

STANDING COMMITTEE ON PRIVATE MEMBERS' BILLS

March 9, 1995

The Chairperson: — It being the hour of 7, I will call the meeting to order. And this is a continuation of the public hearings with the matter before us being Bill 04. And our first witness tonight is Norm Hall.

Before Mr. Hall starts, I just want to bring to the attention of the members that in response to a question earlier in the proceedings from one of the members, Mr. Spencer from the Saskatchewan Wheat Pool has now tabled the information that was requested. And it will be distributed and then during the course of the meeting, if there are questions about it, then he'll be here to answer them.

Welcome, Mr. Hall.

Mr. Hall: — Thank you.

The Chairperson: — Just make yourself comfortable. And I should just point out that the microphone is just for the purposes of recording for *Hansard*. It's just a feed, and so it doesn't amplify. So you have to speak to the room.

Mr. Hall: — Sure.

The Chairperson: — Go ahead, the floor is yours.

Mr. Hall: — Okay, thank you. You'll find my written text in front of you. And I can write a speech, but I don't read them. So my verbal presentation will be slightly different, so you may find it difficult if you want to follow word for word.

To start off, welcome to 1991. We're in the board room of Co-op Implements Ltd.. We see the chairman of the board rising to his feet and we hear him announce that Co-op Implements will no longer be a cooperative, it will no longer be a company. That the receiver will be coming in and liquidating the assets and that there will not be enough revenue from these assets to pay off all existing debts, and that any equity that any members have in their accounts will have to be written off.

Now welcome to 2011. We're in the boardroom of Saskatchewan Wheat Pool. We see the president rising to his feet and begin to speak. Fellow board members, Saskatchewan Wheat

Pool is broke. We can no longer pay out our members' estates; our bank loans are more than we can handle. Our receiver will either be in or we must accept a bid from the UGG-ADM (United Grain Growers-Archer, Daniels, Midland) consortium and that bid falls short of the debt that we owe, so our existing members' equity will have to be written off.

Madam Chairman, my name is Norm Hall. I've been a Pool member for 15 years, a delegate for the past 8. I'm 33 years old. I farm with my father and brother. I was born, raised, and now farm and am raising my own family in the chicken capital of Saskatchewan, Wynyard, and I'm farming land that both of my grandfathers homesteaded.

As a delegate, I cover the areas from Dafoe, Wynyard, Mozart, and Wishart, which I have committees in each of those towns. I also have a special interest committee focusing on livestock. Those committees consist of 63 members which represent 600 members in my subdistrict. We, as delegates, were made aware of our financial position by our chief executive officer, then Milt Fair, three and a half years ago, at our annual meeting in 1991.

We were told that there would be a special meeting in the early winter of 1992, which a majority of delegates attended. And we were told of five different scenarios: one, which was the status quo; and one was this one. At that time, the example was the Surrey Metro Savings Credit Union.

After that we were talked to again and discussed it at the 1992 annual meeting, and we had another special meeting, financial meeting, in the early winter of '93. Once again at the annual meeting of '93, it was discussed. And in the winter of '94 we had another special meeting.

I took this to my committees in the winter of 1993 and kept them up to date right through to today. At the meeting in the winter of '94, we were asked to take information back to our committees and get a consensus on which way we should go. We held district meetings to pass information back and forth. I had many committee meetings with my committees. In March of '94 I held a general membership meeting at which 42 members showed up — or

42 people.

Two of those members were members from outside my district . . . my subdistrict, three of them were financial managers; two of them were banking managers — one was a credit union manager. So 37 out of my possible 600 members showed up.

In June I sat at a trade show all day and talked to members. And in July I sent out a survey plebiscite to my membership. I received 5 per cent of those back. I, along with one of my committee members, looked them over; I asked him to be scrutineer. He looked at them first and then showed them to me. Over half of those that came back told me yes, go along with the conversion. Over two-thirds of my membership . . . or committee members told me, yes go along with it.

And in all that time I also talked to members on the street, coffee shops; I got phone calls; I talked to them in the elevators; and answered questions. There was much misinformation out there. Many people thought they were losing their equity. They thought they were losing control of the company.

But when it came down to it, I felt I had a strong enough backing, and I felt good enough about what was going on that I seconded Mr. Larsen's motion to change the Act.

So what's changing? Nothing when it comes to the democratic side of the company and the control side. All we're doing is changing the way we finance our company.

I've heard questions — are we going to lose control of the company? Are the class B shares going to influence how we operate the company?

Currently, with the amount of bank loans we have, the banking institutions put some pressure on us to operate in a certain way. Class B shares will as well. But so do our membership. Our membership want us to be profitable.

And if control is such a contentious issue . . . Right now we're going through delegate elections. There are 5 elections out of a possible 69 that are being contested. And I might submit to you that the leader of the CFOP (Co-operating Friends of the Pool) lost

his seat a year ago and his replacement voted yes, as well as his whole district voted yes at our meeting in July.

What do I know about cooperative financing? I have sat on the board of the Wynyard Co-op Association. From there I was a delegate to Federated Co-ops. I sit on the credit union board in Wynyard. And I'm also chairman of the board of Wynyard Co-op Farm Centre Ltd.

What's that, you might ask? Remember I made mention to Co-op Implements. When we heard that Co-op Implements was going under, we formed a small cooperative to purchase the assets and hopefully start up a business. We were able to purchase the assets of the Wynyard depot of Co-op Implements but we couldn't raise enough to start a business, so the staff of the Wynyard depot put money together. They're running the business and renting the building from us.

Now let's talk about Sask Wheat Pool and diversification. Sask Wheat Pool's in flour milling, bakery supply, canning of fruit, doughnut shops, fertilizer manufacturing, livestock marketing, feedlot and ethanol production, malting plant, canola crushing, alfalfa dehy, publishing, biotechnology, infrared cooking of grains, and fish farming.

Let's look at one of our competitors — Cargill. Right now they're in meat packing; now they're in canola crushing; and they're also in fertilizer manufacturing. And every one of those has come at a cost to western Canadians because every one of those diversification projects has come with government loan guarantees, government grants; and not just federal and provincial but municipal as well. And where do the profits go? They go to the Cargill membership: three little old ladies down in the States. They don't stay in Saskatchewan. They don't benefit our province.

Now with Saskatchewan diversification, every Robin's Donut shop deal we make, every Pound-Maker Agventures that we start up, we find a home for 10, 20, 30,000 tonnes of Saskatchewan grain that doesn't have to be exported. It's value added here. All the benefits come back to Saskatchewan, to our government through added taxes, extra economic activity.

And that's the only way Saskatchewan

producers are going to benefit, is by a company in Saskatchewan owning and running the diversification. If a pasta plant started in Swift Current, they wouldn't be able to pay more than another pasta plant because they have to be competitive. And if Saskatchewan was that company, they could be competitive. The profits would flow back to the producers.

Now why does Saskatchewan Wheat Pool have to convert? We've got many, many issues in front of us right now. And the most recent one, and the most expensive one, is loss of the Crow.

And the efficiencies that they talk about . . . well these efficiencies that they're talking about are rail line abandonment. And as soon as you start abandoning rail lines, you start moving grain around the province, and they start moving that grain on to other rail lines which are not all ready to take that grain. Many of those lines don't have the elevator capacity, so Saskatchewan Wheat Pool has to build more elevators along those lines. And currently we don't know which lines are going first. We have a pretty good idea but we don't know which ones are going first. We have a good idea where the grain's going to go but you don't know exactly till it happens. So we have to build many elevators at a cost of millions per elevator.

And to remain viable, Saskatchewan Wheat Pool must keep diversifying, and that costs money — millions. And none of this, currently, Saskatchewan Wheat Pool can afford. And if Saskatchewan Wheat Pool doesn't spend that money and diversify as well as build elevators, we'll run shy of capital because other elevators will have to be closed to help these elevators pay, and therefore we may lose market share because some of our grain that comes in, comes in because we are the closest elevator. We are in 400-and-some-odd towns in Saskatchewan. We pay taxes in 400-and-some-odd towns in Saskatchewan. And if we start losing some market share, our terminals earn less money. If our terminals earn less money, then we have less money to build and diversify, and then we just go into a death spin like UGG did a few years back.

And then if we wait that long to convert or do something about this, then we won't be selling non-voting shares and we will not remain a

cooperative at that time. Right now, selling non-voting shares and doing things the way they are set up now, we will still remain a cooperative because it will still be one member, one vote. It'll still be voluntary membership. There's no threats to that.

Finally I'd like to say I'm proud of my prairie roots, I'm proud of my province, and I'm proud of my cooperative background. And I will fight tooth and nail to keep Saskatchewan Wheat Pool a strong, viable grain-handling cooperative. Thank you.

The Chairperson: — Thank you very much, Mr. Hall. Are there any questions from any of the members?

Mr. Kowalsky: — Thank you very much, Madam Chair. Norm, thanks very much for this presentation. It's very well prepared and I can see that you put a lot of thought into it, and the fact that you know it by heart; I think you didn't miss too many sentences from what I was following here.

In your presentation you make mention of what you see are some of the future role of the Wheat Pool, and you mentioned, for example, that in the past the Wheat Pool has been a spokesperson for Saskatchewan farmers. And you even bring out a couple of things like rail line abandonment, and Crow benefit, and loss of branch lines which are problems we're going to have to face in the future as farmers.

So that would tell me that, I guess, that you expect that the Wheat Pool will continue to be . . . it's important to you that the Wheat Pool continues to be a sort of a voice for the Saskatchewan farmer.

Mr. Hall: — Definitely.

Mr. Kowalsky: — Now do you feel that that voice might change or would be threatened if a member of the directors was appointed from say a bank, or from an oil company, or somebody outside the farmers of Saskatchewan.

