



# **Standing Committee on Private Members' Bills**

## **Hansard Verbatim Report**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON PRIVATE MEMBERS' BILLS  
2002**

Doreen Hamilton, Chair  
Regina Wascana Plains

Greg Brkich, Vice-Chair  
Arm River

Denis Allchurch  
Shellbrook-Spiritwood

Jason Dearborn  
Kindersley

Donna Harpauer  
Watrous

Carolyn Jones  
Saskatoon Meewasin

Judy Junor  
Saskatoon Eastview

Warren McCall  
Regina Elphinstone

Kevin Yates  
Regina Dewdney

The committee met at 10:00.

**Bill No. 304 — The Saskatchewan Wheat Pool  
Amendment Act, 2002**

**The Chair:** — Being past the hour, I'm going to call the meeting to order. And we have procedures to go through for the meeting. We'll begin as you have on your agenda. I'll call the title of the Bill; we'll receive a report from the Law Clerk.

I'll then introduce those who wanted to be present today and make representation for and against the Bill and then there would be the motions and consideration of the Bill. And if the . . . or depending on the deliberation of the committee, that then, as a committee of the legislature, will go back to the Legislative Assembly and be dealt with in procedures there.

I don't know if we need the doors to be closed so that we're not hearing hallway footsteps.

So this morning we have before us Bill No. 304 of 2002, An Act to amend The Saskatchewan Wheat Pool Act, 1995.

Because we have many guests here today and depending on whether they can see your signage or not, I think we'll just quickly go around the table and introduce ourselves. And I'll start: Doreen Hamilton, MLA (Member of the Legislative Assembly) Wascana Plains, Chair of the committee.

**Ms. Harpauer:** — Donna Harpauer, MLA, Watrous.

**Mr. Brkich:** — Greg Brkich, MLA for Arm River.

**Mr. Allchurch:** — Denis Allchurch, MLA for Shellbrook-Spiritwood.

**Mr. Dearborn:** — Jason Dearborn, MLA Kindersley and Sask Wheat Pool member.

**Mr. Ring:** — Ken Ring, Legislative Counsel and Law Clerk.

**Ms. Ronyk:** — Gwenn Ronyk, Clerk of the House.

**Mr. Yates:** — Kevin Yates, the MLA for Regina Dewdney.

**Mr. McCall:** — Warren McCall, Regina Elphinstone.

**Ms. Jones:** — Carolyn Jones, MLA Saskatoon Meewasin and member of the committee and sponsoring member.

**The Chair:** — I would now ask the Law Clerk to give his report.

**Mr. Ring:** — Thank you, Madam Chair. Committee members should have copies of my report or it would be distributed to you if you don't already have a copy.

I have examined this private Bill and am pleased to report it is drawn in accordance with the rules of the Legislative Assembly respecting private Bills.

The only provision that I would like to draw to the committee's

attention is the coming into force provision, section 6 of the Bill. Section 24 of the Wheat Pool Act, 1995 requires that any changes to class B shares be approved by a two-thirds majority of those shareholders at a meeting called for that purpose. The coming into force provision allows for the vote and complies with section 24 of The Saskatchewan Wheat Pool Act, 1995.

I'm further pleased to report that in my opinion, apart from the above, the Act contains no provisions which are at variance with the usual provisions of private Acts on similar subjects or which are deserving of special attention. Thank you.

**The Chair:** — Thank you, Mr. Ring. At this time I would ask then Ms. Jones, who is sponsor of the Bill, to bring her delegation forward. And she's going to do the introductions to the committee. If those members who are here today to support and represent the principle of the Bill come forward, please, to the foot of the table.

**Ms. Jones:** — Thank you, Madam Chairperson, and members of the committee. The delegation that the Sask Wheat Pool has here today is Marvin Wiens, who is president and chairman of the board; Terry Baker who is a director of the board and chairman of the audit committee; Jim Metherell, a delegate; and Doug Ballou, who is legal counsel for the Sask Wheat Pool. Mr. Wiens.

**Mr. Wiens:** — Thank you. Good morning, Madam Chairperson, members of the committee, ladies and gentlemen. My name is Marvin Wiens, as has been indicated, and I am president and chairman of the board of Saskatchewan Wheat Pool. With me this morning, as has been introduced as well, is Doug Ballou who is our Sask Wheat Pool external counsel and is very familiar with our Act and the amendments that we are proposing in the Bill being considered today.

I am here today as the elected representative of 55,000 active Wheat Pool members to ask the Private Members' Bill Committee to support Bill 304, to amend The Saskatchewan Wheat Pool Act, 1995. Before outlining the changes proposed in the Bill and why we believe they could prove beneficial to our co-operative, I want to express our appreciation to the committee and to all members of the Assembly for allowing our Bill to be considered at this time. We appreciate very much everyone's co-operation and the hard work required of the Assembly members and staff. Thank you to everyone involved.

Saskatchewan Wheat Pool believes strongly in the future of agriculture in this province. Our land base, our climate, our expertise, our ingenuity and resourcefulness give our industry and the many individuals and farmers involved in it some of the fundamental tools required for the sector to succeed. Over the longer term agriculture will prosper and be successful.

At the same time our members and their co-operative recognize that we must take care of business today to be able to reap the benefits of tomorrow. Anyone involved in agriculture knows all too well the significant influence of weather, the cyclical nature of commodity prices, the increasing competitiveness of the global marketplace, and the constant reduction in margins. The challenges are many but so are the opportunities. A key ingredient for future success is one's willingness to take the

actions today that are necessary to position their farm or their business for the future.

At the Pool we are following that very formula. We are making some very difficult decisions and taking equally tough actions to improve our operational and financial strength. The results in several areas of our company bear witness to the positive effect our business plan is having. Over the past 12 months alone, we have recorded a 2002 fourth quarter profit of 5.1 million prior to provisions.

We increased our market share in Western Canada by two points which is actually a 10 per cent improvement. We have held a decrease in grain shipments from Pool country facilities to 12 per cent while the industry experienced a 22 per cent decline because of the weather conditions out there. We have limited the decrease in terminal handlings to 19 per cent while industry volumes dropped 24 per cent. And we've reduced our balance sheet debt by 32 per cent or \$249 million over the last while.

We've also developed an input program that provides low-cost financing for member customers and reduces the company's securitization and working capital requirements. We've reduced our operating costs by 35 million, bringing the two-year reduction to over \$60 million.

We've amended the financing agreement with our banks and have \$275 million in operating and term loans to fund our fiscal 2003 business plan and support our securitization program. And finally, we've obtained agreement from the banks to defer debt repayments to November 30, 2003. All good news stories that you don't hear in the media very often.

Saskatchewan Wheat Pool has made substantial progress in the last 24 to 30 months. We also recognize that we have more work ahead of us.

The objective of the Pool Board of Directors, its delegates, and senior management is to position the company to be able to pursue future opportunities that arise in the industry.

There is no doubt at the Wheat Pool that in the months ahead the grain-handling industry will undergo significant change. Overcapacity, compressed margins, a growing desire for processors to have a direct link to raw commodities, reduced crop production and the subsequent sharp drop in grain exports mean continued industry restructuring will occur.

We are working diligently to return the company to profitability and thereafter prepare ourselves to move quickly and strategically as opportunities present themselves.

Readying ourselves and being able to respond quickly to future opportunities are the primary reasons we are asking you to support the proposed changes to our Act.

As a publicly traded co-operative, we have both added responsibilities and greater opportunities. The added responsibilities include, among others, conducting business in a manner that benefits both members and shareholders and complying with regulatory requirements.

One of the opportunities is having a share structure that enables a more timely and fluid movement of equity between the Pool and other businesses, businesses that may wish to invest in Saskatchewan Wheat Pool. Having our share structure, corporate governance, and related processes prescribed within a statute reduces our ability to amend these provisions in an effective and timely manner in response to business opportunities or changing regulatory requirements.

Before providing the committee with some background on the reasons for our petition, I want to underline that the Bill before you is not asking the Legislative Assembly to change our corporate governance or share structure. It is seeking Assembly support to move final authority for selected provisions pertaining to governance and share ownership from The Saskatchewan Wheat Pool Act into our company's bylaws, thereby giving our delegates final authority to make future changes as desired or required. The intent is to maintain or indeed enhance the responsibilities of Wheat Pool delegates and streamline the decision-making process in these particular areas. And this is an extremely important point.

I would now like to provide you with a little background as to why we are seeking these particular amendments at this time. In looking to the future, we have identified two specific provisions within our current Act that may impair our ability to further strengthen the Pool from both regulatory and financial perspectives.

At present, the Act stipulates that only Pool delegates can elect our board of directors. In future our organization may wish or may be compelled as a publicly traded co-operative to extend voting responsibility to other stakeholders such as class B shareholders for at least two reasons.

First, the investment community globally has been rocked in recent months by repeated revelations of financial mismanagement, inaccurate reporting, and fraud. Investors around the world are extremely nervous. They are calling for a much higher level of scrutiny and greater assurances that all possible steps are being taken by regulators and publicly traded companies to protect their investments. They want assurances that those individuals involved in corporate governance have the appropriate level of expertise and are actively engaged in monitoring the financial condition or situation of publicly traded businesses.

In most publicly traded companies, shareholders already have the right to elect their own representatives to the board of directors. Increased scrutiny of corporate governance by securities regulators is adding further impetus to re-evaluating our board composition. For example, regulators are calling for each firm's audit committee to include at least one external individual who has finance or accounting designation. Similarly, companies are being encouraged to address any deficiencies in expertise around the board of directors through the inclusion of external professional business people as voting directors.

The issues of board competence and accountability are of great importance to all stakeholders in the business and financial communities.

At Saskatchewan Wheat Pool our own experience with external non-voting advisers to the board has been very positive. Each adviser brings new knowledge, a different perspective, and a high level of expertise to our board deliberations in areas beyond primary agricultural production. The advisers help us more effectively discuss business issues and develop strategies.

Because of our experience we can appreciate the value of having external expertise at the board table as the agri-food sector becomes increasingly more complex. We also foresee the day when we would choose to include external voting directors as part of our corporate governance, if given the opportunity.

Our interest in the potential for expanding our board to include external directors is also linked to our intent to continue strengthening the financial position of our co-operative. One means of gaining increased strength is by attracting a meaningful level of new external equity. In many instances such investors also wish to become more actively engaged in the target company's decision-making processes. This elevated level of involvement can be beneficial to the equity recipient, the investor, and the member.

Altering the composition of our board of directors by, for example, allowing class B shareholders to elect some directors may be an option that we pursue in the future. The current concern we have, and a contributing reasons for this Bill, is our current inability to make the required changes in an expeditious manner owing to the present need to effect legislative change after having received delegate approval.

A second area of interest to our organization is the ability of Saskatchewan Wheat Pool to alter its share ownership limits, again in an expeditious manner, and again in response to new or rapidly changing business circumstances. At present any one class B shareholder can hold a maximum of 10 per cent of all outstanding shares. For most individual investors that is not an issue; however, for large investment firms or for major business looking for an investment opportunity, the low maximum level is a deterrent. It undermines the fluid movement of equity among businesses that was described earlier as an advantage of being a publicly traded co-operative. Therefore we believe that the company, through our delegates, should have the authority to adjust this maximum if and when deemed appropriate.

The proposed amendments and the reasons for requesting them have been discussed at length internally. Our board, our delegates, and senior management do not take these changes lightly. Nor do they take the need for the Pool to gain greater financial strength lightly either. Discussions with all delegates were held earlier this year. They in turn have discussed this matter with their members over the summer and fall. In October our delegates met in Regina to further consider the amendments proposed. When put to a vote, nearly 90 per cent of the delegates voted in favour of making the changes. They understand the value of having their organization able to respond as quickly as possible to change and opportunity within the investment and agribusiness environment.

You will note in the Bill before you a proviso that indicates the Bill would come into force only after the Clerk has received verification of class B shareholder support to amend the provisions specified . . . specific to share ownership limitation.

We must allow the class B shareholders an opportunity to express their opinion on that particular issue as it has the potential to affect the value of their investment. We will know the results of their vote in the new calendar year.

In closing I want to repeat that the private member's Bill before this committee seeks to address process and not substance. Businesses in the 21st century, including our co-operative, need to be able to respond quickly to opportunities and changing circumstances. In looking at our current situation, we believe that this is not possible for Saskatchewan Wheat Pool, owing in part to the current division of responsibility between our delegates and the Government of Saskatchewan. In specific situations, delegate decisions must be ratified by obtaining legislative changes through the private members' Bill process.

