

STANDING COMMITTEE ON PRIVATE MEMBERS' BILLS

March 14, 1995

Bill No. 04 — An Act to amend An Act respecting Saskatchewan Wheat Pool, being an Act to amend and consolidate “An Act respecting Saskatchewan Wheat Pool, being an Act to amend and consolidate An Act to incorporate Saskatchewan Co-operative Wheat Producers Limited” and to enact certain provisions respecting Saskatchewan Wheat Pool

The Chairperson: — Let us call the hearings to order, and the matter before us is the continuation of hearings on Bill 04. And our first witness this morning is from Pelly, Kyle Korneychuk; is that the right pronunciation?

Mr. Korneychuk: — Very good. Thank you.

The Chairperson: — Just make yourself comfortable, and go ahead whenever you're ready, Kyle.

Mr. Korneychuk: — Thank you, hon. chairman. Hon. members of the committee, thank you for allowing me this time to make my presentation. My name is Kyle Korneychuk. I'm a fourth generation Pool member, and I farm 1,200 acres in the Pelly area which is north-east of Kamsack. I'm not in favour of the proposed legislation to privatize the Pool. I decided to present this brief so that the committee would hear the views and needs of a younger farmer who would like to stay in the farming industry.

I view myself as a modern farmer, having an air seeder, a cellular phone, dozens of farm computer programs, and access to several network systems. But even with all this technology, today's ever-changing world, it's difficult to make it on your own. You must identify and associate yourself with groups that can best help you attain your goals. If you are a farmer, it only makes sense that the people with similar goals would be a farming group.

The Pool in the past was that farm-producer group; however with the privatization attempt, the Pool will no longer, in my view, be the spokesman for the farmer. I realize Mr. Larsen has given his assurance that outside investors will not wrestle control away from the farmers. But quite frankly that assurance carries no weight in the stock market, and the stock market will be where the decisions are made.

We must remember that investors only invest in companies for one of two reasons: either to have decision-making powers within the company or to make large large profits from their shares. In either case this means less for farmers.

Privatization will change the Pool focus from the producer to an investor-oriented group. I'm not adverse to change, but the reasons for change, the rationale, and the end goals must be clearly established before one can make a determination if change is good. This explanation has not yet been provided to me, and I am therefore strongly opposed to this share offering that the Pool is presenting for the following basic reasons.

Number 1, privatization of the Pool will further accelerate the downfall of rural communities. This will occur because investors will be interested in the greatest profit margins and not in providing service. It is ironic that the Pool will likely have to abandon these small communities even though it has been these very small communities which have contributed to the Pool's success over the years.

Number 2, the Pool executive did not allow the complete set of details of the Act to be released so that members could comment or review until the Act was tabled in the legislature. I find this very disturbing because as a member for 20 years, I do not get a chance to vote on this issue. But upon reading the Act, I see an investor in the proposed class B shares will have the right to vote on issues affecting his shares. This doesn't equate to my idea of fairness.

Number 3, the Pool has not clearly identified what the excess money is needed for and by when. In its own literature, the Pool has indicated that this is not a crisis situation; therefore why cannot the membership be involved in this decision-making process which will ensure the Pool remains producer- and Saskatchewan-oriented?

Number 4, share offering will further reduce the capital flow and economic growth within Saskatchewan due to non-Saskatchewan investors. Quite simply, any investors from outside Saskatchewan will be taking their

profits with them. We need to ensure that the maximum amount of economic activity occurs within Saskatchewan in order for it to benefit everyone. This also means spending your profits in Saskatchewan.

Number 5, there's no assurance that the investors will not have more than 10 per cent of the class B shares. The way the Act is currently drafted, this would be difficult to enforce. In any regard, the directors can exempt this provision if they wish, section 15(2), subset (c).

Number 6, the entire process of selling a share offering has been manipulative right from the beginning, initially by not allowing the members to address the delegate meeting in Saskatoon, to the most proposed share offering to management employees. Is this the same company who, only five months ago, could not give striking workers anything? I really find it distasteful when people have to start throwing in gifts to ensure that they can meet their goals.

