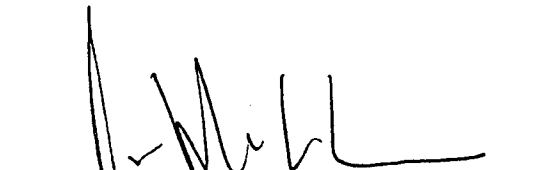


**THIS IS EXHIBIT "7"
REFERRED TO IN THE
AFFIDAVIT OF WARD P. WEISENSEL
SWORN BEFORE ME
THIS 19th DAY OF JUNE, 2007**



A Notary Public in and for the
Province of Manitoba



CANADA

House of Commons Debates

VOLUME 135 • NUMBER 012 • 1st SESSION • 36th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Tuesday, October 7, 1997

Speaker: The Honourable Gilbert Parent

[Translation]

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I suggest that all questions be allowed to stand.

The Acting Speaker (Mr. McClelland): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

• (1015)

[English]

CANADIAN WHEAT BOARD ACT

Bill C-4. On the order: Government Orders

September 25, 1997—The Minister responsible for the Canadian Wheat Board—Second reading and reference to the Standing Committee on Agriculture and Agri-Food of Bill C-4, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.) moved:

That Bill C-4, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts, be referred forthwith to the Standing Committee on Agriculture and Agri-Food.

He said: Mr. Speaker, I am pleased to open the debate on the proposed new law to change the Canadian Wheat Board, and to bring about the biggest changes in western grain marketing in more than half a century. At the outset I want to thank the government House leader for ensuring that this new legislation, Bill C-4, is before the House of Commons at a very early stage in this new Parliament. It is getting prompt, priority attention which is important to prairie farmers.

I noticed one urban news reporter complaining the other day that Bill C-4 had “suddenly” been introduced in the House. It may have escaped that reporter’s attention that amendments to the Canadian Wheat Board Act have been under consideration for more than two years. The consultations and analyses have been both exhaustive and exhausting, probably the most comprehensive in history. The whole process has been thoroughly public and transparent.

We promised to move quickly in this new Parliament to make the Canadian Wheat Board more democratic, more accountable and

Government Orders

more flexible and to place more decision-making authority in the hands of grain producers than ever before in history. Bill C-4 fulfils that undertaking.

The Canadian Wheat Board is a \$6 billion enterprise doing business in 70 countries worldwide. It ranks among the top 10 Canadian exporters. It is the country’s biggest single earner of foreign exchange. Once Bill C-4 is enacted, farmers will be in the driver’s seat like never before.

Throughout its history the Canadian Wheat Board has been governed by a small group of up to five commissioners, all appointed by the Government of Canada without any requirement that anybody be consulted and legally responsible only to the Government of Canada. But in today’s dynamic and changing marketplace, producers have made it clear that they want the Canadian Wheat Board to be more accountable to them. They want more control, and that is what Bill C-4 will provide.

Under the new law for the first time in history, the CWB will be run by a duly constituted board of directors. There will be 15 directors in total and two-thirds of them, 10 directors, will be elected directly by prairie farmers. That is a solid controlling majority. If Parliament is able to deal with this bill promptly, the elections to select these new directors can be held before another crop is planted.

The law will provide that all of the powers of the Canadian Wheat Board are vested in the hands of its directors. Because two-thirds of them will be elected, they will be directly accountable through the democratic process for how they manage the CWB’s multibillion dollar business.

In addition to their general power to run all the affairs of the CWB and in response to specific recommendations from farmers, the directors will have the explicit authority to choose their own chairperson, to set the salaries of the directors, the chairperson and the president, to conduct regular performance appraisals on the president and to recommend his or her dismissal if thought necessary.

Contrary to erroneous assertions of some of the wheat board’s more strident critics, like that gaggle of political drifters who make up the so-called Saskatchewan Party in my home province, neither the CWB nor the government will retain any power to fire any elected director.

To ensure that farmers are well served, the directors will be entitled to full disclosure of 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 benefit of the practical expertise of real producers. If they are not satisfied with how the CWB deals with farmers or its sales strategy or the

Government Orders

way it does business, they will have the authority to change things as they see fit democratically.