As you can appreciate, accessing that process is dependent upon when the Assembly convenes a new session and the time available, given the many issues the government must address. In most years the legislature does not meet over the fall or winter. That means nearly one year could elapse from the time a need for an amendment to our Act is identified up to the time when a private member's Bill receives Assembly approval and Royal Assent. In today's business environment, a time lag of that duration is a disadvantage and could prove harmful.

On behalf of Saskatchewan Wheat Pool and its members, I ask for your support of this Bill.

Thank you again for making time available for consideration of our Bill during the current sitting. Mr. Ballou and I will be available to the committee for the remainder of the morning and would be pleased to respond to any questions the committee members may have. Thank you.

**The Chair:** — Thank you, Mr. Wiens and Ms. Jones. Now I would open up for questions by committee members and . . . Ms. Harpauer.

**Ms. Harpauer:** — Thank you, Madam Chair, and thank you very much for the presentation, Mr. Wiens.

In the . . . towards the closure of your presentation it said that it was discussed at length internally and then throughout the summer and the fall the delegates discussed these issues with the members. Was there any organized effort? Was there any initiative — a flyer or something — sent to the members to allow broad input from the Pool members on this particular change?

**Mr. Wiens:** — Well the process we're talking about has been discussed for more than just the past summer. It's been discussed in significant detail with our delegates, our board, our management, and our members probably for the last . . . over a year. In the time period from last spring to today, that's increased and we've had more formal discussions with our members.

Has there been organized specific meetings called? I can't address that specifically. Different delegates did different things in their own specific areas. I know some had intensive discussions with their members. Others contacted members as they could. Our committee structure is much smaller than it

used to be, so the ability to contact members is not as great as it used to be. But there has been significant . . . I guess the short answer, there has been significant discussion with members to get the delegates . . . to have the delegates have an opportunity to assess where the membership were on this issue.

And by and large the response that delegates were getting — and I believe that's the reason we had a 90 per cent approval — was that members said, we need to do what's right for the Pool, to make sure we do everything possible to help the Pool survive in a tough financial situation being I guess made worse by the kind of weather conditions we have out there, by the kind of competitors we have in the industry. And we just have to look at some of our other competitors that are no longer around to really assess the results of not making the proper decisions quick enough.

**Ms. Harpauer:** — Thank you. My other question is just to clarify something that I probably should understand but I just want to clarify. When you mention external voting directors, the possibility of having external voting directors, these would be directors that don't have A or B shares?

**Mr. Wiens:** — That process has not been defined as yet. Again, that process would end up moving from the Act to the bylaws and then the delegates would have to approve a process as to how those external directors may be elected. So we have not determined that process but there is examples in other publicly traded companies that we can draw from to determine that.

**Ms. Harpauer:** — Thank you.

**The Chair:** — I have Mr. McCall, Mr. Dearborn, and Mr. Allchurch.

**Mr. McCall:** — Thank you for your presentation. I'm just looking to have some clarification around, in terms of shifting the requirements for changing the 10 per cent limit on equity holdings. Under the bylaws, what steps are required to change that?

**Mr. Wiens:** — Again it would be an amendment to the bylaws. It's described in the bylaws very clearly that there is a 10 per cent cap. That's still there. It's changed by the legislature. It would not change that portion of the bylaws.

The delegates would have to approve any change of additional investment cap by a two-thirds majority. In other words, that would be discussed, debated, and voted on by our delegates if that was changed.

**Mr. McCall:** — Okay. And I guess to revert to your response to the earlier question from Ms. Harpauer, obviously the Pool has had a great interest in consulting its members and making sure that people are informed around this decision. And given that willingness, has there been any consideration in terms of . . . you know, this is a fairly monumental step for the Wheat Pool as was the series of decisions taken around '95, '96. Has there been any consideration around consulting all of the members in some kind of mail-in ballot or plebiscite?

**Mr. Wiens:** — Well we have a very good system of representative democracy. In other words, we have 105

delegates that are elected by the members of Saskatchewan Wheat Pool. And that's the only way you can become a delegate.

They take a lot of . . . they take their position very seriously, spend a lot of time looking at the issues facing Saskatchewan Wheat Pool. And they have . . . In this process they would be given more authority. In other words, they would have the authority to change these two portions of our bylaw if and when it was deemed necessary or beneficial to the Pool.

So we've asked them to step up to the plate, I guess, in the past on important decisions and we'd be doing that the same way. We'd be asking our delegates through the elected process that they serve — much like a member of the Legislative Assembly represents his or her members.

**Mr. McCall:** — I guess I bring that up because certainly in some of the organizations I belong to, there was . . . (inaudible) . . . you know, there's a combination of delegated processes, but there's been a shift to a greater consultation with the membership and a greater sharing of the . . . or making the democratic responsibilities of a member in an organization more immediate through things like one member, one vote processes. And so I guess I would . . . and I appreciate what you're saying about the responsibilities that the delegates obviously take very seriously. But has there been any consideration of a across-membership vote?

**Mr. Wiens:** — No, we have not . . . we have not discussed the membership vote. We again believe very strongly that our representative democracy works very well. And on this particular issue it would be increasing the responsibility of the delegates.

Again the delegates would have opportunity to discuss with the members any changes that might be proposed to the bylaws. This would be another step to any change . . . future changes proposed to the bylaws, again would . . . the delegate would have an opportunity to discuss that with the membership.

**Mr. McCall:** — Thanks, Madam Chair.

**Mr. Dearborn:** — Thank you, Madam Chair. Mr. Wiens, I felt this was a very good proposal and I was . . . I'm gladdened to see that the Pool is aware of the global environment in which they're conducting their businesses.

The concern that I have is why, with the sweeping changes that are going to be performed here, we still have a need for The Saskatchewan Wheat Pool Act at all. Could you please clarify why any of this should have to come back to the Legislative Assembly for you to have to ask members of this Assembly permission to run your business? And if you've given this consideration, if there's legal requirements of why we're just putting forth a private member's Bill today and why we're not asking for repeal of the Act? That's my first question. Thank you.

**Mr. Wiens:** — Yes, and it's a good question, and I'll ask Mr. Ballou to respond to it as well. But just very quickly I can begin by saying that we're a very unique organization, that we're a publicly traded co-operative. So we do not totally fall . . . or

could not totally fall under a corporations Act or under a co-op Act unless there was amendments to either one of those two.

So because we're that unique organization, we have our own Saskatchewan Wheat Pool Act, 1995 as a publicly traded co-operative. Mr. Ballou, if you would want to add to that.

**Mr. Ballou:** — Yes, I can just add briefly to that. The Business Corporations Act would not permit or contemplate the current member and delegate structure that Saskatchewan Wheat Pool has in place. Nor would the co-operative Act or the new generation co-operative Act contemplate publicly held equity securities like the class B shares, or permit them.

So that's the need for this private Act to, on both sides, contemplate this as a publicly traded co-operative.

**Mr. Dearborn:** — Thank you. The second question that I would have then is just in following. Upon passing this amendment and this private member's Bill, we're not . . . From the position of being the president of the Saskatchewan Wheat Pool, it's not likely that you're going to have to be coming back on a regular basis with these changes to ask permission for you to run your business, is it? I have concerns there from the taxpayers' point of view and also from the position of the Pool to be able to conduct its affairs.

**Mr. Wiens:** — We're not aware of any issues that need to be dealt with in this matter, in the foreseeable future.

**Mr. Dearborn:** — Thank you.

**Mr. Allchurch:** — Thank you, Madam Chair. Mr. Wiens, I was glad to hear the remark that you made previous to my questioning. But I, as a voting delegate myself — as Jason is — I have great concerns with the Pool regarding the dividend structure and how much my dividends are going down every day I turn the radio on.

But I've had lots of constituents of mine phone me regarding questions they want maybe some answers to. And one of them comes from the Canwood area, and I would like to just read some of his remarks if you don't mind.

At the present only farmers can have a voting share that controls the direction and operation of Saskatchewan wheat Pool. This was done to ensure that the pool was always controlled by farmers. With the changes this will allow . . . (the) shareholder to have a say in this former Farmer controlled Co-operative, thus eroding the farmer control.

If this is allowed I believe the government has the opportunity to negotiate with the pool in regards to the many small town elevators (that have been) . . . sold in the past years.

I believe that if the pool is allowed to change their share structure thus reducing the farmer control, they should then be forced to give up any control of these sold elevators.

Can you make a comment on that?

**Mr. Wiens:** — Well I guess, if I understand the question, this

gentleman is saying that we should give up control of sold elevators — which we've already done. I mean we've sold in excess of 200 elevators to individuals or groups of individuals throughout Saskatchewan so they can use them for either private or business purposes. So that's been a very successful process.

And we made that decision recognizing that there could be some value in rural Saskatchewan for someone to use those facilities. So we've lost control. In other words, we've lost control of those facilities already.

The other part of the question that suggesting we somehow, by allowing someone else a board position, we should . . . I don't totally understand that part of the question. But I guess the only point I'd make on that is that we have significant outside investment in the Pool, non-farming investment, and they're concerned about the value of their investment right now, just like you've indicated you are — very concerned about the value of their investment. And they would like some input into what happens around that board table.

In this process again we've talked to our delegates about what we might do if we get the amendments to the Act. And one possibility is that we could end up with two or three outside directors around our board table, which now is composed of 12 elected farmer directors.

We believe that kind of a balance could be very, very healthy both from the perspective of the business opportunities and the perspective of attracting and maintaining outside investment for the Pool so we can provide service to our farmer members.

**Mr. Allchurch:** — Thank you, Mr. Wiens. I think that's where the farmer is coming from, that it was and has always been farmer controlled. And now with changes that you're proposing, it doesn't give that farmer control any more. The ring is getting bigger with people, investments, into it that are not farmer controlled.

In regards to the elevators, there were a lot of elevators that were told to be demolished before it actually got out to the public where the public could get together in a process to buy these elevators. And in my case up in the north central area, that was . . . (inaudible) . . . in a lot of cases. Then also, in regard to some people purchasing the elevators for whatever situation they wanted to do with it, they ran up to red tape and a stumbling block in regards to what they were going to do with the elevator. And it was because of the Pool direction that were given to these farmers that a lot of these elevators were torn down now.

**Mr. Wiens:** — Well I guess I can comment on the running into the red tape issue. I know it's a very complicated issue when you're talking about lease rights from the railroads, you're talking about insurance liability issues, you're talking about the cost of upkeep. And very often the reasons elevators were not sold, or demolished at the end of the tendering process, was that individuals or communities made the decision that all those issues were greater than the financial benefit of keeping the elevator. And then they were destroyed.

So it was not just Pool red tape, if you want to call it that, that

caused that to happen. We had some issues we had to have resolved as well. We were not prepared to give elevators to competitors to compete against our farmers and our non-farmer investment. But we were prepared to sell through a fair process to a competitor, a facility, if they felt that they could operate it.

**Mr. Allchurch:** — So basically what you're saying, Mr. Wiens, that the opportunity for farmers to buy these facilities, to load producer cars or whatever, was against the policy of the Pool, or in conflict of the mandate of the Pool?

**Mr. Wiens:** — No. There's many of the elevators that have been sold to load producer cars. That's happening throughout the province. Probably the area I'm most familiar with is the southwest, south part of the province where there's numerous elevators along the branch lines there that have been sold to producer car loading groups.

**Mr. Allchurch:** — Was there a special arrangement in order for farmers to undergo that proposal?

**Mr. Wiens:** — Yes, there was a process whereby we talked to those groups and individuals and sold them at an agreeable price between the two parties, and that's happened. I can't give you the exact number out of the 200-plus how many of those are producer loading sites, but it's a significant number. We could get you that number, I guess, if you needed it.

**Mr. Allchurch:** — Okay. Well just the concerns that the farmer has for the operation of the Pool. Also some of his other comments that he made was this would have many positive effects on rural Saskatchewan, some of which are reduced truck traffic on all highways and put the grain back on to rails. With or without Kyoto, this would be positive for reducing CO<sub>2</sub> emissions. It would also reduce the strain on our roads and highways and thus farmers to deliver the grain locally with their own truck and reducing the freight costs. These are some more concerns that the farmers in the area have.

So I'm saying that basically all the sale of the elevators and the structure that the Pool has gone through is really limiting the progress of rural Saskatchewan in areas where there are Pool elevators.

**Mr. Wiens:** — Well again, I guess I would repeat that we've tried to accommodate as much of that as absolutely possible in the past, you know, couple of years and nothing in these proposed amendments would affect that process in any way. We have by and large completed our sale of elevator facilities and nothing in these proposed amendments would change any of that scenario in any way.

**Mr. Allchurch:** — I know it's difficult for the Pool in regards to this year and even last year, especially this year with all the drought in such a large, large area of Saskatchewan, which may be reinforcement to you as doing what you're doing. But I know it's really tough out there in rural Saskatchewan and the farmers are having it tough enough as it is without having to pay extra costs to deliver their grain further and further away. And basically what it's doing is eroding the farming situation down till it's non-existent.