Number 7, present timing of the share offering will ensure many equity positions are liquidated. Due to the dismal financial picture in the north-east this year, many equity holders will have to cash in to simply put the crop in this year. This will ensure that long-standing Pool members will no longer have any input.

Number 8, privatization of the Pool will be the first step in abolishing the Canadian Wheat Board. In the past, the Pool has always been a supporter of the Canadian Wheat Board; however with new investors, support for the Wheat Board may not be possible.

Number 9, the share offering will terminate the cooperative principles of the Pool. No longer will service at cost, one share, one vote, and patronage dividends apply.

Number 10, I'm offended that an organization which I have supported for years does not initially ask me for my financial support but rather asks for outside help. If the organization does require capital, I find it to be a slight for them not to ask their membership prior to looking at other markets.

The final point I would like to leave with the committee is an observation on Saskatchewan business. Researching many of the successful

businesses in Saskatchewan, I was amazed to find many were started by Saskatchewan individuals or Saskatchewan capital, such places as Prince Albert pulp and paper, now Weyerhaeuser Canada; Saskatoon chemicals, now Weyerhaeuser Canada; and IPSCO were all at one time Saskatchewan companies. But like most good ideas or businesses in Saskatchewan, they got sold because it would be better for them economically; change was needed.

What I've been wondering for the past few weeks is, why is it always better to have someone else investing in our companies? Once you find the answer to that question, you'll understand why our population in this province has remained at the same level for the last 20 years.

In conclusion, I'd like to recommend to the committee the following suggestions, providing the Act has to go forward.

Number 1, any changes to the Wheat Pool Act must be accompanied by a document showing that the changes in the legislation have been approved by a direct vote of member shareholders.

Number 2, if a share offering does proceed, only Saskatchewan investors be allowed to invest. I state this because since the Pool is essentially mortgaging the assets of the company which have been built up by Saskatchewan farmers, then the first benefactors should be at least Saskatchewan residents.

I'd like to stress to the committee that, as a young farmer, I would like to see no foreign, non-farm investment within a company which has been built . . . (inaudible) . . . labour to Saskatchewan farmers. For once we should not take the easy route and sell out, but rather dig deeper into the ways in which Saskatchewan people are willing to be part of this corporation, or perhaps the executive has to learn to live within its means. When are we going to learn that selling out only causes further problems?

Thank you for your time, and I truly hope that your decisions do not become known as the first steps to privatize the Pool.

The Chairperson: — Thank you very much for

your thoughtful presentation, Kyle. Are there any questions that members of the committee have?

Mr. Johnson: — At the beginning of your remarks, Kyle, you indicated that you followed a number of different . . . I was hoping that I would be able to find it, but I'm not . . . that you use computers and follow a number of different sources of information.

The difference between borrowing money and acquiring money by the selling of shares, does that provide the Pool with any increase in cash flow from operating in that way, that one way, the Pool wouldn't acquire . . . the Saskatchewan Wheat Pool wouldn't acquire in say, by borrowing it rather than by selling it as the share, over a period of years? Is there any . . . do you see any variation there as to how much the cash flow requirements would be that were different?

Mr. Korneychuk: — I really couldn't say. All I could say now is that with the way they've done it, I'm not willing to put my money back into this company. I'll be taking my money out.

Mr. Johnson: — That's the only question I wanted to ask.

The Chairperson: — That's all?

Mr. Johnson: — Yes.

The Chairperson: — Are there any others?

Mr. Kowalsky: — I'll just ask one question, Mr. Korneychuk. Your point no. 8, could you elaborate on that? Why should this change in the Pool structure be a threat to the Canadian Wheat Board?

Mr. Korneychuk: — I guess in my point of view it depends who the investors are who end up being the majority class B shareholders. If their views are similar to what the Pool's are now, then I would imagine there'd be strong support for the Canadian Wheat Board.

I don't think that all the new, oncoming class B shareholders will be supportive of the Canadian Wheat Board. They're investors, they care about two things, as I mentioned before — profit on their dollar or having some say.