Mr. Hall: — Well first of all I can't see that happening — an outside appointment — because we are a farmer-based company; and the delegates are the only people that will elect the directors; and we have to request that somebody like that comes in and I really can't

see that happening.

Okay, in the case that it does happen, whenever, that person would be 1 in 16, 17, 18, and there may be some, but that person would have to realize what's good for Saskatchewan Wheat Pool isn't necessarily good for the Saskatchewan farmer; but what's good for the Saskatchewan farmer is good for Saskatchewan Wheat Pool.

Mr. Kowalsky: — Do you see it as desirable to be able to appoint somebody from outside?

Mr. Hall: — There might be an occasion that it may benefit, but rare occasions. And in those rare occasions I think you could get enough information from an independent source.

Mr. Kowalsky: — So your general point of view would be then it would not be something that would be desirable.

Mr. Hall: — No.

Mr. Kowalsky: — Thank you.

The Chairperson: — Are there any other questions? No. Thank you very much, Mr. Hall.

Mr. Hall: — Thank you.

The Chairperson: — Just as an aside, I know Wynyard well, having served as chairman of the board of Plains Poultry for 10 years.

Mr. Hall: — Oh, yes.

The Chairperson: — We used to hold our meetings in the municipal council chamber across the street from the plant. I drove to Wynyard once every two weeks.

Thanks very much for coming.

Mr. Hall: — Okay. Thank you.

The Chairperson: — We'll call next on Ron Watson from Lancer.

Make yourself comfortable, Ron. Whenever you're ready to start.

Mr. Watson: — Okay.

Well first of all thank you, Madam Chairman, and I'd like to congratulate the committee on

extending the hearings. It's too bad we couldn't have taken them out in the country. I think you could have got a real handle on the dissent and problems out there, but I understand your reasons why you couldn't. But I thank you for extending them anyway.

My name is Ron Watson. I farm in a cooperative with two brothers. I was a Sask Wheat Pool delegate for 10 years. I resigned in August and I hope my presentation will enlighten you on why I resigned.

But first of all I would like to clear up some myth that seems to be going around that because there isn't a whole influx of delegate elections that there's somehow support for this proposal. I resigned over this proposal in my sub. They have opened up the nominations three times, I believe now, and they haven't got anybody to run neither. So I think it's just the apathy of the farming community out there, that they're coming to the end of their line, and they're pretty well fed up with the whole process.

I've entitled my brief "Back to the Future." And I think, as I go through it, you can understand why.

It has been said from the beginning that the share offering proposal will not have an effect on the control of the cooperative, that members will still have control. How can this be? Sask Wheat Pool's own internal documents state Sask Wheat Pool would need to be responsive to shareholders' interest related to cooperative profitability and market price of the shares. Management and the board would need to be aware of major operational and policy decisions could have a significant effect on the share price.

Does this statement not put farmer-owners and shareholders in conflict as to how profits will be divided? In addition, what kind of public policy will be advanced and for the benefit of whom? Farmer-owners or outside investors?

Will it also lead to the loss of the Canadian Wheat Board? The Pool has always been a staunch supporter of the Canadian Wheat Board. If, however, Sask Wheat Pool has to increase its earnings in order to satisfy outside investors' demands for a greater return on their investment, would the Pool still support the board, or would it look at earning more for its

outside investors by marketing farmers' grain and returning the profits to the investors at the expense of farmers.

I have heard it said that money talks. You can't take outside capital into our organization and say that it will have no effect or influence on the entire company. In the agricultural community, we have just lost the Crow benefit and it looks like the Pool board of directors and management and the provincial government are about to privatize Sask Wheat Pool. If this takes place and support for the Canadian Wheat Board fails, we are right back to pre-1924. It looks like we're going back to the future.

In the early part of this century, the economic forces of the day put farmers at the mercy of the grain merchants. With a great deal of effort and sacrifice and hard work, farmers organized and began to build the foundation for the beginning of Sask Wheat Pool. I submit to you today that those forces are still with us, and even stronger than ever today.

It is argued that the reason for this proposed change is that Sask Wheat Pool needs to raise more capital in order to be more effective in maintaining market share and to diversify. I believe that without member loyalty, Sask Wheat Pool will have trouble maintaining its present market share, let alone survive. Sure, they will still have a shingle to hang on the wall, but they will be just another line company.

Patronage dividends have already been suspended, making the Pool just another elevator company. And I hear presenters time after time that this proposal . . . we have to go for this proposal because there is going to be a great wall of equity that we have to pay out. And I'll refer you to the back page of my brief.

Sask Wheat Pool equity by age, millions of dollars, and these are July 31, 1993: unknown, corporations, and below 40, 78.1 million; 41 to 50 years, 68.3; 51 to 60 years, 71.5; and over 60, 68.4. Now that tells me that the equity is revolving fairly evenly out among the four groups, the way it should in a cooperative. In other words, the farming community is getting older, there's no doubt about it; but the younger farmers are picking up more equity and at a faster rate than their fathers have.

And when they suspend patronage dividend,

this forces Sask Wheat Pool to go head to head with the likes of Cargill and ADM (Archer, Daniels, Midland), companies whose capital base is much greater than Sask Wheat Pool. How is Sask Wheat Pool going to survive in an incentive-driven market when member loyalty is at an all-time low due to the members feeling that their company is being stolen out from under them?

I wish to address the issue of trust between farmer-owners and the Pool. It used to be that farmers never questioned the honesty of their company, but in the past few years, Sask Wheat Pool has been in and out of court on a number of charges. For example, insider trading charges, XCAN; selling unlicensed safflower seed; and even poaching fish. My point in bringing this up is that unless the Pool changes the way it does its business, its reputation will be lost.

Sask Wheat Pool has stated that no one will be able to own more than 10 per cent of the class B shares. In my own situation, I farm in a cooperative with two brothers. We are all Pool members; we have the potential to own a possible 30 per cent of class B shares. Shareholders can and do vote in blocks, in other words.

I would like to comment on the effect that privatizing Sask Wheat Pool will have on the provincial economy. It was farmers in a cooperative that built this province. And anybody that denies that is completely ignoring history.

Now the economic activity of Sask Wheat Pool is some \$2 billion annually in sales. The profits are presently shared by the farmer-owners in Saskatchewan. By selling shares on the Toronto Stock Exchange, outside investors would be welcome and encouraged to buy shares.

Where do the profits go now? The investors outside the province and outside of the country itself. Now I ask you, what kind of effect will that have on the provincial economy, not to mention the effect on our communities?

I would like to comment about why members feel this proposal is nothing more than legalized theft. In a letter dated February 20, 1995, sent to employees, Leroy Larsen states that employees can purchase shares in 5 per

cent increments; 25 per cent of their annual salary over a five-year period. The price per share will be the same price the members receive on conversion of their existing equity. Employees who want to buy shares will be offered an interest-free loan through payroll deduction. They will pay 75 per cent and the Pool will pay the remaining 25 per cent. Pool management, therefore, is offering itself billions of dollars of interest-free, non-repayable loans in order to buy class B shares. Farmers do not get this offer from management of the board. Shame on them. This is the very reason why cooperatives were invented in the first place, is to get away from this manipulation and being ripped off.

And I heard a question the other day on who benefits from this proposal and I don't think it was answered very clearly. And I think it's very obviously with this proposal, and there is two more proposals on the book that haven't come out yet for upper management people to get into the share, and who knows what that's going to be.

And the other obvious benefactor is going to be RBC Dominion. They are the financial advisers to this proposal. They are going to do the evaluation of the company. They have the potential of making millions of dollars off it and I think that's in a conflict of interest. And Mr. Beke stated their reputation is impeccable. Well maybe so, but I'm sure Mr. Leeson's reputation was impeccable in Barings Bank at one time too.

The fundamental nature and control of Saskatchewan Wheat Pool is going to change. At present, the Pool will argue that only delegates are in control of the policy and commercial operations of their company.

For example, the board of directors of Sask Wheat Pool is currently arguing that only delegates has the right to vote on the share proposal and not the full membership. In the future, due to the illegality of insider trading and tipping, directors of the Pool will be prohibited by law from discussing important issues, any financial or policy issues that may have effect on the share price with delegates or members. That is why at the annual meeting of delegates in November '94, delegates were asked to repeal section 8.10 of Saskatchewan Wheat Pool by-law no. 1 which states:

Prior Consultation With Delegates: The corporation inform delegates of any major capital commitments in new fields of activity at a district meeting attended by a director or at a meeting of . . . delegates attended by the board prior to making such a commitment.

This is obviously a fundamental change to the control of Sask Wheat Pool.

And I've heard it stated that we never come up with any other alternatives and other proposals; and one proposal that was sent by the Grain Services Union. A letter was sent on January 21, '94 to Premier Romanow, Mr. Larsen, and Don Loewen. And just one sentence out of the letter, it states: we are prepared to work with Sask Wheat Pool and provincial government to develop the necessary financial packages. And it is signed by Hugh Wagner and Barb Byers. And this proposal was never discussed with the delegates.

Whether you agree with this proposal or not, whether you think it's good for the company or not, it should have at least been discussed with the delegates. And as far as I know it wasn't even discussed at the board level. When asking different directors, one would say they did and the other one said they didn't. So I don't know, maybe some of them were out of the room, or whatever, but there was obviously no discussion with the delegates on it.

And that was going to bring me to the end of my proposal but last night as I couldn't sleep in my motel room, I got thinking of a book, George Orwell's *Animal Farm* and I hope you all are familiar with it, and if you're not, I would encourage you to read it and I'd encourage you to re-read it because I think it states where we are in our position today. It was published in 1945, and just a brief run-down on it, a rough idea of what's in it.

The animals were having a hard time on the farm, so they organized and kicked out their oppressors and developed seven commandments to live by — two of which are: whatever goes upon two legs is an enemy; no animal shall drink alcohol.