**Mr. Wiens:** — Well, and in this . . . I totally agree with you

that we have to find ways to reduce costs for farmers. I can give you examples again of comparing the costs of delivering to one of our high-throughput elevators, including a farmer's trucking costs, by the time he receives premiums from Saskatchewan Wheat Pool that his costs are no greater than leaving him at the producer car loading facility 50 miles away.

So the industry has become very competitive. A producer car loading site is a good alternative for farmers, but so are our new high-throughput efficient elevators that are getting freight incentives back from the railroads that a producer car loading site can't do.

And so there are many options and 80-plus per cent of the grain in Western Canada goes through the traditional elevator system not because farmers just want to do that. It's because of economics. Farmers very quickly will choose the most economic way to deliver their grain because they have to — they just have to — with the margins they're facing.

**Mr. Allchurch:** — Thank you, Mr. Wiens.

**The Chair:** — I have, on the speaking order, Mr. Yates and then requests for a second go-round. So if any of the committee members who haven't spoken yet want to jump in there, I'd allow that first before we go to Mr. Dearborn and Ms. Harpauer in the second go, which I guess leaves you, Mr. Brkich, if you want to pop in. No? All right. Then, it's Mr. Yates, Dearborn, Harpauer.

**Mr. Yates:** — Thank you, Madam Chair. Mr. Wiens, I have a number of questions. I'd like to start by asking a little bit for historical value. The original legislation put forward and its terms and conditions that were placed in the legislation, were those at the request of Wheat Pool members, the provisions, or were they at the direction of government at that period of time?

**Mr. Wiens:** — Are you speaking about the Act in 1995?

**Mr. Yates:** — The original Act that allowed the Wheat Pool to the changes to be made in 1995. Were they brought forward by the members?

**Mr. Wiens:** — Well I guess in effect they were. It was a process whereby we, as delegates and board members, looked at the financial challenges facing us and looked at a wide range of financial opportunities in front of us. And in the end the delegates and the board of directors chose to go down the route of becoming a publicly traded co-operative.

That's received some criticism. But if you look back at what happened in 1996 when we became publicly traded, significant millions of dollars were mailed to our farmer members in that process. In fact it was over \$150 million in cash that was mailed to our farmer members in that one day of becoming a publicly traded co-operative. That was a very positive process. Some of the decisions following that were not as positive, as you know, and we faced some financial challenges because of it.

But that really was a process that was initiated by members, delegates, board of directors having those discussions.

**Mr. Yates:** — Thank you, Mr. Wiens. I guess what I'm trying



to ascertain for a historical value is that the legislation itself, its content and its changes that have been made over time, have been made at the request of its members. And the government, or the legislature, has simply followed the desires of the members in the corporation to fulfill its own destiny. Would that be a fair statement?

**Mr. Wiens:** — Yes, I believe that would be a fair statement, that the legislature has looked at the issues facing the Wheat Pool. I think it's extremely important that we do everything we can to maintain the Pool in Saskatchewan, that we work very hard to maintain the head office here in Saskatchewan.

We have a sister co-operative — I won't mention the name here — that's disappeared. The head office is closed in Winnipeg. That's not where we want to go with Saskatchewan Wheat Pool. We're working very hard to make some of the changes that hopefully we will be around to serve our members well into the future.

**Mr. Yates:** — So whenever the Wheat Pool or its members have brought forward requests for changes to the legislation over time, the legislature has agreed with those changes?

**Mr. Wiens:** — I'm not aware of any time they've refused to make changes we've requested. It's always been a very good process where members of the Legislative Assembly have looked at the business issues facing the Pool and said we need to do what's good for business in this province. And we've appreciated that very much.

**Mr. Yates:** — Thank you, Mr. Wiens. My next question has to do . . . I think it would be important for us to understand what the potential negatives or consequences of not making these changes would be for the Wheat Pool. Can you give us some idea of what the potential consequences may be?

**Mr. Wiens:** — Well as I've indicated, with the kind of challenges that we face in agriculture and particularly that's been . . . the challenges have been heightened by the fact that we've had back-to-back droughts in Western Canada — the worst drought in many, many decades this past year — so the challenges facing the agriculture sector and Saskatchewan Wheat Pool are great. So we need to have every tool possible we can to strengthen our financial position, to strengthen or give us opportunities in the business environment to grow again.

We have been downsizing, rightsizing, lowering debt. We don't want to continue that forever. Our goal is to eventually start going up the other side again and rebuilding, just like we've started to rebuild our market share.

So this would be . . . These two steps would give us the opportunity to continue to strengthen our financial situation, to continue to look at business opportunities that would be good for the Pool, the farmers, and its shareholders. So that's really what we're trying to position ourselves for.

**Mr. Yates:** — And failure to approve these amendments would limit your potential for growth and limit your potential to move forward in making the Pool more financially viable?

**Mr. Wiens:** — I can't predict what opportunities will come along but it could in essence prevent us from making a very good business decision if delegates did not have this opportunity to make these changes sometime in the future. And again we need to reinforce the fact that it will be delegates that will make the changes to the bylaws if the legislature approves these amendments.

**Mr. Yates:** — Thank you, Madam Chair.

**Mr. Dearborn:** — Thank you, Madam Chair.

I have a question, Mr. Wiens, in a somewhat hypothetical . . . but it is something that concerns me. For my own farm I am interested in purchasing shares and equities in companies in which I do business with — Monsanto, Saskatchewan Wheat Pool, whoever it may be.

There are certain large players in the agribusiness which are not publicly traded — one of them is one of your very large competitors. And I appreciate their business less because I have no way to capitalize on the business that I do with them and get a return.

The concern that I have with this amendment, would it be possible to your knowledge that a large company such as that, one that is not publicly traded so I never have a chance on ownership of that company, exceeding the 10 per cent of the class B share and at some point getting up to 80 per cent — because we all know who we're speaking of here, they have the capital clout to do that — and then privatizing that interest and removing it from the TSE (Toronto Stock Exchange) and just giving it, you know, paying out the shares to those who are left holding them? Would that theoretically be possible in this instant, with the changes that we're proposing today here?

**Mr. Wiens:** — Well again I can ask Mr. Ballou to comment on this one, but I can begin by saying that, even in your scenario where you had someone own 80 per cent of the shares, the control structure still remains within the delegates and the board of directors. In other words, that's the control structure and anything we've talked about in adding outside directors would not permit a majority of those directors from the outside to have control. In other words, your control still would be in your democratic structure.

**Mr. Dearborn:** — I'm aware of that. I guess one of the assumptions — and I apologize for not making that clear — is that possibly the delegates decide to move to a . . . they even integrate all A and B shares into a C class share and then it's traded like a non-co-operative. I'm not trying to be overly hypothetical here, but the question remains: would it be possible for what's being put here that this could lead to the removal of the Saskatchewan Wheat Pool as a publicly traded entity, either in a co-operative form or in a . . . or as a . . . just as a corporation?

**Mr. Wiens:** — No, this amendment would not allow that to happen. Again that process would be in . . . the decision like you've pointed out would be in the hands of the delegates. What delegates will do in the future of the Pool, you know, I can't predict. I mean, that's our democratic structure. But these amendments would not allow that to happen.

**Mr. Dearborn:** — So my understanding then — this would not allow for a hostile takeover by a non-traded publicly . . . non-traded public company or a company that's non-publicly traded to come in, buy up a bunch of Sask Wheat Pool stock, and then kick out the shareholders? That wouldn't be possible?

If that's the case, then I'm comfortable.

**Mr. Wiens:** — Again, the level of investment in the Pool will be totally in the hands of the delegates in our elected structure. And I don't know if there's any more we should be adding to that.

**Mr. Ballou:** — I mean, the only thing I would add to that is, one, we're talking about simply moving any decision . . . well moving the 10 per cent cap so that it can be changed in the bylaws. It would take two-thirds of the delegates to change that.

They may change it to a higher percentage but, I mean if they change it to a higher percentage and if anyone attempted to acquire more than the class B shares over and above that percentage, I mean it would be in breach of the Act, in breach of the bylaws, and there would be the sanctions that are contemplated in terms of denying them dividends, requiring them to sell the shares, or forcing the sale of the shares. That's sort of step one.

I mean, even if the delegates through their process raised the cap to your hypothetical 80 per cent level, the Act still provides that the class A shares, which are the only voting shares, must be held by members and only sort of one member, one share — you know, the co-operative principle. That cannot change without an Act change. I mean the Act change cannot occur without the delegates coming back through a process like this, requesting further changes to the Act.

So, you know, any bid for the class B shares cannot alter the democratic structure.

**Mr. Dearborn:** — You could explain to me then with regards to the Ontario Securities Commission, that if someone were to, if the maximum is amended to above 10 per cent — well even say it's up to 100 per cent — that if there was a corporate entity that purchased 100 per cent of the class B shares and theoretically has no say in the way that the company's being run, as it's being run now by the class A delegates and they pick the board of directors, there's no way that they would be able to have a challenge under Ontario law regardless of The Saskatchewan Wheat Pool Act here?

**Mr. Ballou:** — I don't believe so because, I mean, they would know that they were buying non-voting class B shares and there would be no reason for a securities regulatory authority to intervene. I mean their answer would be, you know what you're buying, you're buying non-voting shares. It wouldn't be appropriate for a regulatory authority to, you know, take some steps to try and give them voting authority.

I mean, if they want voting control, they have to deal with the entity they're buying shares of. I mean if they're buying non-voting shares, they're buying non-voting shares.

**Mr. Dearborn:** — Thank you for those clarifications.

**Ms. Harpauer:** — Thank you, Madam Chair. I'm going to follow up for a few minutes on Mr. Allchurch's questions. And I know it's the intent of all members of the Assembly to try to see what we can do for the well-being of rural Saskatchewan. And Mr. Wiens, you have also voiced that sentiment for the Wheat Pool. But there are concerns, and I think they're very valid, that a more corporate structure of the Wheat Pool would be less concerned about the well-being of the small town.

And a concern that's already happening in rural Saskatchewan is the way that closures, elevator closures, are being handled by the Wheat Pool. And so the question is: is that, you know, going to be less addressed under a corporate structure?

And in particular, the complaints that I'm getting, and I've gotten quite a few of them, is the insufficient window of time when an elevator is going to be closed. Producers are saying we don't even have enough time to put together a group to purchase the elevator for future use.

And the other concern — and it was expressed in the letter that Mr. Allchurch read — is that even if they do purchase the elevator, they're not allowed to load rail cars from that elevator, so it's of no good to them other than a huge storage bin, which, you know, isn't necessarily what they want to use it for.

I know you're well aware of the success story in my area, and that's Bornhorst Seeds, seed cleaning, and he purchased a Pool elevator and he is cleaning peas and shipping them from St. Gregor. It's a great success story. He's a very valued businessman and employer in my area. And I think there could be a lot more of those success stories.

So you must understand that there's a concern in rural Saskatchewan that if you go to a corporate structure or a more corporate-like structure, that the opportunities will be less instead of more.

**Mr. Wiens:** — Well I guess you mean . . . you raise some good points. I can point to many, many instances where communities have banded together and have purchased elevators to load producer cars. And even some of those that made the decision that they did not want to pay the extra value for a commercial operation . . . and that's what it becomes then. It becomes a competitor of the Pool and so we have to reflect that in the value we sell it to the community for.

Some communities have come back and said we would like to revisit the fact that this was just sold for storage because now we have, we have the ability to perhaps load producer cars. There's even been some reconsideration of some of those facilities then. That discussion has been held. So we've worked very hard with communities to try and find solutions to exactly what you're talking about.

But I can also point to many, many communities that did not have the critical mass of support, I guess, to make the operation economical because you need a minimum amount of grain to go through these facilities to pay the bills, because they are significant when it comes to taxes and/or upkeep and insurance and liability issues. So they did not have the critical support and they made the decision not to buy it for commercial purposes.

So the issues are quite wide-ranging, relative to what has happened to some of these elevators. And many times it's just like we see in the success stories of like you've talked about, where there is someone that's prepared to take the initiative and make it happen. Other communities for whatever reason don't make it happen. And I can't answer those questions as to why some are successful and some aren't. But we're prepared and we have been prepared to work with communities to try and make it happen.

**Ms. Harpauer:** — Mr. Wiens, I understand that there are some producer groups who consider it and realize that it's not going to be viable so then they choose not to purchase an elevator. However I'm hearing there are producer groups who are willing and ready to go ahead and they've been turned down by the Pool or they're not given enough . . . a long enough window of time in order to have their proposal totally prepared.