I've had class B shares in other firms, Air Canada, and unless you're a very large player — as was brought up by some of the witnesses prior — unless you're a large player, you really don't have anything to say. So I would see that, as a smaller farmer, my voice would be less and people that were operating in the hundreds or two hundreds thousands of dollars share range would have a say. Those types of people are not in support of the Canadian Wheat Board.

Mr. Kowalsky: — We've been advised that the class B shareholders really won't have any say except for . . . except for if there was a major, say take-over bid or amalgamation, and then they could exercise a veto on it. But we're advised that the control will remain in the share A in the . . . those that hold the A class shares, with the caveat, I guess, that depending on how . . . on who actually sits on the board of directors. I mean that's where the real control is.

Mr. Korneychuk: — I think you need to carefully look at definition of control. Perhaps the way the legislation is set up now, that would be the case for the first meeting. But if you came . . . Once the class B shareholders have their first meeting, they can make propositions to delegates; there's no assurance that their propositions won't be listened to.

Quite frankly if you're running a business and somebody has — let's just play some game numbers here — has 25 per cent of your equity, you're going to tell me you're not going to listen to him? You're going to listen to him either through the formal process or through the informal process. This is economics; this isn't the Pool any longer.

The Chairperson: — That's all, Mr. Kowalsky?

Mr. Johnson: — You've indicated that you would be removing your equity from the Pool. Could you explain or just elaborate a bit on that because actually what you've told us, as I have listened to the questioning, is that if people didn't remove their equity, there would be no change in the sense that you say you're going to, so that's why I'm asking for the elaboration.

Mr. Korneychuk: — And I'm glad you did that, and I'm actually . . . I wish both my

grandparents were here because they would pull my ears if they had heard that statement.

But the reason that I've decided to pull my equity . . . when this thing first started I thought well, I don't have much to say about it; I'll keep my money in there and everything will be okay. But as I went around — for the last two weeks I've been canvassing all the local farmers in my area — I've only found 2 out of 46 people that are willing to keep their money in. And when I look at that statistic, it doesn't mean a rat's gnat what I do with my money. I can have my little bit in there, but the majority of people are pulling out, which means there's going to be new investment money coming in — non-farm money — and I see that as the way of losing control.

I think you're right, if some of the people that presented yesterday — and I forget the fellow from the Pool — you know if it was just . . . I would be at ease if they simply took my equity and converted it right over and left ownership with the farmers of the Pool. I would have less trouble with somebody implying that they took my equity away because it's something that I worked for and gave to the company; and sometimes you get dividends and sometimes you don't, but at least you have control of your organization.

So I'm really doing it because of a knee-jerk reaction. I'm going to be the only . . . well myself and two other people in my community that I'm aware of will be sitting with their equity left in; everybody else is pulling it out.

If I wanted to buy shares I know where the stock market is; I've been in the stock market, and quite frankly, I've lost my shorts. That's why I remained in the Pool, and I didn't partake in the big green machine or pioneers' activities. I stayed with the Pool.

I find it very offensive for this type of action to be taken and I understand I may be the minority. But I really don't think that the majority of delegates have had it explained to them. Certainly not my delegate in my area.

The Chairperson: — I think you're the first witness to draw attention to the provisions of section 15 where in 15(2) the directors have the power to exempt from the 10 per cent maximum and then further, in the event that that is breached, to suspend voting rights and

refuse to pay dividends and so on.

I just wondered if you wanted to comment any further on that.

Mr. Korneychuk: — Just in the sense that, you know, you can't . . . just as some people said yes, you can't legislate behaviour — you can't legislate economic activity. There's always ways around it. You can say nobody can have more than 6.2 per cent. How are you going to monitor that?

Yearly filing of the corporation or shareholdings is not mandatory in this Act. And even if it was . . . I had an example in here, but I didn't want to offend anybody. And the example I had was gas price fixing. Does anybody believe gas price fixing exists? I'm sure if I asked for a show of hands, there would be quite a few hands go up. If I ask, can you prove it, there'd be no hands.

So reality and truth are not always the same thing. Although you may be given the scenario that this is going to be what . . . this is reality. Reality is there's no way you're going to be limiting anybody to the number of shares that they have.