Eventually their leadership broke all the original commandments and when the animals got fed up and left the farm, as they were

leaving they looked back. And the pigs were in the house, standing on their hind legs, drinking alcohol with their friends — the original oppressors.

In conclusion, I ask that your committee recommend to the legislature that Bill 04 not be passed. If Bill 04 is implemented, Saskatchewan MLAs (Member of Legislative Assembly) will be taking us back to the future and changing the definition of a cooperative.

If the Pool is allowed to refer to itself as a cooperative in the new Act, it will enshrine Sask Wheat Pool's rights to call itself a cooperative, even though it doesn't allocate patronage dividends to farmer-members. If Bill 04 is passed, therefore, section 3(1)(c) should be repealed. In no way, shape, or form will Saskatchewan Wheat Pool be a cooperative if the share offering goes ahead. Cooperatively submitted.

The Chairperson: — Thank you very much, Ron. Are there any questions by any members of the committee for Mr. Watson?

Mr. Carlson: — Thanks, Madam Chair. Ron, on your first page — bottom of the first page — you talk about the possibility, if this goes ahead, it could lead to the loss of the Canadian Wheat Board. Could you expand on that a little, you know, why you believe . . . or the Wheat Board could be in jeopardy?

Mr. Watson: — Well as I see it, when they get class B shareholders — I mean there's debate going on about whether they have a vote or not and I think over the past couple of days it has been stated that they have a possibility of getting a vote. And if they don't intend to give the class B shares a vote, why is that clause even in the Act? I mean throw it out. Why make it easier for class B shareholders to get . . .

And to get to your question about the Wheat Board, when you get people investing in class B shares, they want a return on their money. And who's Sask Wheat Pool going to be making public policy for? The farmers, to provide service, at sometimes a sacrifice to making capital? Or would the class B shareholders have so much pressure and clout because they've invested in the company heavily and they want more? Which side are they going to come down on? I think the

farmers are going to be the losers in the proposal, because as I said, money talks.

Mr. D'Autremont: — Thank you. Two questions. From your presentation, you talk about the employees receiving interest-free loans to purchase class B shares. And you state here that they will pay 75 per cent and the Pool will repay the remaining 25. To me this is the first time that's come up and perhaps it has been discussed and I've missed it.

Mr. Watson: — That was the letter sent to the employees. And there is two more proposals that are on the book — in a discussion with Mr. McGlaughlin in the hallway. One is for upper management and I don't know who the other one is for.

Mr. D'Autremont: — So it will be tax-free plus an additional 25 . . . Not tax-free, excuse me. Interest-free plus an additional 25 per cent of the value will be forgiven.

Mr. Watson: — Non-repayable.

Mr. D'Autremont: — And the second question deals with section 3(1)(c) which calls for the Wheat Pool to operate in a cooperative spirit. Do you think it significant if that is withdrawn or left in?

Mr. Watson: — I think it's very significant that it be taken out if we want to maintain a cooperative movement. Sask Wheat Pool will tell you itself, every cooperative, even international co-ops, are watching this process. And it has the potential to be the end of the cooperative movement.

Mr. D'Autremont: — Okay. It doesn't . . . Yes, here it is. It says, "organized and governed by and adheres to co-operative principles in accordance with this Act and the bylaws." But to me that doesn't say it's a cooperative. It says, we're prepared to follow those principles.

Mr. Watson: — Well yes, but they're not following the cooperative principles. They're not allocating patronage dividends. They're an investment company now, one of the principles that cooperatives were organized to be against.

Mr. D'Autremont: — So to you that's a significant issue in the whole Bill, is it?

Mr. Watson: — Oh, you bet it is. And the other significant one is making it easier to get class B shareholders on the board of directors.

Mr. D'Autremont: — Okay, thank you.

Mr. Watson: — They both should be thrown out.

The Chairperson: — Any further questions? If not, then thank you very much, Mr. Watson.

Mr. Watson: — Thank you.

The Chairperson: — I would like to call now on Carl Siemens.

Mr. Siemens: — Madam Chairperson, I would like to beg the indulgence of the committee for a few minutes. I was originally scheduled, or was put on a waiting-list to appear before you, and then I got called up on short notice. And I have my presentation ready, but I didn't have copies for the whole committee. So to facilitate the process, I got the services of our Clerk here in the legislature to photocopy them so we all could have a copy, and she assured me they'd be here at my scheduled time of 8 o'clock. So I would be glad to change positions with someone else who is ready to go, if that would be your wishes.

The Chairperson: — Sure, the person that is next on the list, Mr. Canitz.

Mr. Siemens: — He just walked out the door.

The Chairperson: — Yes, I thought I saw him there a few minutes ago. If he's available, we could go ahead.

A Member: — We could take a break for five minutes.

The Chairperson: — Yes, we're a bit ahead of time, so maybe we can just take a break for five minutes or so. We'll reconvene as soon as the copies come and the other witness comes back.

The committee recessed for a period of time.

The Chairperson: — So I guess we're ready to resume. All the witnesses are here now and the copies have arrived, so we'll resume the hearing. And I invite Mr. Carl Siemens to make his presentation to us. Copies have been

distributed, so we all have them.

Mr. Siemens: — Thank you very much, Madam Chairperson, and committee members. I want to thank you for the opportunity to present to you my concerns on the passage of the Bill to amend the Sask Wheat Pool Act.

This is a very important issue which strikes at the very heart of what has made rural Saskatchewan such a unique place to live. My parents were members of Sask Wheat Pool since 1949, when they began farming. My father sat on local committees, was a delegate for several years, and most importantly was a loyal Sask Wheat Pool member all his life.

Why? Well I believe it was because he heard the stories firsthand from those early pioneers who saw the need to build such an organization. He heard how the grain companies that farmers were forced to deal with sometimes treated them unfairly. We have all heard those stories, and I don't need to elaborate. Those companies had only one reason for existing — profit. Not to provide an efficient, fair, low cost service to farmers. Profit. Profit for who? Profit for non-farming stockholders whose shares traded on the world stock markets.

There was an obvious need for an organization made up of cooperating farmer-owners whose main purpose was to provide the type of service farmers needed.

When I started farming, I too wanted to be part of this organization. I became a member and served on the local committee for 16 years, some of that time as president and secretary. Why? The reasons were the same as they were when my father joined Sask Wheat Pool. The same reasons why Sask Wheat Pool has grown to be the largest co-op in Canada with some 60,000 members. For 70 years cooperative principles have been the foundation on which Saskatchewan Wheat Pool was built. Now these principles are in jeopardy.

The push by the Pool management to issue publicly traded shares on the stock market is not a trivial change. It is a fundamental restructuring that effectively ends the Wheat Pool as a cooperative and turns it into a joint stock company.

What this means is the Pool will no longer be only member driven. It will be market driven. It will be accountable not to producers alone and their families at the farm gate, but to non-farming investors who are outside of agriculture and on the Toronto Stock Exchange, whose only interests are return on investment or profit.

Do we have to relive all the mistakes of the past? I hope not. Don't be misled by statements that nothing will change. We are living in a time right now of extremely rapid change and erosion of the very building blocks of our society, as evidenced by the federal government's recent budget which has the potential to devastate rural Saskatchewan to a degree that we can't even begin to imagine yet.

Most of the fundamental change lies in the fact that as a cooperative the Pool is under a legal obligation to ensure that cash payments are distributed to members in the form of patronage dividends at the end of each fiscal year. Converting the Pool to a publicly traded joint stock company means the financial interests of investors are given first priority. This is a very important point because it's a fundamental violation of cooperative principles.

Another important principle of democratic participation is violated when the membership of the organization is not allowed to vote directly on the winding-up of an entity which has practised cooperative principles successfully for the past 70 years and in which they have a huge economic stake. Ironically, once the shares are publicly traded, non-members of the Pool will have the right to vote on important issues similar to that which is being currently denied shareholders of the Pool. I ask you to think about the other possible effects of this change.

As it stands now, Sask Wheat Pool argues that only the delegates are in control and only the delegates have the right to vote on the share proposal. In the future, due to the legal implications of insider trading and tipping, the directors of Sask Wheat Pool will be prohibited from discussing with delegates or members any financial or policy issues that may have an effect on share prices. So of what value will the member committee delegate structure be? I suggest to you it will be one of pacifying member concerns about decisions made

without their input and beyond their control. Make no mistake, things will change.

I hope I have not bored you with this plea for the retention of Sask Wheat Pool as a farmer-owned cooperative. I am sure I don't need to lecture anyone in this room on co-op principles. I would bet that everyone here is a member of at least one co-op and some of us will be members of many organizations, founded on these same fundamental principles of cooperation that has served our province so well.

Cooperation is a part of what it means to be a Saskatchewanite. It is a common thread that has held like-minded people together through good times and bad. The impact of the proposed changes to Sask Wheat Pool will go far beyond this grain cooperative. Many people all across Canada have expressed grave concerns about what will happen to the co-op movement in general if this change is allowed to take place without the direct input of its members.

Their concerns have covered a wide variety of perspectives. I would like to deal briefly with one of those which I believe to be the most important. This is the loss of Sask Wheat Pool as an effective lobby on farmers' behalf to all levels of government. Presently Sask Wheat Pool can say they speak for the largest single block of farmers in Canada. This has been a crucial and very effective voice for farmers beyond the farm gate and an important ally to our provincial government in speaking up on behalf of Saskatchewan people — farmers and non-farmers.

Agriculture has . . . and will remain for the foreseeable future, the cornerstone of Saskatchewan's economy. Will Saskatchewan Wheat Pool be there to speak out for farmers if this conversion is allowed to take place? What will the focus of policy be? Will it be directed towards farmers' needs or the needs of investors outside of agriculture? Important points to ponder.