One group that has been particularly outrageous in its attacks on the Canadian Wheat Board is the National Citizens' Coalition, a funny bunch that would not know a bushel of barley from a handful of rice. It alleges, wrongly, that this new legislation would give the directors and the officers of the CWB free rein to ignore and break the law. That is patently false. If you have any doubt, just read the bill.

• (1020)

The directors and officers of the CWB will be under an explicit obligation to act honestly and in good faith, exercising all reasonable care, diligence and skill. If they fail in that duty they will expose themselves to legal liability. They will carry a very heavy fiduciary responsibility.

The provisions in Bill C-4 on this point are virtually identical to provisions that appear in the Canada Business Corporations Act which applies to all federally incorporated private sector companies in the country.

Despite the structural changes in governance and accountability, the Government of Canada will continue to provide the Canadian Wheat Board with very substantial financial guarantees, covering not only the initial payment set at the beginning of each pooling period and the CWB's credit sales program, but also all of its general business borrowings.

Since the CWB is a multibillion dollar enterprise, the amounts outstanding under these guarantees are often very large. Historically, because of the wheat board's strong performance, the federal guarantees have been called on in only rare and isolated circumstances, but the Government of Canada is on the hook if something suddenly goes wrong.

For this reason the government will continue to have a window on Canadian Wheat Board affairs, in addition to that line of accountability directly to western farmers.

Such a window is also necessary because any Canadian exporter of wheat or barley, whether on the prairies or elsewhere, requires a Canadian Wheat Board export permit. Consequently, the government will select a minority of the CWB's directors, five in total, including the president.

Please note that under the new law the choice of president requires consultation in advance with the other directors. The directors as a whole will have the right to set the president's salary, to appraise the president's performance and to recommend dismissal if necessary. Farmers will always hold a two to one majority among the directors over all.

To enhance the Canadian Wheat Board's flexibility, to give farmers more choice in how they are paid for their grain and to speed up cash flows to producers, Bill C-4 will enable the

Canadian Wheat Board to make cash purchases of wheat and/or barley, increase initial payments quickly whenever market conditions warrant, close and pay out pool accounts at any time, provide an early pool cash-out option, fully use modern risk management tools, issue negotiable producer certificates, offset storage costs, facilitate deliveries to condo storage systems and receive grain through on-farm mobile elevators.

This new law will also empower producers to determine democratically what is and what is not under the Canadian Wheat Board's marketing jurisdiction. If farmers want to exclude some type of grain, in whole or in part, from the Canadian Wheat Board's current single desk system, that can be done, subject to three clear conditions. First, the CWB's directors must recommend it. Second, the Canadian Grain Commission must approve an identity preservation system to protect quality standards. Third, if the proposed exclusion is significant there must be a vote among producers to approve it.

Conversely, if farmers want to include rye or flax or canola within the Canadian Wheat Board's mandate, that too can be done, again subject to three very clear conditions. First, the farm organization which represents the producers of that commodity must make a formal written request for the inclusion. Second, the CWB's directors must recommend it. Third, there must be a vote among farmers to approve it.

These provisions are balanced and fair both ways, for either exclusions or inclusions, and in either case the authority is vested where it belongs, not in politicians but in the hands of farmers themselves.

Virtually every marketing innovation which farmers have debated over the past several years will be possible under this new law. In a nutshell, that is what Bill C-4 is all about, empowering producers, enshrining democratic authority which has never existed before, providing new accountability, new flexibility and responsiveness, and positioning farmers to shape the kind of wheat board they want for the future.

• (1025)

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, I am pleased to participate in the debate on Bill C-4, an act to amend the Canadian Wheat Board Act and other acts. In doing so I have two purposes.

The first is to draw the attention of hon. members, in particular members from urban ridings, to the importance of agricultural reform. Second, to express my disappointment that the bill before us is such a pale and timid imitation of what is required to prepare the Canadian Wheat Board and to equip Canadian grain growers to succeed in the 21st century.

There was a time when a majority of the members of the House had rural and agricultural backgrounds. That is now not the case.