The Chairperson: — Thank you. Thank you very much, Kyle.

Mr. Korneychuk: — Thank you.

The Chairperson: — I'd just like to draw to the attention of everyone here that there are copies of the *Hansard* of all the proceedings from the beginning, from last week, available here if you care to have a copy, and copies of the Act and some of the previous submissions as well. So jut help yourself if you would like to avail yourself of any of those.

And our next witness is Bruno Miller, who we have heard from before, but with your indulgence he's speaking this morning on behalf of Lorne Cholin who is unable to be here. And Lorne was at some of our hearings last week as an observer, but he's not able to come in this morning.

I know he's a cattle farmer. I really don't understand it because in our experience calves come when it's cold, and now that it's warm, there won't be any.

Mr. Miller: — As of midnight and after and they're having trouble.

With your indulgence in the committee, I would like to lay out my presentation material. I don't have a copy of my presentation with me this morning. If the committee so wishes, I can get a copy of it and leave it with you.

It was rather late yesterday evening when I found out I was going to be here today. I was expecting to be here tomorrow as a walk-in. So with those comments, I'll try to present my statement to you.

Madam Chairperson, members of the committee, good morning. My name is Bruno Miller. I'm a farmer at Herbert, Saskatchewan. I've been greatly interested and involved in co-ops all my farming life. I spent 17 years on our local co-op board of directors, part of that time as chairman. I have served on our local credit union board. I have been a Sask Wheat Pool member all my farming years. I'm on our local Sask Wheat Pool committee and serve as secretary. I've served as municipal councillor and also in other positions. I consider co-ops as an extension of my farming business.

The history and struggle of the cooperative endeavours of the people of our province is woven right into the fabric of our society. It is a sad day for us all to find ourselves having to once again having to fight, not only to maintain what we have gained for ourselves as cooperators, but also having to fight to be heard as members of Saskatchewan Wheat Pool in deciding what direction our company should take to meet the challenges of tomorrow.

I should also state that I am currently running for election as a delegate in district 5, subdistrict 3. It was a decision that I made with a great deal of difficulty. I have been greatly involved in trying to get our voice heard by our elected officials in Saskatchewan Wheat Pool. I vividly recall going through the great Crow debate back in the early 1980s. We the farmer-members were dismayed at having Saskatchewan Wheat Pool take a position of negotiating on changing the Crow statute. We see the ultimate result of that today with the final loss of the WGTA (Western Grain Transportation Agency).

Today we have another fight on our hands with

the direction our company is proposing to have us go. Let us not be led down the garden path. We the members of Saskatchewan Wheat Pool — and I say this with all my conviction — must have a member vote on the matter before us. We the members must have a vote. We built the company and this financial restructuring will forever alter Saskatchewan Wheat Pool. We should not be denied the right to express our individual wishes on this matter. Only by member vote can the wishes of all members be gauged, whether or not we want this change or should we further explore our options.

On April 5 of last year the Herbert and Morse Sask Wheat Pool committees met to discuss the proposal made public through the media. There were 15 committee men present. A motion was drafted at this meeting which went to Sask Wheat Pool president, Leroy Larsen. Copies were also forwarded to director of district 5, Henry Seidlitz; delegate L. Buhr who was present at the meeting; and the Morse and Herbert Sask Wheat Pool committees all received copies of our resolution.

This motion was passed by a vote of twelve for; and three against. And I have the motion with me out of the minutes of our meeting:

For your attention, Sask Wheat Pool president: Dear Mr. Larsen, the following motion was passed at a joint meeting of the Sask Wheat Pool committee members of Herbert and Morse.

We look forward to your favourable consideration of this motion.

We ask that Sask Wheat Pool hold information meetings with the membership; after which we ask that Sask Wheat Pool hold a "vote of the membership" on the proposed financial restructuring.

Carbon copies to director, district 5, Henry Seidlitz; delegate, L. Buhr; Morse and Herbert Sask Wheat Pool committees. Thank you. Secretary, Sask Wheat Pool Committee, Bruno Miller, Box 89, Herbert, Sask.