As I said earlier, we are in a period of rapid change. It is extremely difficult for me and my family to look out over the horizon from our farm and envision what lies ahead. I can only hope and pray that other like-minded people, living in a remote and sometimes harsh part of the world, will see things similarly to myself,

and that by working together we can maintain and build on the legacy of our forefathers, so that we can pass on to our daughters and sons a lifestyle that is envied around the world.

As members of this legislature you are charged with the responsibility to direct the government of this province to uphold and nurture those policies that have made Saskatchewan what it is today. I am not here to ask you to act arbitrarily to direct the affairs of Saskatchewan Wheat Pool. What I am asking is to simply ensure that those fundamental cooperative principles I have spoken about are followed.

The membership of Saskatchewan Wheat Pool must be allowed to vote on these changes. Only then will their true wishes be known. Surely, ladies and gentlemen, this cannot be too much to ask.

Thank you for your time and I would be glad to answer any questions that you might have.

The Chairperson: — Thank you, Mr. Siemens. Do any members of the committee have questions to put to Mr. Siemens?

Mr. Knezacek: — Yes. Thank you very much, Carl, for your presentation. On page 3 I guess it is, about the middle of the page, you had said something to the effect: ironically once shares are publicly traded, non-members of the Pool will have the right to vote on important issues similar to that which is being denied current shareholders of the Pool.

And then page 4, about two-thirds of the way down: if this change is allowed to take place without the direct input of its members.

Now it's my understanding that type A shares have the voting rights, solely the voting rights.

Mr. Siemens: — Well I think that's . . .

Mr. Knezacek: — Type B shares do not have the voting rights, with the exception of three areas?

Mr. Siemens: — Well I think that debate is still ongoing over that point. I think that if this change could be brought forward, so could other changes that would facilitate this or even something wider-reaching than this, that we can't even anticipate right now. I mean once

you open the door to change the structure of the co-op, then where do you stop it? And what will be the criteria you use to determine what that structure will be?

If you stick to the fundamental principles of cooperative then you don't have to look at any of these other options. Once you diverge from that I think you open the door to a whole wide range of things that may or may not be on the table today, but maybe tomorrow.

Mr. Knezacek: — Well I think that was explained to us in an earlier brief this morning, that that process will stay intact as far as delegates and voting membership and so on goes.

Mr. Siemens: — But what guarantees do we have?

Mr. Knezacek: — Well I don't know. I'm asking the question.

Mr. Siemens: — I'm not comfortable with any guarantees that I've been given by any of Sask Wheat Pool's management people. I mean I'm not comfortable with the proposal as we see it now, and so I can envision when, in sometime in the future when conditions dictate further changes, that they will be made as required.

Mr. Knezacek: — Well it's also my understanding that before any changes can take place, it requires two-thirds majority of the delegates' vote.

Mr. Siemens: — Yes, that's the position the way it is today. That can be changed at any annual meeting of the delegates.

Ms. Stanger: — But only by the delegates, am I right, Carl?

Mr. Siemens: — That's true — only by the delegates.

Ms. Stanger: — And you would need two-thirds and they have to be class A shares. Am I right about that?

Mr. Siemens: — Well I'm not so sure.

Mr. Knezacek: — Those delegates are farmer-owners.

Mr. Siemens: — Yes. But I guess my point is,

is that we've come this far now in changing the structure of Sask Wheat Pool, so I can't see why — if conditions arose sometime in the future that necessitated further change — why those changes wouldn't be, you know . . . there wouldn't be a way found to make those changes; because we found a way to make these changes and I think there could be a way found to make those changes, as well.

Mr. Knezacek: — Okay.

Mr. D'Autremont: — Welcome this evening. The last presenter put forward the contention that the Pool would no longer be a cooperative because it would no longer be paying patronage dividends. And my understanding of a patronage dividend is based on the volume of business you do with the cooperative. If I sell a hundred bushels of wheat to the Wheat Pool I would get a dividend based on a hundred bushels of wheat sales or if I bought chemical I would get a patronage dividend based on that purchase.

Do you support the contention that the Wheat Pool will no longer be a cooperative in that sense?

Mr. Siemens: — Oh yes, I do. I mean they've already ended the patronage dividend process already. That's gone. I mean there's no longer any patronage accruing back to members through . . . or no longer any dividends accruing back to members through patronage. Which is, I argue, one of the fundamental cooperative principles.

Mr. D'Autremont: — Would there be anything either in this Bill or in the current Wheat Pool Act that would prevent the corporation from returning a dividend to its customers based on the volume of sales or the volumes of purchases?

Mr. Siemens: — Well I guess you could envision all kinds of marketing strategies whereby you could reward customers for patronage. I mean, you know, we could give out air miles. There's all sorts of things that we could do; but it wouldn't be member patronage dividends — that's no longer.

Mr. D'Autremont: — Well in the sense that now, at the end of the year, Sask Wheat Pool hopefully has a profit and they turn around and provide some of that back as member

patronage; but I think you said that there would be nothing in there as a marketing strategy which would prevent them from continuing to do that.

Mr. Siemens: — I'm not sure I understand the question.

Mr. D'Autremont: — Well if Wheat Pool wanted to use it as a strategy — a marketing strategy, was the term you used — at some point in time and say, we will return to our customers who deliver wheat to us, a patronage dividend. And the same thing could be done on the sales of chemicals, and fertilizers, or whatever.

What I was asking: was there anything in the Act that would prevent them from doing that, and I believe you answered there was not. So wouldn't that in a sense be similar to a member patronage dividend?

Mr. Siemens: — Well not only have they ended patronage dividends as we know it, but they're also now, if this proposal passes, a publicly traded stock company which pays dividends to shareholders based on earnings of shares and . . . I mean as far as marketing strategy to reward customers, I mean you could come up with any number of schemes, but it would not be dividends back to members based on patronage.

Mr. D'Autremont: — Well it would be based on patronage that was done on a volume basis though, either sales or purchases.

Mr. Siemens: — Yes, but there's also the money that would flow out of the company to the shareholders. And so, you know, that wouldn't become part of the return to the member-owners — if that's the way you want put it — which I don't see any more as being . . . The people who own the shares would be just as much an owner in Sask Wheat Pool as what you call members now.

Mr. D'Autremont: — Would there be much difference though between that money that would go to a shareholder as a dividend . . . that much difference between if the Wheat Pool had gone out and borrowed, say, an equal amount of money as what they sold on dividends and turned around and paid that out as interest?

Mr. Siemens: — Well I don't know. I can't answer that question. I don't know if it would be any different. To me what's different is the fundamental principles that guide cooperatives and have guided cooperatives, and any diversion from that, I feel, is a step in the wrong direction and one I will oppose.

Mr. D'Autremont: — So rather than being a mechanical dollar mechanism, your opposition is philosophical.

Mr. Siemens: — Yes. By and large, that's correct.

Mr. D'Autremont: — Okay.

Mr. Kowalsky: — In your paper you mention that in the future there's going to be a prohibition on discussions between the delegates and the directors, I imagine is what you're saying, in case of a deal. What is the current practice? Were you as a member made aware of when there was purchases of investments into Poundmaker or Prairie Malt or Printwest or Saskatoon Livestock or Western Co-op or Robin's Donuts or . . . Would the members have been advised?

Mr. Siemens: — Oh yes. I think members were informed that Sask Wheat Pool was moving into other areas than the traditional grain handling. I mean members weren't asked to vote on each specific proposal but there was a consultation process through the delegates regarding, you know, things like Robin's Donuts. Some of them we probably heard about after the fact and some, you know, as the discussions were ongoing.

Mr. Kowalsky: — And the second question is, do you see any advantage to being able to appoint somebody with expertise in baking or malting or beer, or whatever, to a board of directors of the Wheat Pool?

Mr. Siemens: — Well from where I sit, I think the first and foremost interest that Sask Wheat Pool has to keep is the interest of the farmer-owners. Now if those interests are well served by diversifying into other areas than traditional grain handling, then I can see no problem getting some expertise. But I think the decisions about those kinds of investments should be made by the democratically elected people who come from the membership, elected by the membership as delegates and

directors.

I wouldn't feel at all comfortable to having, as is the traditional practice in lots of corporations, having people from banks sit on the board of, say, an automobile company, or whatever. That, to me, wouldn't be what I would like to see.

Mr. Kowalsky: — Thank you.

The Chairperson: — Mr. Carlson, you had a question.

Mr. Carlson: — Yes. On page 3 you touched a bit on it. You talked about the information flow up until now — about the direction or some of the things that the Wheat Pool was looking at getting into — was relatively open. You feel that that might not be the case if this proposal goes forward?

Mr. Siemens: — Well I think there's certain issues that could affect the price of shares that could not be discussed publicly. It simply would be illegal to do so, from the information that I've been able to gather. And I'm not a lawyer, but this is . . . So if there was a major investment or a major decision about capital expenditures that would be made that could affect share prices, to my knowledge that could not be discussed with the membership. So I think that would be a very effective curtailing of the information flow process.

The Chairperson: — Mr. Britton, you had a question?

Mr. Britton: — Thank you, Madam Chairman. Good evening, Carl. I haven't so much a question as I would like to get something clear in my mind as to what you may be saying to us. Running through your presentation, I heard you saying that we're in a time of rapid change; there will be change and we've got to be prepared for change; and something like that. Now this is a major change. Do I read you to be saying that you don't want the Wheat Pool to change at all? You want it as it is, to keep the status quo?

Mr. Siemens: — No, I don't think . . . that's not what was my intention in my presentation. I think what I'm opposing is the process, number one, whereby we've got to where we are now. I mean if the board of directors and the delegates would have went to the country well

in advance of the decision-making process having been undertaken and discussed a variety of options for change, and the membership got a direct vote on it and they said yea or nay to the proposal, I would have no problem at all with that, none whatsoever.

