference between wheat and barley. Some people say that I do not know the difference between corn and canola.

The parliamentary secretary was saying a few minutes ago that members on this side and grain farmers in western Canada should be thrilled with the wheat board and should be jumping up in support. Some of those farmers cannot jump up in support because they are in jail.

I give the example of Andy McMechan, a farmer from western Canada who had his equipment confiscated. He was thrown in jail. He was led away from his farm in shackles and chains because he had the audacity to smuggle his product across the border and sell it privately.

Was he growing marijuana? Was he growing opium? Was he growing cocaine? What product he was smuggling across the border in the middle of the night? It was wheat. It was grain.

He decided that he could get a better price for the grain he grew on his private property with his own seed that he purchased with his own money, with his own labour and with his own equipment. He had the audacity to bypass the Canadian Wheat Board to sell his grain privately. He wound up in jail and with untold costs. I am not sure what costs this man has faced as a result of defying the Canadian Wheat Board and defying the federal government in pursuit of obtaining the best price he could for his own private property.

We like to think that we live in a free country. As far as I am concerned this kind of action on the part of government in a free country is unacceptable.

• (2220)

I would like to ask the Liberal government whether it thinks this is fair, whether it thinks people in western Canada should jump up and be thrilled that they get thrown in jail if they do not sell their wheat through the Canadian Wheat Board.

It is a vivid example of the degree of intervention our big brother Liberal government has taken over the past two or three decades. It demonstrates a "we know better than you" attitude. It is nothing short of a power grab.

Not long ago a federal parliamentarian, and I will not name him, compared Canada to Cuba in the sense of attempting to say that Cuba was not such a bad place. He took some flak for that. A lot of people took umbrage with his remarks. I am not sure that he got it all wrong although I do not think it is in context of saying that Cuba is not all that bad. It is just that Canada ain't all that great when farmers cannot sell their own private property in a place they choose without being thrown in jail for doing it. We are not talking about banned substances. We are talking about wheat and grain.

Government Orders

The parliamentary secretary went on at great length talking about what a wonderful job the wheat board did. My question is for the government, the parliamentary secretary or anybody else who wants to defend the wheat board. I come at it from the perspective of somebody who knows very little about grain.

If the wheat board is doing such a wonderful job of marketing Canadian wheat, why do farmers who disagree and want to sell their grain on their own get thrown in jail? Why do they have to hear the jackboots of the government marching down the street to pull them out of their farms and throw them in jail because they

have the audacity to sell their grain for the best price they can get? It is not a free country when this kind of thing happens. It is happening in the country today and Bill C-4 does nothing to address it.

The Acting Speaker (Mr. McClelland): There being no further members rising to speak to this matter tonight, pursuant to order made earlier this day the debate is adjourned. Accordingly the House stands adjourned until tomorrow at 10 a.m.

(The House adjourned at 10.21 p.m.)