We got no acknowledgement of our letter from president, Mr. Larsen, or our director of district

5, Henry Seidlitz. So much for the democratic process in Saskatchewan Wheat Pool.

In the March 29 . . . March 24, 1994 issue of *The Western Producer*, page 68, and with your indulgence I'll read a short excerpt from that statement.

And it goes: "Look who wants a barley vote:". And there are quotes from about a dozen different farm organizations and individuals. The first quote I'd like to read is from Leroy Larsen, president, Saskatchewan Wheat Pool:

"As president of the Saskatchewan Wheat Pool, I respect the right of farmers to be heard on important issues. Our organization defends the producers' right to have a democratic say in choosing a marketing system for their barley."

And that was out of a letter to *The Western Producer* dated October 21, 1993.

Some of the other quotes that I could read, one from Darrel Cunningham, the Minister of Agriculture, Government of Saskatchewan:

"The federal government should find out what farmers want before making a final decision on the rules for selling barley to the United States, provincial Agriculture Minister Darrel Cunningham said Wednesday."

From the Regina, *Leader-Post*, April 8, 1993.

Another quote, Don Loewen, CEO (chief executive officer), Saskatchewan Wheat Pool.

"Loewen said, "We did the right thing. And we'd be happy to participate in a plebecite."

And that was by Laura Rance, *Western Producer*, February 17, 1994.

Prairie Pools Inc. and Alberta Wheat Pool:

"Farmers want some say in the matter," said Alex Graham, vice-president of Alberta Wheat Pool, one of the three farmer-owned co-ops that make up Prairie Pools."

That was in the Canadian Press, *Winnipeg*

Free Press, April 13, 1993.

I could go on and read several more, but the point is that farmers' voices should be heard when it comes to making a democratic decision supported by various members of government, organizations, Sask Wheat Pool.

And if you want to read a real barn burner, a guy could read the June 9 issue of *The Western Producer* 1994, where it explains a public meeting held in Swift Current about the share offering proposal. We have pictured some very unhappy farmers in that write-up. It explains in detail some of the comments made at that meeting, viewpoints expressed.

In the end of June, I mailed out a flyer to all farm mailboxes in what was then our subdistrict known as 5-4. We are now district 5-3, after some reshuffling of district boundaries. We lost one subdistrict in district 5. I mailed out about 300 questionnaires, asking the members in my subdistrict to make their wishes known whether they favoured Sask Wheat Pool's proposal, or whether they were opposed to the proposal.

I got back out of those 300, 29 replies. Just about a 10 per cent return on the survey that I did. And that, I believe according to pollsters, is about average for a mail-out survey for returns. Twenty-nine replies indicated that they did not support Sask Wheat Pool's share-offering proposal. One reply indicated that they did support the share-offering proposal. I have the survey with me if you wish to see it. I'm told that a 10 per cent mail-out is a good return. I got about that in the returns that I got.

So once again, the Sask Wheat Pool members of my subdistrict, which is now district 5, subdistrict 3, can have a choice to declare their wishes by casting their vote for a delegate of their choice before the 22nd of this month. I am one of the candidates that's running for a delegate. These few comments bring you up to date in some of the local events in my area.

Now bringing us back to where we are today. One of the most famous statements of all — nothing will change. Nothing will change; we have heard this statement repeated and repeated. This statement is in total error. It applies against all reality. The reality is that should Sask Wheat Pool go public with its

share offering, it won't be long before the influence of outside capital will be dictating policy and bringing its financial influence to bear on Sask Wheat Pool.

I'd like to refer you to the proposed Bill 04. In one of the provisions, I believe it's on page 6, schedule 5, section 5, clause 5 (f). And section 5 reads:

The corporation has the capacity and, subject to the other provisions of this Act, the rights, powers and privileges of an individual and, without restricting the generality of the foregoing, the corporation may:

And you read down to part (f):

provide for the qualifications, (and that is a key word) election and removal of directors by the delegates in accordance with the bylaws;

In a document that is headed, explanatory notes, Saskatchewan Wheat Pool Act, it states:

The existing Act (s. 4(f)) provides that SWP may provide for the election of directors by the delegates from each district. These provisions have been deleted from the Act and placed in the bylaws so that, in the future, the delegates (by a 2/3 majority vote) can decide whether they wish to nominate and elect any directors to represent the holders of the Class "B" Non-Voting Shares. The amendment gives the delegates authority to do that without going back to the legislature for a further amendment.