Ms. Stanger: — Carl, you said one of your . . . Thank you for coming, by the way. You said one of the things that you objected to the most was that you didn't think that Sask Wheat Pool would be speaking out on farm policy any more because it might be a conflict of interest to the shareholders and a conflict of interest with the farmers.

This may seem naïve to you but I have to get it clear in my mind too. What would you see as a farm policy that would be in conflict? Because it would seem to me if Sask Wheat Pool was successful, Carl, and they were doing a good job, and the investors . . . I'm just thinking of myself as an investor now. If they were getting a return on their money it wouldn't matter to me what their farm policy was, but I may not be seeing something clearly. So could you give me an example.

Mr. Siemens: — Well I think it depends on what you use as a yardstick to measure success. If profit and dividend return on your shares are the criteria or the stick that you use to measure success, I can see there can be a great deal of difference between what investors view as success and what farmers sitting out in Rush Lake, Saskatchewan view as success.

What I want from Sask Wheat Pool in Rush Lake is a delivery facility, number one, close to my farm, where I know that I'm going to be treated fairly when I pull in the driveway. Number two, I want access to inputs at a reasonable cost and quality. Number three, I want the Wheat Pool to speak out on my behalf beyond the farm gate, which I don't have the opportunity or the time to do on my own behalf.

Those are the interests of me as a farmer-member. Those may not be, and probably would not be, the interests of an investor who is simply looking for a profitable place to invest capital and get a good return on their investment. I think you can see many areas where you could have a divergence of what one person would call a success and of what a

farmer would call success.

Ms. Stanger: — So, Carl, would you see the elevator division diminishing then, if Sask Wheat Pool was making profits, say, making doughnuts or something? Is this sort of what you're saying too?

Mr. Siemens: — Oh yes. Well I can envision that those facilities which are of questionable economic value to Sask Wheat Pool at present may be jeopardized in a situation where they have to perform on the Toronto Stock Exchange with profit accruing to the stockholders. I mean if you had a saw-off between closing an elevator in Rush Lake, and hundreds of others like it — which would improve the bottom line, make the company more profitable, increase the return on investors' dividends, income on the shares — I can see where the farmers' interests may be in jeopardy.

Ms. Stanger: — Carl, would it be fair to say . . . how is it different than that now? Like I'm not saying that Sask Wheat Pool is just going around closing elevators helter-skelter, but what I'm saying is, wouldn't they do away with elevators that they perceive now weren't economical? How would this be different after this was passed?

Mr. Siemens: — Well it would be different in the sense that now all the people who have a potential for gain in Sask Wheat Pool are farmers. If we have investors outside of agriculture they're not farmers, you know. So the potential, I think, is there for a compromising of farmers' wishes vis-a-vis investors' and stockholders' wishes. They don't . . .

I mean there's not a big dollar to be made in running small elevators out in rural Saskatchewan. I mean make no mistake. That hasn't been the profitable area. If you look at the financial statements of Sask Wheat Pool for a good number of recent years, you'll see that that isn't where Sask Wheat Pool made their highest return on investment, was in the country elevator system. But that's why Sask Wheat Pool was formed — to provide service to farmers in rural Saskatchewan who maybe otherwise wouldn't have had an outlet to the market in order to be treated fairly.

That was the prime reason for Sask Wheat

Pool being, and I think it's the interest that they still serve me the best in. And I'm willing, as a member-owner, to forgo some return to me in the form of dividends in order to keep that type of a system in place. And I think the vast majority of Sask Wheat Pool members feel similarly.

Ms. Stanger: — Do you think, Carl, if the conversion takes place, that that still wouldn't be a prime motive to retain the farmer business that they have?

Mr. Siemens: — Well I just think that you would be at odds then, and I don't know exactly how this scenario is going to play itself out in the years and decades to come. Where the interests of Sask Wheat Pool's farmer-owners and their stockholders are going to diverge and at what rate, I don't think anyone here knows where that's going to go, so I think that's speculation.

Ms. Stanger: — Thank you very much.

Mr. Siemens: — You're welcome.

The Chairperson: — Anything further? If not, thank you very much, Carl.

Mr. Siemens: — Thank you, Madam Chairperson.

The Chairperson: — Our next scheduled witness is Mr. Canitz.

Mr. Canitz: — First, I'd like to clear one point up. I'm not an expert. I'm over 25 miles from home but I don't have a briefcase with me. Thank you.

The Chairperson: — Just make yourself comfortable.

Mr. Canitz: — Madam Chairperson, members of the committee, re Bill 04, the Saskatchewan Wheat Pool. First of all, we must look as to why this legislation is being asked to be amended or whatever. I believe the original Bill was passed mainly so that the control of the Saskatchewan Wheat Pool stay in the hands of the actual producer, the farmer.

I have corresponded with 10 or 12 MLAs in regards to Bill 04. I want to thank those that replied. I must say that some of the answers I got were not very encouraging, and some

replies my point was lost or either I got the political runaround. I don't believe I wrote to anybody that's on this committee.

The Chairperson: — Well that's a big relief to us, having not been satisfied with the response.

Mr. Canitz: — Pardon.

The Chairperson: — I said having not been satisfied with the response you got, it's a big relief to us to know that we were none of the receivers of the letters.

Mr. Canitz: — And I realize that we have a battle on our hands. Both government and Saskatchewan Wheat Pool officials say that we are functioning democratically. Maybe by the definition of democracy this is correct, but what is wrong is that we delegate too much authority into the hands of too few. And I think that history is repeating itself that much, and sometimes it is misused by those we elect.

When legislation has to be amended to give elected officials the power they desire to perform, in my books this is when democracy ends. And this is wrong. I suggest if this is allowed to happen then the Saskatchewan Wheat Pool ceases to be a cooperative.

I would like to point out the magnitude of this proposed amendment, not only to the cooperative principles of why the Pool was formed, but to the amount of dollars — 280 million, roughly — and the equity of some 50,000 they say . . . I say active members. I think it's more like 80,000. And we are to accept the decision of a few 130 elected officials or delegates. This is wrong.

I've made a few notes that I'd like to kind of pitch in — you haven't got a copy of it. This year I would like to point out that I've always looked at my equity in Saskatchewan Wheat Pool not as an investment dollar but as a retirement fund much the same as an RRSP (registered retirement savings plan). And I think you've guessed that I've reached past the age of 65. I definitely do not invest my total money in what I call this is a stocks and bonds, a high-risk venture. And I realize that at my age it would not be wise, and yes, I also realize that it's later than what sometimes I like to think.

I would like to remind you of a news item reported in the last 10 days. One man had the say of how to invest a billion dollars. People ask why. Why was this allowed to happen? What is being asked by the officials of the Saskatchewan Wheat Pool is of the same magnitude concerning how the money was invested and the number of Wheat Pools.

Yes, I am an old man. And this isn't in your books. A lot of waters flowed under the bridge. Even with the limited finances at my disposal I've been kicked, pushed, and bankrupt. Been involved in co-ops that have closed, paying less than 80 cents on a dollar equity. Another co-op — Co-op Implements — went up where my total equity of over \$5,000 were lost. I heard one director stated the reason a membership vote would not be held was that he believed that only 20 per cent of the membership would understand Bill 04, and I couldn't agree with him more because of the cloud hanging over it due to the lack of information provided by elected officials, management, and advisers of the Saskatchewan Wheat Pool.

I would like to point out that when I ever invested money in the stock market, I was gambling. No better odds than I have at the casino or maybe not even as good — I know the rules that I play under at the casino and everyone keeps his hand on top of the table and stays within the room — even though I have been told it's a sure thing if I buy low and sell high, or know when to hold them and when to fold them. What is being asked of you, the Government of Saskatchewan, if you pass Bill 04, is give the Saskatchewan Wheat Pool elected officials access to my equity or money to gamble with, and this is wrong — very wrong.

I remember only too well, and it was mentioned before, what happened to Co-op Implements. I was a delegate at that time and I class myself as a very active delegate at that time, very strongly in support of the company. My depot either was top or second in the list as far as sales go. I had a committee that supported me as a delegate and cooperated with me 100 per cent. We went to the membership. We wanted to build a new depot at Central Butte. In two short days, we canvassed membership. We went to the membership and we raised \$110,000 from farmers. We all know what happened.

I remember it like it was yesterday — the discussion to go into partnership with Vicon, which I opposed. Mr. Wes Robbins, minister of cooperation at that time, came to me and said, keep fighting, Ralph; you see what is happening and I think you are correct. And I don't have to remind you of what happened to Co-op Implements. I was at the meeting at Saskatoon when Co-op Implements went into partnership with Vicon. I witnessed something that day I thought that would never happen at a meeting of a cooperative. If you had invested early in the program called Owntrol, say \$500, you had 500 votes. But the members, say with \$5,000 equity, had one vote. Is this a co-op? Not the way I understand it.

The stage is being set for this to happen to the Saskatchewan Wheat Pool. Are memories that short that we cannot remember what happened to the Crow's Nest Pass Rate? Laws were changed, and the Crow was dead.

I remember only too well the elected officials' stand — they would negotiate. Thousands of Saskatchewan Wheat Pool members said no, do not negotiate, no tampering. The answer we got then from the acting president of the Saskatchewan Wheat Pool, Mr. Ted Turner, that he was acting democratically and that the delegate body was not a bunch of messenger boys.

You in the Government of Saskatchewan are in the exact same position today, changing the laws to allow this. Do not let it happen. One has to agree that the Saskatchewan Wheat Pool is a large cooperative, a large corporate identity in Saskatchewan, high dollar volumes of trade, high salaries and remuneration and glossy brochures, but they do not impress me. They do not impress me.