So I would . . . it's not even a question. I would just strongly encourage you to give these producer groups a little more time because I think there can be more successful stories out there, but it does take some time to put some money together.

The other question that I would like to ask is, you've mentioned that although this amendment to the Act only allows the Wheat Pool to change their bylaws and then in turn will allow for a greater concentration of ownership and a change to the component structure of the board — I realize that it only allows the Wheat Pool to do this but — it's widely believed, and I think rightfully so, that once allowed those bylaws will indeed be changed.

Has the Wheat Pool been in negotiations with a potential buyer?

**Mr. Wiens:** — Well as a publicly traded entity I couldn't comment on confidential information. I can't reveal any confidential information here that we wouldn't reveal to all our shareholders.

But I can say that we have and will continue to look at all possible business opportunities. We have in the past and we will into the future. And if something, I guess of significance, happens, we'd have to make a public announcement that we're in discussions with company A or company B.

So I can't legally divulge anything that's confidential like that.

**Ms. Harpauer:** — Thank you, Mr. Wiens.

**Mr. McCall:** — I guess, just to get back to the question of the governance structure, if you could briefly summarize for me right now what the director . . . you know, in terms of Class A and Class B, what the governance structure is right now and what is being considered in terms of bringing in the formally non-voting shares into the governance structure. What's being contemplated by the Pool?

**Mr. Wiens:** — Sure. I'd be happy to do that. Presently we have 105 delegates that elect 12 directors. We have to be Class A shareholders, actively farming, using the facilities of the Pool.

So I, as president, am an active farmer and have been elected by the delegates in my district. There's seven delegates in my

district. And that's how the board of directors is put in place and governs the Pool. And we're responsible every three years to be re-elected, and our presidents are elected every year. So we have a very active democratic structure on our Class A side of the organization.

The Class B, some of the options . . . And approximately two years ago I guess now, almost, we added two advisers to our board table which brought some international expertise, some hedging expertise, some international trading expertise, those kind of things to our board table that we didn't have as farmer members in the sort of depth that these individuals had. Very, very positive process.

So we want to use that experience and we want to use examples like the Canadian Wheat Board has used, where they have five external directors around their board table, to strengthen our corporate governance.

And we've talked of perhaps putting a process in place where Class B shareholders and/or a combination of Class B shareholders and a delegate's involvement might put in place some outside directors, perhaps two or three that would sit around our board table and actually represent and bring . . . and in the process . . . And we've looked at other publicly traded companies where they look for particular expertise; in other words, financial expertise or international trading expertise that would strengthen the decision-making abilities around our board table.

**Mr. McCall:** — Okay. I guess I bring this up because in the round . . . around '95, part of the defence of the proposal was around, you know, this will remain a farmer-controlled organization, and this class A, class B share structure will enforce that, and who's got the vote.

So in terms of what's being contemplated for the balance on the directors, are you saying that the farmers will retain a majority or what's . . . what are you stating in that regard?

**Mr. Wiens:** — The goal of our board and our delegate body is very much to maintain the control of the co-operative Saskatchewan Wheat Pool. We're working extremely hard to try and maintain that as into the future because I think it does bring a fundamental strength to our business.

We are different than our competition in the fact that we have a board of directors that's made up of farmers. We've had to make some very, very difficult decisions because of the financial challenges we face and some of the external weather conditions that we're faced with — you know, back-to-back droughts.

Other co-operatives made those decisions slower, and they're gone. And they weren't publicly traded. So we want to work very hard to maintain that aspect of the Pool and maintain the presence here in Saskatchewan. That's important to us.

**Mr. McCall:** — Okay. I just . . . again, though, in terms of some of the submissions that we've had to peruse in preparation for this, the argument is made — and I think it's a fair comment in terms of the defences made in '95 — that, you know, by keeping the class A to voting and the class B, we're not going

to be eroding the farmer control of this organization, which was built by farmers.

And, you know, I don't think it was stated at the time that this will never come to pass, but certainly on the side of the detractors to the proposal made by the Wheat Pool, they were saying, you know, look, it's going to be a matter of time until the differences are eroded, until you've got one class of shareholder. And this would seem to my mind, you know, to be progress down that road.

**Mr. Wiens:** — Well I can't . . . I guess I can't predict exactly what's going to happen in the future, and no one would have predicted that we'd have back-to-back droughts like we've had in Saskatchewan. No one would predict that we would have the challenges we face today in agriculture, that we do have because of the weather out there.

So I can't predict entirely what will happen. But I do know what this present delegate body and this board of directors is committed to and that's trying to maintain our future, our democratic structure, and that control issue within the hands of the farmer members that they represent — at the same time recognizing that when you allow and/or ask someone outside the farming community to invest in your business, you have to be responsible to that investment as well.

You won't maintain or ever attract again . . . And we're hoping some day where we have attractive share prices again that we want to attract money. And you will not attract outside investment if you don't take into account the shareholders as well as the members.

It's a, it's a real balance, but it's a unique opportunity for us as a publicly traded co-operative.

**Mr. McCall:** — Okay. So I get . . . Go ahead, Mr. Ballou.

**Mr. Ballou:** — I just wanted to add, I mean there are other models out there. I mean corporate governance isn't an area that stands still. And Mr. Wiens alluded to, you know, some of the things that are occurring in capital markets and some of the corporate governance changes that investors are looking for these days.

There are other co-operative models out there. The current federal co-operatives legislation contemplates that you can have non-member shareholders. It contemplates that those non-member shareholders can elect up to 20 per cent of the board.

So that's one parallel in the co-operative side where governance has changed and there's been kind of a recognition that you need to bring . . . You know, one you need to give outside investors representation on the board — not control, but representation. And that from a governance point of view, that allows you to get other expertise at the board table.

Similarly, the new generation co-operative legislation in Saskatchewan has a similar concept of allowing up to 20 per cent of the board to be elected outside of the membership group.

So there are models out there that contemplate board representation by other than the members.

**Mr. McCall:** — Okay. And I guess I just . . . I'm fixated on it given the particular evolution that this governance structure has had and the arguments that were made both for and against it. And given the historical context, I find it interesting that we're coming to this pass where . . . And I guess I'd like some clarification around . . . Whose cellphone is ringing?

Anyway I'd like some clarification around the idea that . . . You know there was mention made in Mr. Wiens' presentation that the experience with non-voting advisers has been positive. But given the current circumstance that we find ourselves in with Enron and what have you and the need of shareholders to have greater certainty and greater say in the corporations that they have stake in, is this purely about providing more, more . . . providing a better package to prospective shareholders? Or is this something . . . Mention was made of the TSE guidelines and changes therein. Is this something that's being demanded by the TSE guidelines or is this largely about making a more attractive package for prospective shareholders?

**Mr. Wiens:** — No, I think it's all of the above. We have to be very aware of the TSE guidelines because we're governed by them. We trade on the stock exchange and if we're not aware, then we risk some very serious consequences. So it's about that, but it's also about being an attractive investment into the future because we want to be an attractive investment in the future. And, as I mentioned before, eventually we want to see the day where we start growing again. We don't want to be downsizing forever. We want to be growing again. So those kind of things have to be addressed today so that we can benefit from that in the future.

**Mr. McCall:** — Okay. But is . . . specifically, is there a demand being made by TSE that you alter your governance structure to bring yourself into compliance with their guidelines?

**Mr. Wiens:** — Yes, I would argue the pressure is there. I mean the guidelines are there and if you don't, if you don't . . . aren't aware of the guidelines and respond to the guidelines, you put yourself at risk down the road.

Is there a specific demand in writing? No, there is not that, but we're continually given the guidelines and made aware of the guidelines and watch them very carefully. And Mr. Baker will be making a few comments here very quickly and he is Chair of the audit committee, for example, and has been Chair in the past of our special governance committee which looked at some of the governance challenges we face as a publicly traded co-operative and made some recommendations at that time on what we needed to do to address them.

So it's an evolution and the financial challenges around the Enrons of the world have just raised the profile of that evolution, in my opinion.

**Mr. McCall:** — Okay. Well perhaps Mr. Baker could outline some of the matters around non-compliance for the governance structure of the Wheat Pool in terms of the TSE and, you know, how long has that been going on and what are the specific areas of non-compliance. And I'd be very interested to find out more

about that.

**Mr. Baker:** — Further to that, in our annual report of this year and I believe last year, there is several pages that list the sorts of guidelines that the TSX and the Ontario Securities Commission recommend. Many of them are not hard and fast laws as such but they are recommendations for good governance. And we as an organization go down every one of those to show we are, or we are partly, or we are not in compliance with that.

One of the areas that we at the present time are partly in compliance with is that of the makeup of the audit committee. It is a recommendation by the TSX that the audit committees of publicly traded companies — in our case, co-operatives — have on their committees at least one member with an official accounting or financial designation, a CA (chartered accountant) or someone with banking or finance expertise. That is something that, as I would have in my presentation here, that we as essentially farmers find very difficult to fulfill that requirement.

Our bylaws state that in order to become a director of this organization now, you must be a class A shareholder which again implies an active farmer. And it would be, I suppose, the luck of the draw that you could find someone out there that coincidentally would be an elected director and would have that type of designation.

So that's one area where we are sort of not in compliance with the guidelines now. We are partially in compliance. It's one of the few areas.

**Mr. McCall:** — Okay. And I guess, what are the penalties around that or it's more of a directive?

**Mr. Baker:** — Well again, the Canadian line that has been taken is that they make recommendation. The American line has been more a rules-based process whereby they say thou shall do the following or not do the following. In Canada, what they have tried to do is kind of steer corporate governance in the direction that they feel it should go.

So whereas we do not totally comply with the recommendations, we are not in violation of any sort of a law, as such. And obviously, from an investor point of view and a governance point of view, you want to come as close as possible to toeing the line. But at the present time, that's one of the areas that we would possibly have the ability to address were we able to select as such.

**Mr. McCall:** — Okay. Are you aware of any other entities on the TSE that are in a similar situation or is this unique to the Pool?

**Mr. Baker:** — Oh no, I would think that there probably are a number of perhaps smaller traded companies that would not comply totally with it. That's one of the advantages that you have of a corporation is that you get to select the people that sit around your table. So I mean . . .

**Mr. McCall:** — But in terms of being hybrids, co-op corporations, is there any other?

**Mr. Baker:** — I'm sure there are. Mr. Ballou may be able to comment further on that.

**Mr. Ballou:** — Yes, there are others. I mean, there are also cases, I mean, similar to this where you have a large majority shareholder . . . I mean, they wrestle with TSX guideline issues in terms of corporate governance where you have a large majority shareholder that wants to kind of control the members that are on the board. And I mean, it is . . . I mean, they set up corporate governance guidelines. It's recommended practice. They require you to disclose to your shareholders and investors how you match up against that corporate governance standard, the notion being that they're not mandating it, but obviously it's going to have an impact on investor reaction, on investors interested in purchasing your shares and supporting your company if you get too far astray from those guidelines.

The other point I would make is this is, you know, an area where there's change. I mean the TSX continues to look at corporate governance. And Saskatchewan Wheat Pool, like other publicly traded companies, needs to have the flexibility — as guidelines change they have the ability to adapt their practices — to stay at what I would describe as centre of the public company norm in terms of practice.

**Mr. McCall:** — Thanks, Madam Chair.

**Mr. Brkich:** — Thank you, Madam Chair.

My question deals with the structure you're moving to. Could a government agency, let's say such as CIC (Crown Investments Corporation of Saskatchewan), purchase large volumes of stock and possibly become the owner of Sask Wheat Pool? This is a hypothetical question.

**Mr. Wiens:** — I'm not sure I can answer that. I'm not sure what the government can do from their side, from Crown Investments side. That would be better directed at Crown Investments. So whether they could buy shares in a publicly traded company in their structure, I'm not sure of . . . I'm not sure I can answer that.

**Mr. Brkich:** — But under your structure they could though, if they wished to. I'm just asking under your structure.

**Mr. Wiens:** — The shares are open; anyone's able to buy them through the Toronto Stock Exchange process, yes.

**Mr. Brkich:** — Thank you.

**Mr. Wiens:** — Just another answer here.

**Mr. Ballou:** — I might just add to that. At present and even if this Act is . . . these amendments are passed, I mean you still have a 10 per cent ownership cap on the class B non-voting shares. So at present, I mean if CIC was permitted to under their own legislative authorities to acquire shares, it could only acquire 9.9 per cent of the class B non-voting shares.

**Mr. Brkich:** — Thank you. Then this question you may rule out of order or they may not wish to ask, but I'm just considering it will be taxpayers' money. I would just like it in the record. Are you in negotiations right now with CIC?