And it refers to (s. 5(f)). That is the interpretation that is given by Saskatchewan Wheat Pool to this section of the Act, and it clearly states that class B shareholders can be appointed by the delegates to the board of directors. It does not restrict them to one or to a dozen. It just says they may.

The proposed legislations says it can be sold, and logic says it will be sold. This proposal was devised not in our interests as members of our co-op, but in the interest of corporate greed. While the interests of Saskatchewan Wheat Pool members and the interest of the

Saskatchewan Wheat Pool as a corporate entity may differ at times, the interests of members are paramount.

Saskatchewan Wheat Pool was created by farmers to serve the needs of farmers. Yes, we can and must meet the challenges before us. How do we do this is the question. It is not a question of not wanting to change. All things forever are in a state of change.

Saskatchewan Wheat Pool has served our farmer-members' needs through its 70 years of history. It was built out of the need for farmers to gain some fairness for themselves in the marketing of their grain.

It would be too long for me to go into great detail. If I may, I'll read part of a paragraph from the book called *From Prairie Roots*. It was written by Garry Fairbairn and it was done on the 60th anniversary of the Saskatchewan Wheat Pool. We are now celebrating . . . or did just celebrate the 70th anniversary of Saskatchewan Wheat Pool.

And in the foreword of the book . . . I'll read just a brief part of it to you.

Saskatchewan has never been a place for the faint of heart. In the early days above all, it was a place that demanded courage and vision from those who challenged its forbidding climate and its expanse of emptiness.

The people who accepted that challenge were a very special group, and they left a lasting mark on all of us. They learned early to be builders and to work together. They were willing to tackle almost anything, against any odds, as long as it was something in which they could believe. Because of these characteristics, they accomplished the near-impossible.

And that foreword was written by E.K. Turner, president of the Saskatchewan Wheat Pool.

It was the cooperation of Saskatchewan farmers that has founded and built Saskatchewan Wheat Pool in the past 70 years. Another short paragraph explains what prompted farmers to establish their own grain company back in 1924, and it reads:

And what (would) the farmer find waiting for him at the delivery point? Too often, his welcome would be from a smiling elevator agent who would sympathetically explain that the farmer should have been there Tuesday to catch the (highest) wheat prices, or that the wagonload of top grade wheat looked like a somewhat lower grade, or that a larger than expected weight would have to be deducted as dockage to allow for unwanted weeds or other grains mixed in with the wheat. And if none of these assessments were plausible, there was also the unfortunate possibility that all the elevator bins reserved for No. 1 wheat happened to be full, so that the farmer could deliver only into No. 3 bins at No. 3 prices. As if this all were not enough, farmers had to be on guard for such other tricks as improperly-adjusted scales.

And it goes on and on.

Those were the conditions under which the Saskatchewan Wheat Pool came into being and the reasons Saskatchewan Wheat Pool existed in the past 70 years — to give us as farmers a voice in the market-place, to deal fairly with us as members.

Saskatchewan Wheat Pool was built by its farmer-members from nothing but a dream, by farmers trying to gain a voice in the marketing of their products — 70 years of slow, hard building.

In the June 23 issue of *The Western Producer*, Brett Fairbairn writes . . . Brett Fairbairn is an associate professor of history at the University of Saskatchewan centre of cooperative studies. The following excerpts are from the second of two essays by centre staff on the proposed Pool share issue. And the paragraph I'd like to read:

Pool members should be clear that issuing tradable shares amounts to a transfer of ownership. Once shares are issued, the Pool will be owned by whoever owns the shares, and surpluses will not be distributed to members. Such a transfer is as good as irrevocable.