They do not impress me when I see farmers pushed off their farms and things which we as Saskatchewan Wheat Pool members fought to get are being eroded or going by the way of the Crow. As sure as the sun will rise, the Canadian Wheat Board, I predict, is the next on the block.

The same methods are being used . . . I don't know if yours is corrected or not; it was printed "some," but it should be "same". The same methods are being used. Persuade governments you need it and it's almost a piece of cake you will succeed.

And maybe government are right. It might generate more jobs in Saskatchewan, and a credit to the government, but who generally pays? The question is asked, who will pay for this and who will pay for that. Who generally pays? It's the producer that generally pays because he's the easiest to get. We're not together; we live here, there and all over. We don't meet as a board to discuss where we should pass the cost on to. And corporations and business generally take it where it's easiest to get at, and that's the actual producer.

The list is long. Crow rate, Bill 04 of the Saskatchewan Wheat Pool, Canadian Wheat Board, marketing boards, Co-op ... not insurance, that should be Co-op Implements, sorry — just to name a few.

Maybe when we buy the CNR (Canadian National Railway Company) we should be more diversified and efficient and reinstate passenger service. I am sure when the Canadian Wheat Board goes the way of the Crow ... I'm sure when the Canadian Wheat Board goes the way of the Crow, there will be a great demand by farmers going out to market their grain.

Efficiency and diversification, reason given for the change or to pass Bill C-04. Efficiency and diversification were not just invented within the last year or two. We, my wife and myself and children, as they grew older, were taught from childhood to be efficient — always believing that waste not, want not.

We diversified the first days of our married life — raised 90 per cent of the value of our food ourselves. Sold eggs, meat, cream, milk, butter, cottage cheese, cheese, raised cattle, finished cattle, custom cleaned grain, custom hauled wheat, custom combined. The wife cooked for oil gangs; I had contracts with CPR (Canadian Pacific Railway), CMHC, sold insurance — a list I could go on for 15 minutes.

So we've diversified, and it's nothing new to me. But if my venture failed I didn't take a bunch of my neighbours down with us; it was me. I worked hard. I had something to protect. And I think I will point out why, what I mean, when I close.

One thing we did not jeopardize, and that was we tried to maintain a strong family life. Close

family ties, based on the philosophy and values of cooperation — honesty, fair play, and that for some of us there are not too many freebies. Sometimes we're lucky. I've been lucky a couple of times. It wasn't through good management. Once it was a hailstorm. I was lucky.

Let's briefly look at efficiency in the grain handling system. Now this sounds like an *Alice in Wonderland* fairy tale or something. Show me where it enters into when a farmer who custom hauls wheat picks up 1,100 bushels 20 miles north of Gull Lake, hauls it to Moose Jaw, to AgPro in Moose Jaw. He got in a line-up of some 30 trucks. He had the misfortune of being stopped eight from the door due to closure for the day.

He borrowed my wife's car — he was my brother-in-law — he borrowed the wife's car to go home to Herbert, returned the next day, delivered the car and I took him back to the line-up, unloaded the grain. Some 500 miles later, and 36 hours later, he returned home. The grain he delivered probably was back hauled some 120 miles right back to Gull Lake by the CPR railway. Now that might be efficient for the grain handling system, but it's sure not efficient or dollar saving. Who too absorbed the cost? It was the farmer. It didn't come off ... It wasn't added on to the price of the bushel of grain, I don't think, because we're competing. Crow's Nest Pass Rate didn't really enter into it yet. That cost was recovered.

For you members of the committee who don't know, AgPro is owned by the Saskatchewan Wheat Pool. Don't ask me why it's called AgPro instead of the Saskatchewan Wheat Pool. Or is this real diversification — add another name to another business? Real diversification.

This brings me up to diversifying — favourite topic or reason changes have to be made. Show me why I should not think there's a conflict of interest with most of Saskatchewan Wheat Pool diversification ventures and myself as a Pool member to obtain the best possible deal for me. Explain to me why the actual producer does not get more for his barley than it costs for the bottle that is used for the beer. Pool's in the malt business. Maybe they could help persuade the industry to get me more.

The Pool is also involved in the cattle feeding

business, with Pound-Maker at Lanigan. They also asked me to market my cattle through their yards. I happen to buy cattle every year and one thing I try to get is the lowest possible price I can. And who do I pick on? I have no say of what I'm going to get for those cattle. They're traded on . . . a lot of it's traded on futures on the stock market. So I go and try to underbid the other fellow, or not bid as high as the other fellow, wait till I get it cheap. I'd say that's a bit of conflict. What shows up on the Pool ledger — whether I made money, lost money, feeding cattle, or if they made money raising cattle, or if they made money feeding cattle?

The latest — the purchase of the CNR. It's on the news today that Pool officials said we should go into partnership. They have a corporate identity, or corporate responsibilities to show profit and I expect them to haul my wheat cheaper. They have to stay competitive. No it can't.

Can anybody tell me what the net worth of the Saskatchewan Wheat Pool is? Is it only worth the members' equity? I think the real worth of a cooperative has to be established in a definite policy on how the proposed transfer of money will be done. That is, I hope this never enters into it. That's kind of a mistake to put that in, but I think if it does . . . if the unforeseen happens, I think it has to be done.

If this would be done, do you not kind of think that we're entitled to fair share of the increase of the value of the assets of something we own? Is basically what we are doing is we're disposing of the company that we totally owned and we're selling it? But then I think a good portion of this money, if the assets are higher, has been done by financing with interest-free equity.

It almost boggles my mind what the equity count would be if we demanded a guaranteed interest, say treasury bills compounded annually. If that was demanded by the members I doubt if we'd have a Saskatchewan Wheat Pool today. We accepted the fact; we made concessions. We let them use our money until we're 65 and then, unless we retire, we get 20 per cent a year back till we're 70. So really I have seven years — if I take the average life of man — to enjoy my equity. I don't want to reinvest.

I would like to explain, and I think it was mentioned tonight, a letter written by Mr. Larsen on February 25 to the employees of the Saskatchewan Wheat Pool. It sounds very attractive for employees with farmers paying the brunt of the policy. When the Pool pays for something, the farmers pay for it, because I own it.

Already this proposal, and my interpretation, using the phrase, has them lining up at the trough.

Guaranteed a 33 per cent return — and I might be wrong but I don't think I am. I read the policy, unless I misinterpreted it wrong. They're guaranteed 33 per cent on their dollar investments. They can buy a share for 75 per cent, the Pool picks up 25 per cent. If this doesn't happen, if my dollar . . . if their share isn't worth a dollar, the dollar I invested from my share equity will not be worth a dollar when it hits the markets. So somebody's going to lose. Guess who? I think it's the members of what was the co-op.

I ask why Saskatchewan Wheat Pool — elected and paid personnel — want to take \$280 million equity, interest free, and persuade farmers to transfer it to share capital and must be treated the same as publicly purchased shares or class B shares — and that is bear a fair return. Guess who will pay. It's the producer.

If this does not happen, it's another reason the share capital will fail. And if the share capital fails, the Wheat Pool's failed, and my equity has failed.

In closing, I would like to ask the committee to recommend to the Government of Saskatchewan that passing of Bill 04 be denied. Failing to do this, a vote must be held of all Saskatchewan Wheat Pool members, a plain yes or no vote as to whether they are in favour of publicly . . . a proposed public share offering.

Elected officials of the Saskatchewan Wheat Pool have tried to — and I believe achieved — to convince the government this is an urgent matter and must be acted on quickly. Well I can assure you that the heavens won't fall or hell freeze over or will the Saskatchewan Wheat Pool fail if this is withheld long enough to vote, or to have a vote. That's all I ask.

And finally, that maybe if politicians and directors of this Saskatchewan Wheat Pool had to accept more personal liability under the law of the land, as they apply to directors of other corporations and companies, I doubt if we would be here today with Bill 04. The reason I say this . . . no, I don't think I was dreaming and if I was, the last one was a registered one, and I've never had a registered lien before, and I never heard of one, although I wish I had.

Last week I received a letter from Revenue Canada saying I am personally liable for \$6,880 for taxes owing by a company that I was a director of. Tuesday the registered letter had a deadline on. The world of money and finance can be tough, mean, and hard.

Thank you.

The Chairperson: — Thank you very much, Mr. Canitz. Are there any questions from the committee? Any of the committee members or Mr. Canitz?

Mr. Carlson: — Yes, Ralph, you mentioned in your presentation also about the fact that the Canadian Wheat Board is in jeopardy. You didn't necessarily tie it in as closely as some of the other members did . . . or some of the other presenters. Do you feel that this share offering might have an impact on that? Or do you just feel that no matter what the Pool does the Wheat Board is in trouble or are they . . .

Mr. Canitz: — You know, the Wheat Pool . . . And I must say I always fought for the Wheat Board, sometimes to the . . . and that's where conflict of interest comes. Do the handlers make the money and protect themselves? Or do the producers get some protection from that, someone that we have entrusted to market our grain? I hope it's the latter.

But look at history. I can look at marketing boards; I can look at the Crow rate. Once it starts tampered with, and they're tampering with the Wheat Board . . . We have farm organizations that request that we do away with the . . . (inaudible) . . . You can't have the best of two worlds. We have the choice of either selling orderly or we tour around the country peddling our grain. Well when farmers start bidding up . . . Buyers don't bid up; they try to get the cheapest, as I remarked. And some farmers are forced, for money, and

cannot hold onto grain, so they will accept lower prices.

And it's orderly principle that is at jeopardy here. The cooperation of farmers that were willing to accept. And it's a form of cooperation is what it is. Nobody expects more, but we expect the same. And basically that's what the Wheat Board is, is a form of cooperative. We're willing to share the profits and we're willing to share the losses. It's not much different.

The Chairperson: — Does that answer your question, Mr. Carlson?