**Mr. Wiens:** — We couldn't comment on whether we were in negotiations with CIC or the provincial government. We have continuous discussions with both the provincial and federal government and it would be inappropriate to comment if we had been or hadn't been.

**The Chair:** — Order, order.

**Mr. Brkich:** — That's all I wanted.

**The Chair:** — Thank you. At this point seeing no other questioners, I would thank you for being here this morning.

We're going to receive and table some submissions, have a five-minute break, and then hear from presenters who are here to speak against the Bill.

So thank you very much for coming today and being able to answer the committee questions. And we'll proceed with our agenda as such.

**Mr. Wiens:** — Thank you very much for the opportunity.

**The Chair:** — For the committee's information, and you have before you submissions that have been received and will be deemed tabled before the committee. And they are as follows: document no. 02 from Gary and Janice Stirling against the Act amendment; document no. 03, petitions of Mike Shewchuk and 15 others against the amendment to the Act; petition of Kenneth Wiggins and seven others as part of document 03.

In support, document no. 04 from Wayne Truman. Against, document no. 05, Stewart Wells. Against, document no. 06, Edwin Wallace. Against and also presenting this morning will be document no. 07 from Roy Atkinson and M. Ermel. And document no. 08 in support, and you have just heard from Marvin Wiens, president and chairman of the Saskatchewan wheat board . . . board of the Saskatchewan Wheat Pool.

So those are, committee members, your received and tabled documents and submissions to date. We have also the request from Terry Baker and Jim Metherell, who will make separate presentations following the break.

I'm sorry, for . . . I would like to correct that — document no. 02, Gary and Janice Stirling in support of the amendments.

So any other errors or omissions in the submissions portion? I would then deem that these have been tabled before you as committee, and call for a five-minute break. Please return as soon as possible. We have some items left to deal with.

**The committee recessed for a period of time.**

**The Chair:** — I'll call the committee back to order.

Following our break, we have submissions before us: submission no. 09, Terry Baker, and then submission 10 from Jim Metherell. So I'll ask them to come forward and we'll hear from them in that order, entertain questions.

No further breaks, committee. Then we're going to go into persons here to speak against the Bill and then go forward with

our processes and procedures.

And welcome back to the committee. I would ask Mr. Baker to make your remarks. Thank you.

**Mr. Baker:** — Thank you, Madam Chairperson, members of the committee, ladies and gentlemen.

As I've been introduced, my name is Terry Baker. I'm a farmer from northwestern Saskatchewan. I'm a delegate and a director of Saskatchewan Wheat Pool and I presently serve as the chairman of the audit committee of our Board of Directors.

I appear before you today to speak in support of Private Members' Bill No. 304 to amend The Saskatchewan Wheat Pool Act of 1995.

Mr. Wiens has very adequately outlined the detail of the background of these proposed amendments. And I, as I mentioned to the chairperson at the break, I commend the committee on the depth and the number of their questions. I think they've stolen a lot of my thunder already, but at the risk of being repetitious, I will try to amplify on some of the specific points from the perspective of my experience and responsibilities on the board of directors.

The primary concept that I wish to stress in this case is that of empowerment. The Bill before you does not directly enact any changes to the ownership or the governance structure of Saskatchewan Wheat Pool. The petition is simply to further enhance the powers of our ultimate governing body of the Pool, the farmer-elected delegate body.

Should this legislature approve the Bill before you today, any changes in the future to either the allowable percentage of ownership of class B shares or the process of the selection of our directors could only be accomplished by bylaw amendments requiring a positive two-thirds majority vote of the delegates. If you wish, this Bill represents nothing more than the repatriation of a portion of our constitution to the delegate body of the Saskatchewan Wheat Pool.

In 2001, I had the privilege of serving as the co-chair of a special governance review committee of our board. Our mandate included a review of the best governance practices both in Canada and the United States; board structures of both co-operatives and corporations; the recommendations, both present and pending, of regulating bodies such as the Toronto Stock Exchange, the Ontario Securities Commission, and the various federal securities commissions in the United States; as well as our own unique governing process at Saskatchewan Wheat Pool.

Coincidentally, as you probably recall and as was mentioned or referred to this morning, several corporate misadventures, both in Canada and the United States, were focussing the attention of the media, shareholder rights groups, and the legal profession on both the quality and the quantity of oversight being exercised by boards of directors and especially by the audit committees of those boards of directors. As a result of these unfortunate events, regulators on both sides of the border rushed to close what they believed to be gaps in the protection of shareholders, employees, lenders, and, in some cases,

governments.

In order to comply with some of these new recommendations in the future, it may be necessary for Saskatchewan Wheat Pool to place personnel on our board of directors with skills and professional designations that are difficult to provide from the pool of candidates available through our traditional director elections. An example, as we talked about earlier, would be the Toronto Stock Exchange recommendation that at least one member of the audit committee possess an official accounting or financial designation.

Other examples of desirable expertise that might be accessed would include expertise in transportation, banking and foreign exchange, hedging and marketing, and information technology, to name but a few.

Our present board members possess a broad range of skills and are a highly motivated group. But by our very requirements that we be elected by and from class A shareholders, who are largely Western Canadian farmers and ranchers, we are not always able to cover all of the designated areas of expertise, or desirable levels of expertise.

Our unique structure of a publicly traded co-operative means that we are governed by the same securities laws as public corporations, but at the same time answer to our co-op farmer members and our equity or class B shareholders. I'm sure, as you can appreciate, on occasion it makes for some very challenging times around our board table.

I'm now going to take the opportunity to exchange my director hat for my farmer/taxpayer hat. As a third generation farmer and rancher, as well as a long-standing member of Saskatchewan Wheat Pool, I wish to convey to you my concerns regarding the necessity of a long-term viability of our co-operative.

In a world of corporate consolidation, declining rural populations, rising costs, from both a production and a rural infrastructure point of view, the maintenance of a strong Saskatchewan Wheat Pool takes on even greater importance.

As the only Western Canadian grain handler to maintain its head office in Saskatchewan, the Pool has been and will continue to be an integral part of the human history as well as the business climate of this province. Our co-operative is a large customer of our Crown corporations and their services. We are a substantial employer, especially in rural areas, and we are annually a multi-million-dollar taxpayer. And as such the Pool is a strong economic driver in every area of our province, and increasingly in the West, Western Canada.

Any action that provides the management and board of Saskatchewan Wheat Pool with added flexibility, improved decision-making powers, increased access to capital, and an opportunity for long-term stability, must, in my opinion, be a positive for the entire agricultural community of this province, and, I might add, the other aspects of the economy of this province.

I feel that by supporting the proposed legislation before this committee today, the Government of Saskatchewan through this

legislature will greatly assist us in achieving those goals.

I thank you for your consideration in this important matter, for the opportunity to address the committee, and, should you have any questions, I'll do my best to answer them. Thank you.

**The Chair:** — I'll be opening it up to committee members.

**Mr. Dearborn:** — Thank you, Mr. Baker. Just one very short question with regards to expertise currently being brought on to the board of directors. I take it that you can have anybody come on in an advisory capacity and non-voting capacity?

**Mr. Baker:** — Yes, we have at the present time provision made for two advisers. We had one gentleman who resigned for business reasons and we haven't filled that position at the present time. But yes, I think we have provision made for up to three advisers.

**Mr. Dearborn:** — To make those provisions, you can do that within your own governing body?

**Mr. Baker:** — Yes.

**Mr. Dearborn:** — I would have a question then to follow. The TSX is recommending this because they fear that there's a possibility of the character of board members in whatever corporation, if they don't have the expertise, they could be duped. Is that correct?

**Mr. Baker:** — I think that would be a fair evaluation. The other part of that recommendation says that they should . . . that members of the committee should possess a level of financial — what is the word? — essentially financial training, financial competency and at least one member have an official designation, which I guess means that everybody should be able to read a balance sheet but there should be an accountant in the crowd.

**Mr. Dearborn:** — I see. Just a comment from my constituents and members of the Pool that I've known, it seems that we often have large levels of talent pool in rural Saskatchewan. I shouldn't think that you'd have difficulty filling both in moral ability and expertise . . . not every rural, but rural . . . definitely up to the standards of being able to run a fine co-operative as you've done in the past. And that's all. Thanks for your presentation today.

**The Chair:** — Additional questions?

**Mr. McCall:** — Just with regards to . . . you emphasized the point that:

The Bill before you does not directly enact any changes to the ownership or governance structure of Sask Wheat Pool. The petition is simply to further enhance the powers of the ultimate governing body of the Pool; the farmer elected Delegate body.

Hence the requirement for a positive two-thirds majority vote of the delegates to enact bylaw amendments.

In terms of the run-up to such a vote, could you give me an idea

of what the process is in terms of informing the membership so that they can make an informed choice as to delegates leading into that vote? Could you give me an outline of that process?

**Mr. Baker:** — I think a fair example of the process would be what Mr. Wiens was talking about took place leading up to the meetings this summer, to in fact make the motion to bring this process that we're going through here today forward.

The delegates were informed of the reasons why the board felt it was necessary to go through the process that we are proposing here today. The delegates then took that message back to their membership through things such as committee meetings. In some cases there were conference calls held with individuals. Just sort of general conversation on a day-to-day, the coffee shop talk, this type of thing to sort of get a feel for what their individual constituency's reaction would be to that.

Then they distilled that down through their districts and brought that back to their directors, who then began the process formally. And then again it was put back to the delegates for a formal vote. So there is a . . . very similar to what goes on I'm sure in the legislative process whereby an idea is taken back, sort of vetted if you wish, through the constituency and then brought back up through the various processes to a formal vote.

I would foresee a very similar process taking place before any of these major bylaw changes were made.

**Mr. McCall:** — Okay. I guess with that in mind I'm going to quote from one of the submissions that's headed up by a fellow named Mike Shewchuk, Rama, Saskatchewan, wherein he states in a letter in opposition to the requested change of legislation, he states in point 2 that:

There has been no membership vote on this major issue. In fact many delegates and specifically our own . . . (Sask Wheat Pool) Director has admitted to not canvassing his own committee members views on this issue. How could he then as a delegate vote in favour of such a proposal with any legitimacy?

**Mr. Baker:** — I would find it very difficult to comment on how Mr. Shewchuk could determine whether or not the delegates had in fact polled their constituents. It's not my district and it's not my delegate. So again, that's a he said/she said kind of operation. I would find it very difficult to comment.

**Mr. McCall:** — Okay. But in terms of providing safeguards against memberships feeling excluded from the decision-making process, I guess your response is that it lays on the shoulders of the delegates to make certain that that takes place, and then committees in terms of electing their delegates.

**Mr. Baker:** — Again, the committees are a structure whereby the members of the committee are also expected to sort of poll their general, what would be their constituency — it's essentially their neighbours. That comes back up through a committee structure to the delegate and then the process.

I don't know how you gauge the adequacy of seeking public opinion on any matter, and I'm sure that's something that the members around this table struggle with on a daily basis as

well.

**Mr. McCall:** — Fair enough.

**Mr. Ballou:** — If I can add briefly to, if I can add briefly to that. I mean in addition to what Mr. Baker's described as the regular process in terms of moving forward to a delegate meeting to consider this, there are . . . also are the formal processes which the delegates have agreed on and are reflected in the bylaws, which contemplate that there would be a formal notice of meeting sent of any delegate meeting, and that that formal notice of meeting would have to describe the nature of business that will be conducted at that meeting. I mean in this case and in any . . . in the case of bringing these amendments to the Act forward, that process was followed. And in the case of any amendments to the bylaws, that process would need to be followed as well.

So there would be formal notice to the delegates, advance notice to the delegates. They would know the nature of the business. They would have a chance to consult with their members, I mean. And that's the process that's been adopted by Saskatchewan Wheat Pool on a formal basis for dealing with amendments to bylaws and to legislative changes.

**Mr. McCall:** — So then with regards to the point that was made in the submission, you would argue that to be without founding. They should have been informed as to the items of business and on up through the structure.

**Mr. Ballou:** — Yes, my point is . . . yes. There's a formal process that's been agreed to by the delegates and that was followed. And that would allow adequate time for delegates to discuss it with their members and for membership and the delegates to be familiar with the issue that was going forward to the delegates.

**Mr. McCall:** — Okay. Thank you.

**Mr. Allchurch:** — Thank you, Madam Chair. In follow-up to Mr. McCall's questioning about the delegates going out and having meetings or whatever to let their constituents know, were these delegates . . . are they the ones that have class A shares or are these the ones that are directors for class B shares?

**Mr. Baker:** — At the present time there are no directors either selected or directly elected by class B shareholders. All of the directors are elected by only class A shareholders.