Perhaps the culture . . . I'm sorry, I don't think I'll read that; that's quite a lengthy paragraph and I'll be running over my time. But that is the gist of his comments.

Another article from *The Western Producer* of June 16, '94 by Murray Fulton states . . . if you'll bear with me, it'll be the last one that I'll be reading, I believe.

Murray Fulton is an associate professor of agricultural economics at the University of Saskatchewan centre for the study of cooperatives. And in this one paragraph he writes:

There are only three or four major players in the industry. Once the current period of structural change is complete, such competition may no longer exist. At that time, what forces will be in place to ensure competitive pricing and service at cost? This question is not merely academic. A number of writers have stressed that financial restructuring along the lines the Saskatchewan Wheat Pool is proposing fundamentally alters the relationship between members and the co-operative. Instead of dealing with the co-operatives as user/owners, the members (will) now deal with the co-operative as investor/owners.

The questions raised by the financial restructuring proposal go to the heart of the issues in co-operative theory and practice.

Here we have in one short paragraph a clear explanation of the economic impact for us as farmers with the proposed change. And they say nothing will change — on the contrary, nothing will be unchanged.

Some statements I've heard may need further explaining: (a) equity repayments have pulled down co-ops. Not so, but improper planning is what can do this. The board of directors needs to plan its financial needs to accommodate those expenditures.

(b) Patronage payments are the same as MVP (maximum value plan) or incentive programs. Not so. Patronage payments go back to the members as a right of having done business with the co-op and they must be allocated by

law back to the members, providing for reserves and needs that the company may have.

(3) Part 3(1)(c) must be removed. We cannot be a co-op under the proposed change. They didn't need it for the first 70 years, why try to put it in now when the proposal in itself negates cooperative principles?

I probably have spoken long enough. These hearings could go on much longer, I'm sure. This is history in the making. We ask and look to you, our legislators, to consider our interests as citizens of this province; and we, the members of Sask Wheat Pool, will look after the interests of our company.

In conclusion, I'd like to read a quote from the book by John Gallagher. It's called *To Kill the Crow*, and it's right in the opening introduction of the book. And it's a comment by Justice Emmett Hall and it refers to the changing of the Crow statute.

The reason I bring that forward at this time is what we are facing today is the change within Sask Wheat Pool, and a parallel can be drawn.

The quote goes like this:

If once tampering with the statutory rate is accepted or condoned or as an item on the bargaining table, all will be lost. For once the subject is on the bargaining table, it will be only a matter of time until it is lost step by step. There is no position to take except to adhere through thick and thin that the Crow rate is not bargainable. — Justice Emmett Hall.

The same applies to Saskatchewan Wheat Pool today as it did to the Crow rate. Once tampered with, as with the proposal before us, step by step Saskatchewan Wheat Pool will be for ever altered to be just another line company pre-1924. History has come full circle.

Thank you.

The Chairperson: — Thank you, Mr. Miller. Are there any questions at this time for Mr. Miller?

Mr. Kowalsky: — One quick question. Mr.

Miller, you mentioned that you were offended by section 5(f) because of what it could do to the composition of the board of directors.

Yesterday I was advised that the Wheat Pool delegates apparently now have that option; that it is possible to do it. Would you confirm that?

Mr. Miller: — That's with the present Sask Wheat Pool Act?

Mr. Kowalsky: — Right.

Mr. Miller: — I would have to be advised of that. I couldn't tell you.

Mr. Kowalsky: — Well I just wanted to bring it to your attention so that . . . Perhaps I'm in an opportunity to ask the question again of somebody in the future.

Mr. Miller: — But it's very clearly written into the new Act that delegates can appoint class B shareholders to the board of directors.

Mr. Kowalsky: — Yes. No, I understand how it's written in here. What I don't understand is how it could be accomplished presently.

Mr. Miller: — I'm not aware that it could be. We don't have class B shareholders in our company.

Mr. Kowalsky: — No, it wouldn't be to put class B shareholders on the board of directors; it would be just simply to change the board of directors. Change the make-up of the board of directors.

Mr. Miller: — I'm not familiar with the present Act as such. I couldn't tell you how it was written.