Mr. D'Autremont: — Thank you. I would like to welcome you here this evening. I was interested in your story about Co-op Implements. I vaguely remember that happening; management coming to my father and asking him to put some money into it. As I remember, there wasn't enough money raised at that time to salvage Co-op Implements so it was merged or sold to Vicon.

So my question to you would have to be: would it have been better to have allowed Co-op Implements to go under? Or was it better to have sold or merged with Vicon so that parts and equipment was still available to us who still have the old CCIL (Canadian Co-operative Implements Ltd.) equipment?

And I'm not sure that the Wheat Pool would be in the same scenario, if this doesn't go through, of going under, but I suppose it is one of the possible futures.

Mr. Canitz: — Well hindsight is always better than anything else. And I was very involved in it. I was involved . . . We sensed something was up and then personally I was very much against it. Word got out that my ambition was to become president of Co-op Implements, which I don't think could have been possible because I'm not diplomatic enough, for one thing.

But I thought, I'll fool you — I'll quit as delegate. I wish I hadn't. I think we could have had Co-op Implements.

The same thing is happening — happened — as what is happening now with Saskatchewan Wheat Pool. We're getting in too much. We're spreading ourselves too thin for the dollars we

have. And correct me if I'm wrong. What happened to Friggstad? I think basically the same thing. Correct? Does anybody know? I think basically the same with Versatile. Didn't they run into trouble when they went to the United States?

Look at some of the farmers. I don't need to look at corporations. When you spread yourself too thin, trouble can start — plus bad management, real bad management. I respected Wes Robbins as a cooperator, but I quit; I shouldn't have. And I think . . .

The Chairperson: — Does that answer your question?

Mr. D'Autremont: — Well, not really, but . . .

Mr. Canitz: — Well what part's not clear?

Mr. D'Autremont: — Well you didn't say whether or not it was better to let the company go down or better to join . . .

Mr. Canitz: — We really had no choice. Because Vicon took it — if I remember correctly — and then Vicon quit. We handed it over to . . . (inaudible) . . . Money's the only thing. We had a good thing going for a while. One thing that hurt us: paid cash for something and you got 30 per cent discount. I can remember I had Hal Biem as a delegate from Rosetown saying: bad business; they'll buy one thing and that's the last you'll see of them. We lost money. Research and development, five years to develop a tractor cab. It took me 10 minutes to know it wasn't worth it. Bad management, one of the reasons.

The Chairperson: — Okay. Thank you very much, Mr. Canitz. We've had two people who weren't on the original schedule who have indicated a desire to speak. Taken in order of the time that they arrived, there's Mr. Bender from Melville and Mr. Grimsrud from Estevan. Is Mr. Bender in the room?

Mr. Bender: — Thank you, Madam Chair, and members of the committee. I wish to make a very short verbal presentation. I have to apologize for not having copies available; I didn't realize that I should have a copy available.

I operate a farm. I'm a farmer, and I've been a Sask Wheat Pool member since I began

farming. I'd like to present my personal intention with respect to the Sask Wheat Pool share conversion.

I'm going to retain my class A voting share and I'm going to convert my remaining shares to class B, and I'm also going to purchase additional shares, because I have confidence in the future of Saskatchewan Wheat Pool. I think it's going to continue to grow. It's going to continue to be a profitable organization.

The reasons for my decision are that I think the class A share is important to me because I want to participate in the democratic structure of the company. I want to have a continued opportunity to serve on a committee. I want to participate in the delegate election and I think I'll have a voice in the direction of the company.

The class B shares are important to me because I want to take advantage of the cash dividends when they're paid out.

The changes in the farm and agri industry are occurring dramatically on a global scale. They're occurring dramatically locally as well. Now as an individual farmer, I would like things to stay the way they were for the organization in the last 70 years, but I have to recognize that the status quo is not an option.

I recognize the current need for capital. In the past, capital was provided by earnings and/or debt, and of course I can see now that that's not adequate in today's environment because of the equity repayment — when I read the last financial statement, and my numbers may not be quite right, but I think the share capital presently is at about \$290 million. We need money for expansion and diversification in this company, therefore permanent equity is required.

I'm on the board of a local co-op and I can tell you the struggles we have to try to repay equity. It's going to be a constant struggle in the future, as it is today. Surrey Metro Credit Union, for example, went public a couple of years ago when they needed funds and I don't think too much has changed in the democratic structure of Surrey Metro Credit Union.

I believe the share offering is required to keep Sask Wheat Pool viable and a leader in the ag industry. And it's important to me as a farm

operator because my personal farm viability is directly related to the Sask Wheat Pool viability. My total farm production is marketed through the Sask Wheat Pool and always has been. My total farm inputs have been purchased from Saskatchewan Wheat Pool. That's just the way I am. I have always done that. So therefore if Sask Wheat Pool is successful with the dividends and with the MVP program, my personal farm operation benefits directly.

I recognize that the share offering is required to maintain a strong organization, even though I would like the organization to go back the way it was seven years ago. Customer service to me is the number one priority in my business relationship with Sask Wheat Pool. They must be competitive in the market place with respect to price, service, and quality.

And I believe that the present equity structure will weaken the cooperative in the future because of that. We need a viable organization which will of course lead to a strong company, and that impacts on superior customer service. And of course that leads to increased margins in my farming operation.

I believe that it's important for farm producers, for Sask Wheat Pool employees, and Saskatchewan citizens to invest in this Saskatchewan company in order to retain the ownership attachment for the present members, to develop an ownership attachment for the employees, and to allow the opportunity for Saskatchewan citizens to keep dividends in the province.

I think this organization that I belong to is at a crossroads because of the demands for equity repayment and development. And I indicated I struggle with this on the board of the local co-op. Many co-ops — small co-ops — have gone under because of that. We have choices: we can maintain a status quo — that usually means going backwards — or we can change and move forward.

As a producer, I need Sask Wheat Pool to maintain the financial strength for growth which will lead to more opportunities for me as a Sask Wheat Pool member. Thank you very much.

The Chairperson: — Thank you, Mr. Bender. Are there any questions for Mr. Bender?

Mr. D'Autremont: — Thank you. Welcome, Mr. Bender. A couple of questions for you.

You've heard other presenters here tonight who feel that the Wheat Pool will not continue as a cooperative if this conversion takes place because they'll no longer be paying out patronage dividends. Do you agree with that assessment?

Mr. Bender: — Well first of all you have to look at the six co-op principles and apply this structure to the co-op principles, and then will Saskatchewan's Wheat Pool still be a cooperative?

And secondly you ask will the Wheat Pool be able to pay dividends? And dividends can come in many forms. You know the MVP program to me is a dividend. So I think that they can continue.

Mr. D'Autremont: — Would you describe for those of us who may not be farmers what the MVP program is all about.

Mr. Bender: — Well I don't even know what those initials stand for, but some value plan anyway. It's based on . . . there's a formula where a pay-out is made based on your deliveries as well as the amount of farm supplies you purchase. You fall into certain categories. You may get \$1.50 per tonne of grain delivered, and if you've purchased more for farm supplies, you may get \$2 a tonne, or whatever. It's a form of dividend, but it's up front — cash up front. Because in the past I've heard neighbours complain that they don't want to wait until they're 65 or 70 years of age to receive any dividend or equity pay-out. They want it up front.

Mr. D'Autremont: — So that would be a form of dividend based on your patronage. If this conversion takes place, can that continue, in your opinion?

Mr. Bender: — Well I'm not closely connected to the organization, but I couldn't see why not. It's a marketing strategy, and I think it should be continued . . . should be able to be continued.

Mr. D'Autremont: — Okay. Thank you very much.

The Chairperson: — Any further questions?

Mr. Kowalsky: — You talked primarily of the strength . . . maintaining the strength of the financial end of the organization. Is the portion of the organization acting as a spokesperson or a voice important to you?

Mr. Bender: — Yes, it is. It has been and is at present. Yes, sir.

Mr. Kowalsky: — Do you see an advantage to having somebody on the board of directors other than a delegate?

Mr. Bender: — I wouldn't personally, no.

Mr. Kowalsky: — Thank you.

The Chairperson: — I don't want to put you in a spot if you don't know a lot of detail about it, but you made a reference to a share offering that was made by the Surrey Metro Credit Union. Is that an example that you know the details of?

Mr. Bender: — No, I don't. I'm also a member of the local credit union. And I know that they were looking for capital a couple of years ago and they went public and it was a big issue because this was the first credit union I guess that went public and looked for capital outside of their own organization.

The Chairperson: — Yes, I think I remember it vaguely, probably from the credit union magazine.

Mr. Bender: — *The Credit Union Way*.

The Chairperson: — *The Credit Union Way*, yes. But I don't recall the details of it and don't know how successful it's been. I'm just wondering if it was . . . probably in a much smaller example, but if there were some parallels that we could draw so . . . just got a research job for ourselves here. Thank you very much.

Is Mr. Robert Grimsrud . . . Is that the correct pronunciation?

Mr. Grimsrud: — Grimsrud, yes.

The Chairperson: — Welcome.

Mr. Grimsrud: — Thank you. I also don't have any written presentation and I'll just be going off my handwritten notes. But my name is

Robert Grimsrud and I'm from Estevan, Saskatchewan, and I farm south of Torquay, Saskatchewan along the U.S. (United States) border just west of Estevan. I also advise you that I'm a delegate of Saskatchewan Wheat Pool and my term will expire at the end of this month as I did not seek re-election this time around.

Now given that, I speak to you from the perspective of a member, and as a delegate who was involved in the decision-making process that took place in 1994. I'm a grain farmer. I don't have any livestock or grow any specialty crops at this point, although I do work off the farm year round. The area where I farm is serviced by a branch line that runs from Estevan to Minton. It's a stretch of about 85 miles. And this particular rail line moves a lot of grain, but due to its vastness and length it ends up being categorized as a high-cost branch line, and it has been for some time. At one time, we in the area thought that this line would be in existence at least until the end of this decade, although of course now, given the changes to the Western Grain Transportation Act, that may no longer be the case.