**Mr. Allchurch:** — So then the directors would be class A shareholders.

**Mr. Baker:** — Yes.

**Mr. Allchurch:** — And they're the ones that's supposed to have the meetings in certain areas to get the follow-up information from the . . . I guess the Saskatchewan Wheat Pool members. That would be the case?

**Mr. Baker:** — Direct delegates are elected by the general membership. They in turn elect a director who must also be a delegate and has his own constituency.



So in part, it would be the director's responsibility to poll the people in his sub-district as well in a similar fashion.

**Mr. Allchurch:** — Thank you.

**The Chair:** — Any further questions? We'd ask then the next presenter, Mr. Jim Metherell, to present. His submission is numbered 10.

**Mr. Metherell:** — Well good morning, Madam Chair, members of the committee. Thank you for giving me the opportunity to speak to this committee this morning.

As a member and delegate of Saskatchewan Wheat Pool, I wish to speak in favour of the amendments to The Saskatchewan Wheat Pool Act. And just in . . . I'll add, in response to a couple of the earlier questions, that I do so on the basis of having polled the members in my sub-district. There are four active committees in my area and I've met and discussed the issue with them through the summer and fall. And on the basis of their decision, I have come forward in support of the changes.

The issue at hand is whether you, the government, or we, the members and delegates of Saskatchewan Wheat Pool, should have control over the Pool's structure through its bylaws. With all due respect to you and your institution, I believe that such power should rest with the delegates and I ask you to approve those changes.

But there's a broader issue that I'm sure we are all concerned about. That is the subsequent steps. What if Saskatchewan Wheat Pool implements the changes that are enabled by these amendments? And that's the issue I want to address briefly this morning.

My involvement with Saskatchewan Wheat Pool began in the 1970s when I started farming. My commitment to the organization is rooted two generations before that. The ideal of a strong producer co-operative working to provide farmers with better prices, better markets, and a respected collective voice is very important to me.

I had the opportunity last summer to revisit some early history of the Pool for a local museum project. They were paying tribute to their native son, our former Pool president, Jack Wesson, and they asked me to present some Pool history for the occasion. Mr. Wesson's tenure spanned the first four decades of Saskatchewan Wheat Pool.

Doing that research, I was again moved by the courage, the vision, and the commitment of those early pioneers. They overcame tremendous obstacles and built a proud organization to serve Prairie farmers. I think it is very important that we not break faith with them. We must continue their work providing markets, and crop inputs, and policy advancement for the farmers of today and tomorrow.

Mr. Wiens referred to the many challenges facing our industry, our organization, and our members. If Saskatchewan Wheat Pool is to be here to serve the farmers of 2010 and 2025 and beyond, it needs financial strength. If that means a structure somewhat different from that set up in 1924, then we must make those changes. The J.H. Wessons and the A.J. McPhails

kept the Pool going during tough times then and we must do no less today. I ask you to help us to do that by approving the amendments that are before you.

Thank you.

**The Chair:** — Questions of Mr. Metherell? Seeing none, I thank the presenters for your time this morning.

I would now ask the witnesses that are here to make representations against the Bill to come forward. If you could introduce yourselves and then if you could let committee know if all of you will be speaking and in what order. Thank you. Mr. Ermel, would you like to start?

**Mr. Ermel:** — Yes. My name is Merv Ermel, and I believe we'll have Roy as our spokesman.

**Mr. Keen:** — I will speak after Roy, very briefly.

**The Chair:** — Mr. John Keen?

**Mr. Keen:** — Yes, John Keen. I'm sorry.

**The Chair:** — And Mr. Roy Atkinson. So, Mr. Atkinson, you'd like to go first and you'll be followed by Mr. Keen. Thank you.

I'd also note for committee that submission no. 07 is presented by Mr. Atkinson and Mr. Ermel. Welcome.

**Mr. Atkinson:** — Thank you. My name's Roy Atkinson. I'm a third generation farmer from Landis, Saskatchewan. And I had the good fortune to know the first vice-president of the first Saskatchewan . . . the first vice-president of Saskatchewan Wheat Pool, 1924, Mr. L.C. Brouillette.

I also had the good fortune to know Mr. Wesson who gave me advice one time which I thought was excellent, not that one could ever achieve it. But he told me that you should know more than anybody else about the subject you're about to discuss. John Wesson aspired to that.

I'm a member of the Saskatchewan Wheat Pool. I have a class A share, as these gentlemen do. I've been on its local committee. I was a delegate so I have some understanding of its internal operations.

When the Pool made the decision to convert its . . . transform itself from a member- or shareholder-owned co-operative to a joint stock company, I had to spend some time thinking about the consequence. And at that time I joined a group called the Co-operating Friends of the Pool, who appeared before the 1995 committee that . . . legislative committee who heard the request for amendments to The Saskatchewan Wheat Pool Act.

And I want to tender for evidence for the members of the committee here a number of documents. One is the Co-operating Friends of the Pool's document presented March 7, 1995 with respect to that Act. The other is a document presented March 15, 1995 from the Co-operating Friends of the Pool, again in respect to an analysis of the consequence of that Act, once introduced and made operational.

I have with me a press release of August 5, 1994. In addition to that, I have I think one of the . . . a very good paper that was produced by a former Wheat Pool delegate, Doug Faller from Southey, Saskatchewan. And it was tabled March 15, 1995. And I will table these documents for reproduction for your information.

First of all, I want to express our appreciation for the opportunity to be with you this morning and to present what we believe to be a presentation that this Assembly, or this legislative committee, should take under advisement, seriously consider, and recommend to all legislative members within the Legislative Assembly of Saskatchewan.

Many of you weren't here in 1995 when the Act was amended. However there are members in the House who were here and who were part of the decision to change fundamentally the structure of the farmer-owned Pool, which had its own unique legislation, which operated as a co-operative without having called itself a co-operative.

And this brings me to a very interesting point for consideration. And we've heard arguments this morning that the Pool is a publicly traded co-operative.

Where does it get its basis for calling itself a co-operative because we no longer . . . it no longer practises returning patronage dividends to the farmer own shareholders. That has been eliminated. It gets it from the fact that this legislature amended the Act to announce that it is a co-operative — in other words legislate . . . it's a legislated co-operative.

Well this legislature could pass an Act — I'm not suggesting they should — to declare the moon legally green cheese. And within the jurisdiction of Saskatchewan, the moon would be known as made of green cheese. Something to think about.

In 1995, the Saskatchewan legislature passes Bill C-4, amending The Saskatchewan Wheat Pool Act to allow the restructuring of the former co-operative into a publicly traded corporation. Today a new legislative committee is being asked to approve a further structuring to allow: (a) for the removal of the 10 per cent limit on the ownership of class B non-voting shares; for the election and seating of class B shareholders to the board of directors, along with voting privileges.

Now I understand that in purely legalistic terms this may have missed its mark, but why would they ask for these changes if these changes weren't being contemplated? Why would they ask for these changes if these changes weren't . . . (inaudible) . . . It seems ironic that the justification of the amendments to the 1995 Act was to protect the democratic rights of class A shareholders. This request is to diminish or to remove those rights altogether by transferring those rights to large capital investors.

And we have to think about the implications of large blocks of capital being invested in this corporation.

Two. Bill C that is up for consideration — and I haven't got it correct, but the Bill that's up for consideration by this committee — is not a difficult Bill to assess. The reasons are obvious for a total rejection.

In the first place we have a historic record of the situation the Pool finds itself in since the approval of Bill C-4. We are quite confident that, before proceeding any further with this Bill, the Government of Saskatchewan — and I should hasten to add, the members of this legislature — should undertake full due diligence on this Bill and address issues like, for example, over the last seven years the producers of this province have been experiencing the benefits of the equity conversion of the Saskatchewan Wheat Pool.

The government should lead the analysis of such experience to determine the past and current policy implications of the new Bill, and the level of due diligence undertaken by the executives of Saskatchewan Wheat Pool in developing and assessing the business plan implemented between 1995 and 2002. Specifically, Saskatchewan people would like to be informed about the total cost of all corporate restructuring and the changes in the management team, including the cost of severance packages.

Two. Complete assessment of all commercial operations undertaken by the Saskatchewan Wheat Pool under the regime approved in 1995, defining the advantages and benefits for Saskatchewan farmers, communities, municipalities, and the provincial government.

Three. Economic and social analysis of the trend in the grain-handling system, including the net savings and costs for farmers and the provincial government; market analysis, including the degree of penetration of foreign-owned companies; and full costing disclosure of the benefits . . . disclosure of the policy implemented by enacting Bill C-4.

In the first provincial budget of the Calvert government, it was indicated that connecting to the future is about building economic capacity in our communities, making sure that our government, our people — correct — making sure that our people have the tools they need to plug in, participate, communicate, and compete.

In our view the due diligence process that the government has implemented to assess community-based initiatives must apply to this policy change. On the basis of the evaluation of the previous policy, this committee must indicate how much increase or decrease the community will gain in employment, economic growth, and cost of highways.

For example, we know that in the last five to six years the decline in employment in this province within the Pool is between 12 and 1,500 people. In other words there's been a reduction in employment. Since the passage of Bill C-4, Saskatchewan farmers have lost control and ownership of the grain marketing and handling and transportation systems. Grain elevators have been destroyed — and I use the word destroyed advisedly — and rail branch lines have been closed down.

Foreign transnational companies have increased their market power by taking over or integrating with co-operative elevator companies, building inland terminals and setting conditions for the elimination of the Canadian Wheat Board. These corporations are increasing control of both farm inputs and outputs and transferring those margins. Not reinvesting them within the community for the long-run benefit, but transferring

them out of the country.

Farmers' costs are increasing. Between 1995 and 2001, about 3,000 kilometres of line were discontinued. There were 1,400 grain elevators in '95 but this is shrinking rapidly. Eighty-nine prairie inland terminals planned or built can handle 84 per cent of the grain, leading to the closure of many rail lines and elevators.

The following table illustrates the impact of rail and elevator closures on road costs. However, road costs are external to the decision made to close elevators and rail lines. I refer you to the table, impacts of abandonment — a Saskatchewan study, which you can peruse. But the sum total of that is: interest costs per tonne of a 75-mile haul is an additional \$23.55. And the source of the table is below. If you look at the upgrading of roads, rail lines abandoned, you find the other costs. And this is by Clifton and Associates.

With grain handling . . . with the grain handling system consolidating to a system of inland terminals, the additional annual road construction and maintenance costs have increased between six . . . 86 million, low upgrading costs, to 293 million, highroad upgrading costs, compared to 1995 configuration. If the road upgrading costs are included, the total cost of shipment of grain 75 kilometres by commercial truck is \$7 a tonne more than by a rail branch line.

And just as an introduction here. We've done some working with some farmers on the lines north of North Battleford. And I give you one example of how the downloading costs have impacted on that farm community and on those farms. They now have to haul their grain, depending on where the best price is, at least 100 miles. On a costing study that we produced, and they did the study, 48 farmers will have a saving — that is if they could deliver to their local delivery point — of a half a million dollars a year. And if they can load at that particular point producer cars, another half a million dollars a year. So \$1 million a year could be returned to that community.

But that railroad has not been running. Why? Because of the consolidation of the system which was led by the elevator companies, and the Pool being part of one of the . . .

Between 1995 and 1999, there were 2,355 kilometres of rail line and 165 elevator locations closed. Truck kilometres of hauling would double if the system consolidates to 186 elevators with storage capacity over 10,000 tonnes. Another 8.7 million tonnes of grain per year is trucked an average of 685 kilometres to processing plants. This includes 4.2 million tonnes of feed grain trucked an average of 1,067 kilometres, generally from Saskatchewan to Alberta and Manitoba feedlots.

Then we have a table there that demonstrates farm-to-elevator trucking and accumulative totals over time on a per tonne . . . or a truck-kilometre of distances that that grain moves.

The amount of grain truck haul is 17 times higher today than it was 25 years ago and it may double again if elevator consolidation continues. The magnitude of road impact on western provinces is between 600 million and \$1 billion with Saskatchewan likely incurring the majority — not likely, but will. Grain accounts for about one-half of the truck tonnage on

thinly paved roads. Because of peaking in deliveries, grain accounts for the majority of the damage on these roads.

The present value of the impact on Saskatchewan provincial highways to 1998 was \$185 million. Consolidation to 60 delivery points will increase this to \$500 million. These costs do not include impact on municipal roads and these costs do not include grain hauled between elevators or to processing facilities. These movements far exceed the farm-to-elevator grain movement.

And again, a table outlining trucking of grain to processing plants to western Canada.

We believe that the committee must review the debate and the provincial *Hansard* containing the presentations dealing with Bill C-4, the reasons behind the management-driven push to privatize the Pool, and the economic financial impact for farmers and taxpayers of the province.

In 1995, the group opposed to the Pool share offering advanced the following points. Number one, farmer shareholders of the co-operative will suffer economic losses if the overall assets of the Pool are offered to outside investors. Farmers in this province will suffer the loss of millions of dollars related to bad management and the fire sale of Saskatchewan Wheat Pool's overall accumulated assets in which they used to have shared ownership.

With no more sale now, they believe that will attract foreign investors. And I guess that word should have been, with no more to sell now, they believe that will attract foreign investors or outside investors.

What will happen if that's a US (United States) based company, would take over the Pool's assets like what's happened with the Manitoba and the Alberta Wheat Pools? History tends to repeat itself. In 1910 the Saskatchewan Royal Commission on Grain Elevators learned a lot from the Manitoba experience in grain handling. We created a system owned by farmers. Now we are in a position to learn how not to lose assets that belong to the people of this province.

While management took hefty compensation packages, farmers have experienced sharp increases in their elevator charges dues to the changes in The Saskatchewan Wheat Pool Act approved in 1995.

We contend that the members of the committee have a duty and a responsibility — and must be accountable for and to the electorate of this province — to examine the new proposal from the Saskatchewan Wheat Pool's management, to ensure that substantive issues are adequately treated, and to ensure that adequate consideration is given to the economic and social ramifications of the legislation, or of the proposed legislation.

In dealing with this Bill, as well as we asked during the debate on Bill C-4, there are certain areas that require attention from all and each member of this committee and of the legislature. We contend that the members of the committee have a duty and a responsibility . . . sorry.

Number one. The impact on rural Saskatchewan has been and

can be devastating. In pursuing a corporate interest only Saskatchewan Wheat Pool has been . . . Not only has Saskatchewan Wheat Pool been destroying large numbers of elevators to force farmers to deliver to inland terminals that provide no net benefit to farmers and rural communities, it is our position that the policy of grain elevator consolidation has been to transfer the costs from corporate Saskatchewan Wheat Pool to farmers, communities, and the provincial government.

Two. The changes in the Pool can be expected to do considerable damage to the co-operative movement in Saskatchewan. Bill C-4 started a process that now will be consolidated with this initiative in which we forecasted a situation that, one, it will destroy the Pool as a co-operative, and will be a major blow to the co-operative movement of Saskatchewan and across Canada. It will consolidate the changes, a Pool's former owner/user-driven organization to an investor-driven organization and this has profound implications for farmers, for Saskatchewan rural communities, and for the Saskatchewan economy. It will destroy the role of the Pool as a legitimate spokesman for farmers on farm policy. It will seriously erode the ability of the Pool to act as a major pillar of support for the Canadian Wheat Board.

Five. Who will control the organization that used to be a pillar of the farm Saskatchewan's . . . or the Saskatchewan farm economy? We submit the best thing to do is for the committee to recommend the Bill not be proceeded further at this session; that the government review not only the Pool situation but the overall situation in the rural sector, and provide a strategic plan of their vision of rural Saskatchewan and the role of the market and the government in the implementation of such a vision, including a clear position on the role of farmers, communities, and organizations like co-operatives and the Canadian Wheat Board in their . . . in such a vision.

It is the role of government to offer some policies and now there's a golden opportunity for the government to show such leadership in policy in an integrated agricultural policy framework.

We would like the government to define its position on grassroots alternatives based on principles like regain market power for farmers and other shippers by providing a real option for marketing, handling, and transporting grain as an integrated farmer-controlled system; intermodal planning, making the best use of existing road and rail infrastructure on the prairies to minimize the total costs of transportation; sustained communities, jobs and regional economies; provide not-for-profit service to farmers after covering the costs of fixed investments; farmers, communities, and labour be partners in the development and the operation of regional grain handling and intermodal transportation systems.

In closing, it is our recommendation that this committee of legislators recommends to the legislature that before allowing amendments to this legislation to proceed will, in light of past experience, insist that due diligence called for in this submission be undertaken and publicly reported within the next six months. The future welfare of rural Saskatchewan is at stake.

All of which is respectfully submitted: Merv Ermel, Roy

Atkinson, and John Keen.

**The Chair:** — I have Mr. Yates and Mr. Dearborn on the speaking committee . . . speaking list of committee members.

**Mr. Yates:** — Thank you, Madam Chair. Mr. Atkinson, I have a number of questions and I want to start by . . . I took the time and I've reviewed at least one of the documents that you have presented. I haven't had a chance to go through them all. But in your presentation this morning you talked a lot about due diligence.

And I would like to get your views on what our role as legislators should be in this, in a case of the operation of the Saskatchewan Wheat Pool. And to do that I'd like to take a couple of moments to talk about what the role of the legislature is in dealing with business entities under both the corporations Act and The Co-operatives Act.

In both those cases we are a regulator in which the government would put certain rules or regulations in place that would ensure that stakeholders or in fact shareholders in those organizations would have some basic understanding and confidence that in fact information being provided to them to make decisions — whether they wanted to invest or information being provided by the corporation or co-operative — would be accurate in which to make and analyze decisions. And there would be some . . . as a regulator there would be laws that would say that those entities would have to bring forward reliable information to their shareholders, and so on and so forth.

In the case of this particular piece of legislation, it is a hybrid piece of legislation that I believe could be characterized being in place because it doesn't truly conform with either The Co-operatives Act or the corporations Act. And why would our role in this situation be different than it would be under either of those entities? Under the corporations Act or The Co-operatives Act I don't believe, and in fact I'm certain, there is not really the role of government to analyze the line of business, but in fact ensure that the information provided to the owners or the shareholders would be there to make appropriate decisions.

And the type of analysis described in your paper would really be the type of analysis the government would only do if they were making a significant equity investment in a company, not necessarily as a regulator.

When you talk about, on the top of page 2, the three points that you think the government should analyze, would those not be matters that the shareholders should in fact analyze and make the decision based on?

And last but not least, in page 3, or pardon me, let me just see . . . it would actually be on the . . . one, two, three, four . . . page 5. It says farmer shareholders of the property will suffer economic loss if the overall assets of the Pool are offered to top investors. Farmers in this province will suffer the loss of millions of dollars. Would all these types of decisions not be made in fact by the shareholders? Because they would be making the decisions on governance models, and the types of shares that would be sold?

And again I'm just I guess questioning, sort of asking the

government to become . . . lack of a . . . for lack of a better word, a determiner in the business practice or business line of a private . . . or of a company and taking over some of what would be the decision-making powers of its shareholders.

And I'm just wondering if you could answer some of those questions for me.

**Mr. Atkinson:** — I think those are very good questions. First of all you point out, as was pointed out by the Pool itself, that the legislation under which the Pool functions is a unique piece of legislation. It's a separate Act. It doesn't fall under The Co-operatives Act. It has both a social side and an economic side to it.

With respect to legislatures, whether legislature would want to be drawn into or not, they are because of the consequences of these changes that have been taking place. And it's a pretty major shock to this Prairie economy, or this provincial economy. As the . . . history has proven that in the 1920s and carrying up until 1995, the farmers had control of the Pool.

But they operated under . . . with support and alliance with the provincial governments through legislation and one thing and another. This became a very significant part of the infrastructure within the province which was depended upon by not only the people in the rural communities, the farmers and others, but also by the province.

Therefore the consequence of that has been the loss of jobs, the intensification of the traffic on roads, the haulage of grain, the damage to the roads that is significant. I can give you an example.

Two farmers two years ago in the winter weren't able to haul the grain to their closest elevator; they hauled their grain to the farthest one away because it was where the best price was. It took them three weeks . . . each three weeks, in a B-train hauling this grain. It cost them \$15,000 a piece. And as they moved the grain south — in this instance it was down to Unity, bypassed Lloydminster, bypassed North Battleford — they begin to break up a road system. And they ended up by crumbling three road systems . . . or they were at advanced stages of the third.

And my submission to you is that this in itself brings the legislators in because they're responsible for the economy of the province and . . . as much as they can be, but they have direct results as a direct tax . . . you're going to have to carry the tax burden. Somebody's going to have to carry the tax burden because of the offloading of these costs. And on the highway system, it's the provincial government, and on the municipal grid system, there's a sharing there. And where it's not shared, it means increasing costs to the local taxpayers.

So I would submit that this is a unique situation and therefore it requires due diligence from the legislators as we have requested. This is not some outside investor; this is not an out-of-the-province investor. These have been investors who have built up equity and assets over time, much of which has been lost in the last six years.

**Mr. Yates:** — Thank you, Madam Chair. Well, I just have one

follow-up question then.

**Mr. Atkinson:** — You had another question and it was on page 5 . . .

**Mr. Yates:** — Right, I asked . . . on page 5, it says that farm shareholders of the co-op would suffer economic losses if the overall assets of the Pool are offered to top outside investors. I asked, would not those decisions be made by, in fact, the shareholders or their elected representatives, which is how it's done in normal democratic . . .

**Mr. Atkinson:** — Well the shareholders you're really discussing now, really didn't have any part of the decision — or a minimal part of the decision made — when the Pool decided to restructure itself. In other words, they were captive and they suffered the consequences of decline in the value. And therefore that's a consideration that needs to be undertaken.

Many of them cashed in their equity, that's true. But many of them held their equity for very good reasons — reasons of principle, or maybe reasons of speculating a little — and it didn't turn out as well as they thought. But still that becomes part of the socio-economic political factors of the province.

**Mr. Yates:** — Right. I have just one quick follow-up question. A lot of the remarks and answers to the questions talked about the impact on the provincial economy, the significant infrastructure that was built up as a result of the Wheat Pool structure across the province.

I guess I'm trying to justify in my own mind, what would the difference be on the impacts of highways and roads, not in volume, because of course there may be more wheat shipped in volume than there is say, potash, but the changes to the rail system across the province has resulted in a significant increase in many different ways on the road system.

**Mr. Atkinson:** — Well let me interrupt you right now. Railways are regulated; they can't move willy-nilly. Elevator companies are not regulated; they can move anytime they want, and they have. And that has left the railroad and the branch-line system with very little cargo to move. So I think we'd better just examine, you know, what the driver is in this process.

**Mr. Yates:** — That's all, Madam Chair.

**Mr. Dearborn:** — Thank you, Madam Chair. And thank you, Mr. Atkinson, for your presentation.

I have a whole series of questions because I think that you've raised some very good points about the correlation between the legislation and the impacts on rural Saskatchewan.

Now my four great-grandfathers were all members of the Saskatchewan Wheat Pool in the '20s. Both my grandparents were Saskatchewan Wheat Pool members; my mother and father and I'm a Wheat Pool member. And I am concerned about this.

The first question that I would have is in 1995 you approached a similar committee to halt the proceedings of the amendment with The Saskatchewan Wheat Pool Act. That's correct?

**Mr. Atkinson:** — No, what we wanted was a vote of the members. Halt it until the shareholders had the right of vote, which they were denied.

**Mr. Dearborn:** — In 1995 the class . . . what are now class A shareholders, which would have been then Saskatchewan Wheat Pool members such as myself, a former . . .

**Mr. Atkinson:** — That's right.

**Mr. Dearborn:** — You wanted a vote which was denied and it was a vote, every farmer just like the co-operative basis? And that was denied?

**Mr. Atkinson:** — That's correct.

**Mr. Dearborn:** — And at that time I take it, Mr. Atkinson, you foresaw that . . . did you foresee that there was going to be large amounts of elevator closures and then all the things that came with this?

**Mr. Atkinson:** — Understanding the process that would then be unleashed, it was absolutely predictable that the existing elevator system would be demolished and new centralized capital investment would have to be made which would have to come out of the earnings, which it has done. And maybe anticipating this question, it became very clear that there would be a downloading of costs onto the local farmers and their communities.

And with that knowledge and being able to project the future, that's where we drew our conclusions.

**Mr. Dearborn:** — Thank you. And then from that, from the history that you've demonstrated here, we have had thousands of kilometres of branch line closed, we've had hundreds of elevators closed, and we have had a situation with the off-loading on to the roads as well as the economic impact — one-third of my gross for my farm now costs in freight. There's a linkage obviously with cutting the Crow rate. So in your opinion then the diligence of the Legislative Assembly in 1995 was not followed? I mean, they didn't produce their duty to the people of Saskatchewan?

**Mr. Atkinson:** — Well let's say it was wanting.

**Mr. Dearborn:** — Thank you.

**Mr. Atkinson:** — And the other point that I want to make clear and you've alluded to it, in terms of the railway freight rates . . .

**Mr. Dearborn:** — Yes.

**Mr. Atkinson:** — . . . the reason that the burden has been raised on to the farm was when the federal government withdrew the Crow benefit. The rate really hasn't changed. If anything, it's come down a little bit.