There are five or six, and I'm not quite certain how many — it's five or six, I believe — Sask Wheat Pool elevators on this line, all of which are presently in jeopardy. Now if this line goes, in my opinion, so does the future of these wooden crib elevators that serve as primary elevators.

The Wheat Pool is going to have to be able to react quickly to this situation, not only in my area but probably in several other areas in the province as well. The Wheat Pool, the company that I presently haul to and will continue to haul to, will have to have a facility in place in my general area fairly quickly if something were to happen. Of course this is only one example of many throughout the province but it is one that affects me personally and directly as a member, and thus it must form part of my perspective as a farmer from Torquay.

The point I attempt to make as it relates to the equity issue is that the Wheat Pool presently is not in a position to do something about this kind of situation on a province-wide basis under our present structure. The company is in need of working capital. Of course the company needs dollars for other projects,

including diversification which is very important, and I'm sure you've heard a lot about that. But the restructuring of the company's primary elevator system is one that cannot be overlooked at the present time either. I think it greatly affects those of us who do not farm near main lines, and want to continue to patronize Sask Wheat Pool in the future. Of course it greatly affects the company as well, who will want to be in a position to gather a good share of the grain in the country, and not give up their market share which they presently hold.

The need for capitalization was one of several reasons we discussed as delegates for the need for increased working capital. As one who was part of the process throughout last year, I would respectfully submit that I and the other delegates involved took considerable time looking at the reasons for it, and the options available. In my opinion, we were never presented with another option that was workable; that provided a solution to our problem; and that did not result in a lot of debt to the company. To say that we can or should continue to do as we've done in the past is not an option for the company, in my opinion.

I was one who personally was not overjoyed at the prospect of having to make this change initially. I would say that at my spring banquet in 1994 — which occurred in April — I would say I was probably undecided on the issue. However, after considering the options, the probable future of the company if we did not make a change, and quite frankly the responsiveness of the company to some of my members concerns, I became convinced it was the only solution.

No member in my constituency will be adversely affected financially and without a choice as to what they want to do. We all have the option to take out our equity of the company if that is what they choose to do. And that was one area where, at the time of the spring banquet in 1994, we were not quite certain what was going to take place; and that was one concern that was expressed to me, and in turn was expressed to the board of directors, and I think we have a viable solution to that potential problem.

I would also suggest what is happening here is not unique to Saskatchewan Wheat Pool or to Saskatchewan as a whole. I believe our sister

Pools are looking at a solution to their problem, just like we had to look at one to ours. And I suspect it doesn't end there.

In today's global economy, our relatively small company had to make a broad stroke, as our chief executive officer put it, and that's what we in fact did. And no solution is necessarily perfect or flawless but if it was properly reasoned — and I believe it was — it should be the best one available.

I respectfully request that you consider and respect the democracy that took place within the Wheat Pool and the decision that we made on July 14, 1994. Thank you.

The Chairperson: — Thank you very much. Are there any questions?

Mr. D'Autremont: — Thank you. Welcome, Robert. One of the questions that has come up through our deliberations has been the involvement of the membership in this decision. So prior to the time that the vote was taken on the consolidation, or the conversion, what contact did you as a delegate have with your membership?

Mr. Grimsrud: — There was a series of public meetings that took place throughout the province, which also took place at or near my subdistrict at Estevan, and all the members in my subdistrict were given notice of this particular meeting. Aside from that, I held a spring banquet where, of course, everyone was again invited. And I worked through my committees through a series of meetings, not just one meeting, to get their feedback as representatives of the members in their areas.

I have five committees, four with elevators, and one that is called an inland committee with no elevator. And I held meetings on two separate occasions to see if their views had changed and I respected what they told me because they were closer to their members than I was overall to all the members. But I also did speak to members, not only from Torquay, but from the four other points within my subdistrict.

And I guess if you're asking me what measures I took, those were the measures that I entertained, I guess, to satisfy myself that I had truly represented my members' wishes. And in my particular sub-district, four out of the five committees were in favour of the proposal.

Mr. D'Autremont: — Would you say that your membership within your delegate area had sufficient notice and opportunity to express an opinion on the proposals?

Mr. Grimsrud: — Yes.

Mr. Kowalsky: — Mr. Grimsrud, could you answer the same question to me, please. That is, do you see any advantage of having a non-delegate as a member of the board of directors of the Saskatchewan Wheat Pool?

Mr. Grimsrud: — Do I see an advantage?

Mr. Kowalsky: — Yes.

Mr. Grimsrud: — That's a very good question. I am not fundamentally opposed to the expertise or the opinions that other people can provide that are not farmers. To add to that I guess I would say that I'm satisfied at the present time with the structure of our board of directors — that being that each one of them is a delegate and, in turn, a farmer.

I have confidence in what they're doing and I haven't, at any time, had to express any concern because any one of them was deficient in any particular area that the Wheat Pool was entering into. But I cannot say that I'm fundamentally opposed to hearing, at least listening to, the opinions of others that are non-farmers.

Mr. Kowalsky: — You could listen to those opinions either by having a member on the board of directors or by hiring the expertise, I suppose.

Mr. Grimsrud: — Yes, I would say that would be true.

Mr. Kowalsky: — If you were . . . and I guess you were a delegate . . .

Mr. Grimsrud: — Yes.

Mr. Kowalsky: — . . . at one time. Do you think there should be a limit to the number of directors that could be non-delegates?

Mr. Grimsrud: — Definitely. Yes. I think I would want to make quite certain that . . . and it's hard to grasp a percentage, but a vast majority of the board of directors would be farmer-member delegates.

Mr. Kowalsky: — I presume you're saying that because you don't want the voice of the Saskatchewan farmer to be compromised.

Mr. Grimsrud: — That's correct.

Mr. Kowalsky: — . . . in favour of somebody else's voice.

Mr. Grimsrud: — Yes.

The Chairperson: — Anything further?

Ms. Stanger: — You alluded in your presentation that this wasn't only a problem that was common to Saskatchewan Wheat Pool. Would it be fair to say that cooperatives in the developing countries are experiencing some of these problems of debt in equity that they own and that they are finding difficulties? Would that be a fair assessment?

Mr. Grimsrud: — I think it is a fair assessment. And I don't speak with firsthand knowledge but the information that I have had an opportunity to hear or read would suggest that that would be the case; especially when a cooperative becomes of a certain size I think it becomes more of a problem. And as a cooperative grows, I think, regardless of whether you're in Saskatchewan or Canada or in a developing country, you're going to encounter the same kinds of problems or growing pains in terms of capitalization.

Ms. Stanger: — Where do you see this taking us people that believe in the cooperative principles? Is it going to be detrimental or can we adjust? Or does it have to . . . the principles have to stay the way they were or can they change or are cooperatives going to have to adjust in some way? Like in the share conversion.

Mr. Grimsrud: — You're talking about the cooperative principles?

Ms. Stanger: — Yes.

Mr. Grimsrud: — Well in my opinion, I think the cooperative principles have been developing over the course of the last 100 years. I don't think they've always been the same as they are now. Ever since Rochdale in . . . and I don't recall the year, but in the 1800s . . . I believe that there has been a development of those principles over a period

of time.

And I know that the International Cooperative Alliance is again looking at those six principles because . . . and they're not looking at them in terms of Saskatchewan Wheat Pool; they're looking at them because this is an overall problem that is facing a number of cooperatives throughout the world.

So I think if you're going to argue what is a cooperative, you're arguing about what is the definition of a cooperative. And I think that is a definition that is evolving and developing over time. And I, in my heart of hearts, believe that Saskatchewan Wheat Pool will continue to be a cooperative.

Ms. Stanger: — I guess that was my next question. Do you think, if this occurs, that it can be a cooperative?

Mr. Grimsrud: — Yes, I do. And I believe the member control, in my mind and in my heart, is the essential element of maintaining its cooperative status. And I guess we'll probably hear, probably by the end of 1995, as to what the International Cooperative Alliance decides will be their recommendations or decision in terms of what perhaps the next six principles of cooperation will be or what changes might be made to the existing six or seven or eight. I mean there's nothing written in stone that these six cooperative principles are going to be the guiding force and light for cooperatives for the next 200 years. I think it's an evolution.

Ms. Stanger: — Do you think it's the size of the cooperatives or the changing global economy that cooperatives are in that is changing or causing some of the problems?

Mr. Grimsrud: — Yes, I would agree with you. I think it has to do with our global economy and the fact that we're not competing with the store down the road; we're competing with Cargill and ConAgra. I suppose it just becomes more evident or predominant when you become . . . when you're larger, that you're talking about more dollars in terms of what you need for your capital projects. And maybe that is the only point I'm trying to make. But it could very well be just as much of a problem for the smaller co-ops in Estevan and elsewhere.

Ms. Stanger: — Thank you. You're the first presenter that's sort of brought up that point,

which is sort of in the back of my mind, so thank you.

The Chairperson: — Anything further? Well that's . . . Thank you very much, Mr. Grimsrud.

Before I entertain a motion to adjourn, there's just one thing that I just have to say — that on all sides of the question, that as long as we have such intelligent, thoughtful, and articulate people in Saskatchewan looking at policy, that no matter what happens, I think we're going to come out all right. The calibre of the presentations on all sides of the question is so excellent. Thank you very much for that.

We'll entertain a motion to adjourn. Mr. D'Autremont. Agreed.

Our next hearing will be on Monday at 7. Our hours next week are Monday, Tuesday, and Wednesday night, 7 to 10; Tuesday morning, 9 to 12.

The committee adjourned at 9:40 p.m.