**Mr. Dearborn:** — Yes, I see. I'm not finished my questioning there but thank you for that clarification. Do you foresee — having had been in your assessment quite correct of what was going to happen here — the situation now before us in the fall sitting of the 2002 legislature, that further degradation is going

to occur to our rural communities with the passing of this private members' Bill?

**Mr. Atkinson:** — Without a proper analysis of it and to know where we're going, the answer is absolutely right, correct. Because let's talk about — and I think it was put on the table here. The Pool faces real challenges financially. There's no question about that. There are some investors who are looking, maybe, to invest. And any investor that's going to invest is going to want to have a say and therefore, you know, with the best intentions in the world, say it's not going to happen — they're going to have a seat on the board of directors.

Just like you and I, if we were flying from . . . And we were big investors. We had 100 million invested in the Pool, that's for example, hypothetically. We're flying from Vancouver to Toronto and we're thinking about our investment in the Pool and we're not getting a large enough return for our investment. I mean, as prudent businessmen, we'd want to think about that. And we would drop in to Regina. We'd phone up the CEO (chief executive officer) or the president and say, we're in town between planes; we've got a couple of hours; can we come over and talk, kind of a friendly visit.

And as we sit there and have our cup of coffee or maybe a Scotch — I don't know which — we enter this conversation and we say well, we don't think we are receiving a large enough return on our investment. That's all we have to say. And then we can fly off to Toronto because the message has been delivered — you know, batten down the hatches you guys, we've got to have more money or we're not coming here or we will sell out our investment.

And if you think about that, if you think about needing investment and you get a big investor coming in and he's not going to get his just due and you become dependent on that, hey, first of all, you're going to give him a . . . got to give him some influence on the board. If that's not satisfactory, he's going to take his money somewhere else.

And so, I think from a point of view of people with responsibility, such as ourselves, we need to think about all those variables and figure out how we get out of this trap before we get further in.

**Mr. Dearborn:** — With regards to the investment that the Saskatchewan Wheat Pool has tended to have made in communities, the ownership of that becomes less of a concern to myself. There is an elevator and it's paying municipal taxes and providing a service. I'm neither partial to it if it's Agricore United or the Saskatchewan Wheat Pool owns it. The people that live in it are constituents and church members.

And so, that being said, with the last number of years that the Saskatchewan Wheat Pool has downsized in many capacities from its . . . back to its core functions, do you think that that fear is legitimate of . . . You know, let's say it's the concrete terminals now that who owns them, because it would seem to me it would be an expensive and unlikely thing that they're ever going to move from where they're sitting now.

So what I'm asking is how does that aspect, in a global environment, fit into what you're presenting, relative to the

harm that you foresee happening to rural Saskatchewan?

**Mr. Atkinson:** — Well I think that investment's at risk. The concrete . . . the investment in concrete elevators are at risk. It's overexpanded. I mean there's duplication, that's one aspect of it.

The other aspect of it, I think they have less functions now than they had. They were presented as, for example . . . there was a whole notion you would be running 100-, 110-car trains to the coast. It's not happening. Railways have found out it's more efficient to have scheduled trains and maybe 40, 50 cars on each train, mixed cargo.

It's very sensible because when you get into the configuration of the port of Vancouver, for example, which is one of our larger ports . . . And I've got pictures of the marshalling yards in Port Mann and of CN (Canadian National) in Coquitlam and CP (Canadian Pacific), which are plugged full of grain cars, which made it almost impossible to do a proper shifting of other kinds of freight or even that freight to move it down to the water because you have to break those consists into 25 or 40 or 50 cars, depending where they're going. And that was very inefficient. Now through practice . . . through learning, I suppose that was an unintended consequence but we know now that isn't working.

Now the other question we have to think about from the point of development in this province, because I would argue that the configuration that we have now with concrete elevators really contributed to underdevelopment — undermining the viability of the community.

And on what basis do I say that? I say that on this basis. I've given you the experience of those 48 farmers. We do have still branch lines that are still intact, very good steel, 130-pound steel on them. Some of them are even welded ribbon steel. We could reconstruct gathering systems at base cost, capture the margins that are now being taken away, and return them to the farmers.

And for every dollar that the farmer will increase his revenue back at the farm level and spend in his local town or village, the multiple effect by the time it gets to Regina is \$1.98. Now how the hell can you add value better than that?

And if I was going to . . . if I was in government, if I was a member of the legislature — whether I was in government or in the opposition — I'd be looking at that because that was one of the ways to overcome the challenge that we now face.

And if you want to think about that, by the time it gets to Ottawa it multiplies about seven times. So it's not a small consideration although it's being ignored.

**Mr. Dearborn:** — Right. I have some further questions. My understanding then is that, in your view, there is a direct correlation from 1995 and the passing of this Act to the depletion of . . . rural depopulation and some of the plight that's happened in rural Saskatchewan and that, at end, the Legislative Assembly of this province was wanting on that and we should have been responsible?

**Mr. Atkinson:** — Well I don't want to paint that with a wide brush because there are other factors — for example increasing costs of inputs and, you know, markets being tight in terms of . . . prices been tight, margins been tight. But I would answer your question affirmatively. Yes, there is a direct correlation.

**Mr. Dearborn:** — And from that being said, we . . . you're putting that responsibility on us today as legislators that the way that we look at this, if in the future of rural . . . You foresee that this will be more of the same from this legislation and it leaves me . . . I think that you're agreeing with that.

**Mr. Atkinson:** — Absolutely. Absolutely.

**Mr. Dearborn:** — And I'm taking what you're presenting very seriously, sir.

**Mr. Atkinson:** — You know, the buck stops here.

**Mr. Dearborn:** — Yes. I have one final question and maybe you've already, you've already brought this about. It's my understanding that from the presentation I heard this morning from Mr. Wiens, two-thirds of the delegates have gone forth and said, we need to present this to the Legislative Assembly. And you're a Sask Wheat Pool member, as am I. Your presentation is coming as a concerned citizen for the reasons that you outlined. I think that your socio-economic implications are real. I think we've all lived them.

But the question I have is: as a legislator, how am I to be duty bound to ignore that two-third majority vote from the delegates put forth and presented here in favour of what you're presenting?

**Mr. Atkinson:** — That's a very strategic question. And the answer is the delegates talked to the shareholders. And when you ask, did they talk to all the shareholders, it gets pretty vague. My question is that if there's a fundamental change taking place in the company, why was not every member sent a proxy or a letter announcing where the meetings would be to discuss this, and why were not meetings held with full disclosure?

I have no recollection and I know it's for fact that I never received one, and I don't think anybody in our community received one. Now it is true that the committees may well have had meetings on it, but you know there's not too many . . . I don't know how many committees are now meeting in the province but most — a lot of them I should say, better not say most but I think it's most — they've disbanded and there's no representation out there. So I would have to question the validity of that process.

**Mr. Dearborn:** — Thank you, sir. Thank you, Madam Chair.

**Mr. McCall:** — Yes, very quickly, Mr. Atkinson, and thank you for your presentation. One of the points in this debate that I have a hard time getting around is the point that's raised by Jim Metherell this morning, wherein he states in his presentation:

The issue at hand is whether you, the Government, or we, the members and delegates of (the) Saskatchewan Wheat Pool, should have control over the Pool's structure through

its Bylaws. With all due respect to you and your institution, I believe that such power should rest with the delegates, and I ask you to approve those changes.

Now leaving aside — and it's a big request admittedly — leaving aside the broader consequences of the decisions made by the Pool and its impact on rural Saskatchewan, and indeed upon the province as a whole, in terms of where the power lays to make the decision, in terms of the control, the presentations that we heard this morning outlines a fairly confident position that the control lays with the delegates and the control lays with the members.

Now further to that, even in terms of the direct member vote it would be to my mind within the power of the delegates to implement some kind of bylaw that makes possible a direct membership vote. But so . . . you know, to authorized changes such as this. But leaving that aside, I feel like, you know, I'm being asked to gainsay the democratic mandate as determined by the delegates.

**Mr. Atkinson:** — Well you're assuming. See democracy presupposes that people have access to all the information. Is that right? It's rule by the people and that all information is available. And that also applies to members of the legislature. My question to you, is all the information available to you? Has it all been laid out? Have all of the members, or the shareholders if we want to put it in another term, of Saskatchewan Wheat Pool been polled on this?

The argument is we have representative democracy in which the members, by one means or another, elect the delegates and the delegates elect the board and the board chooses management. I've been in that process. I've been through it. And I found it wanting. You've got the conflict between your social responsibility and the economic pressure that comes on. And right at the moment, there's a lot of economic pressure on.

Now if you get into this sort of thing, sometimes in . . . And they come here with legalistic . . . it's all nice legally, as the gentleman lawyer at the front has said. It's all well looked after legally. So I'm not arguing that. I'm not a lawyer. I'm assuming that's right.

But the question is it's broader than just legal definitions. And I think that Doug Faller and this is with submission, I just . . . He says:

As both legislators and politicians you are keenly aware of the difference between *de jure* and *de facto*, between legal definitions and the real world.

And you're caught, I suppose, in a sense, in legalese. I don't think you should be.

But I think we live in the real world and we do have a responsibility to those folks who live out there who've suffered the consequences, maybe much of an unintended consequences of a decision that was made in 1995. And I think it should be corrected.

And I see no problem in doing this due diligence, reporting it back, and making a decision. I mean, you know, it's not a

matter of life and death but is a matter of the base of this province in the future.

**Mr. McCall:** — Thank you.

**The Chair:** — We have before the committee now, Mr. Keen.

**Mr. Keen:** — Yes. My name is John Keen. I have taken myself on the title of the curmudgeon-in-residence for southern Saskatchewan.

What I'm hearing today is a request from a group of people who got an Act passed in 1995 to have a further change. If my Wheat Pool shares were sitting at \$30, if the adventures in Poland and Mexico were fine, if *The Western Producer* was making money, the hog barns were thriving, I would say I can trust their judgment.

But what I have in front of me here are a bunch of people who don't seem to know how to run a business and they want to go change the structure so they can go and get expert advice on doing their job. And to do this we will give up control; plus we will give up future profits. If they aren't capable of doing their work, they shouldn't be there.

They took over an enterprise that was relatively thriving. It had problems, but it has survived for 70 years. It's had difficulty surviving seven.

If you don't change this and it goes down the tube, what do farmers lose? 80-cent shares. And we can say to hell with them and build something else. And maybe that's what we should do because they haven't served us well. And neither has government.

Government has two things it can do. It can do things or not do things. Doing things is far more exciting. We could set out to take this tattered remnant, rebuild it, and welcome in the people from Alberta and Manitoba, and have a co-operative grain-handling system that would span the three prairie provinces. And it would be a lot of fun to do it.

Or you can do nothing. And when you do nothing, you allow what somebody else wants to happen to happen, and you don't take any blame.

That's about all I have to say. If I was going to judge what people tell me, the first thing I would look at is what they told me yesterday. And then they tell me they're going to go and get expert advice, and they bring up the problems — the sorry misadventures — of these corporate entities that they wish to go to for advice. These aren't sorry misadventures. This is theft. These people stole billions of dollars, and they want to go to this class of person for advice.

And they say that farmers don't have the expertise. Well phooey, they removed a great deal of the management of the Pool from the grassroots. And as far as I'm concerned, they've made one hell of a poor job of running things.

And I would just as soon see . . . like I say, the tattered remnant can go to Cargill and we'll build something better.



That's all.

**The Chair:** — Questions of the presenter? If not, we thank you very much for your submissions. Our committee now has deliberations.

**Mr. Atkinson:** — We thank you very much for the opportunity, again, and wish you well in your deliberations.

**The Chair:** — Members of the committee, you now have before you deliberation on the Bill. We have, as you would know, some time constraints. We can, if it's the wish of the committee, if there's a lot of deliberation, move to adjourn until 5:00 p.m. this evening or another time in the morning. Or we can go forward if we're in agreement.

I see heads nodding in agreement to move forward. Then I would now entertain a motion on the preamble of the Bill. You have the Bill before you. Preamble requires a motion.

**Mr. Yates:** — Madam Chair, I would move that we accept the preamble of the motion.

**The Chair:** — Moved to accept the preamble of the Bill. All those in favour? Opposed? Carried.

Preamble agreed to.

Clauses 1 to 6 inclusive agreed to.

**The Chair:** — We would now require a motion to report the Bill to the Assembly without amendment.

**Mr. Yates:** — I so move.

**The Chair:** — A seconder is required. The question . . . Seeing no discussion, all those in favour? Opposed? None. The motion is then carried.

The Bill will go forward now to the Assembly without amendment, and reported to the House.

Thank you committee members for your consideration of this Bill.

The committee adjourned at 12:55.