Mr. Kowalsky: — Okay, thank you. That's all I have to ask.

The Chairperson: — Anything further from other committee members? If not, thank you very much, Mr. Miller.

Mr. Miller: — Thank you.

The Chairperson: — Next we'd like to call on Louis LaRochelle from Mankota. And I'd like to mention at this time that yesterday Mr. Wells, in answer to a question, referred to a legal

opinion that he had with respect to the right of shareholders to vote, and we have copies here now which the clerk will distribute to the members.

Mr. LaRochelle: — Well my presentation is going to be quite short. If you're behind time, you'll get back to normal.

My name is Louis LaRochelle. I'm from the Mankota area. I farm on six quarters of land there. Of the knowledge that I have on the conversion of equity to share, I and some of the members I represent really question the idea behind the class A and B shares.

First of all, we think that Sask Wheat Pool should have had a maximum amount on the equity a member could accumulate, therefore the equity would not show as such a big debt to the cooperative. We see the directors and delegate as getting themselves in a trap and now would like to see the members in a gambling situation in order to get their money out of the cooperative.

Being in this position, we are now forced to sell off our cooperative in the way of equity share conversion. We're between a rock and a hard place. We're not in favour of the A and B share offering. We would rather, if they would offer it, or offer what is now on the stock market which is a common share, and like their A share and preferred share in the place of a B share.

The assets should then be appraised at the retail value or book value or whatever would give the most to the member. Thank you.

The Chairperson: — That's it?

Mr. LaRochelle: — That's it. Yes.

Mr. Johnson: — From what you've said then you're recommending a different structuring if there is a restructuring? Is that what I'm understanding you to say?

Mr. LaRochelle: — That's right, because first of all we don't know why the A and B share. Why could it not be, instead of the A-B, a common share which is offered now on the stock market. And that way you could just roll over your equity into the common share which gives you voting power and control over the company. And you could roll over everything you have in your equity now instead of just a

\$25 share.

We look at it as they want everybody to have a \$25 controlling share, and so it would give them a little more power over the membership. They'd have more control.

The Chairperson: — Anything further, Mr. Johnson?

Mr. Johnson: — I'm going to pass to someone else on this.

Mr. Kowalsky: — I just wanted a little better . . . you have a concept in your head there, but I haven't quite let it penetrate mine yet, how you feel the new structure should be. You're saying that the share, that you'd like to see it . . . you'd be able to roll all of your equity into A share, A-type share?

Mr. LaRochelle: — Well it gives you the choice. It would still give you the choice, but you could roll all of your equity into the common share which would be like the A share that they want to bring in. The A share is the controlling share over the company.

Mr. Kowalsky: — Yes.

Mr. LaRochelle: — And they want to make it where we have a smaller piece of the pie, type of thing. In other words, if you would have \$10,000 of equity and you could convert it to . . . put it into common shares, you'd still have the same amount and the same size of your piece of pie there in the company.

Mr. Kowalsky: — And then if you wanted to make an outside investment . . . try to attract outside investors or if you wanted to invest more money yourself, you could do it with the class B?

Mr. LaRochelle: — That's right.

Mr. Kowalsky: — Which would be in addition to the equity.

Mr. LaRochelle: — That's right. If you wanted, you could put some in B or what I called preferred. A share would be more like the B share.

Mr. Kowalsky: — Did you put your point of view to your delegates or to the Wheat Pool?

Mr. LaRochelle: — We did to our delegate, but it never got any place.

Mr. Kowalsky: — Do you know why?

Mr. LaRochelle: — No I don't know why.

The Chairperson: — Questions?

Ms. Stanger: — Louis, I still don't understand. If you put all your equity into . . . you have your \$25 class A share. If you converted all that equity, what you have, into the class B shares, you would be assured of still having that control. I don't understand the difference.

Mr. LaRochelle: — In class B?

Ms. Stanger: — I understand the difference between class A and B, but if you want to retain control in the Saskatchewan Wheat Pool, why don't you convert all the rest of it into class B shares so you can have that control?

Mr. LaRochelle: — You don't have control with a class B. You've got control only with a class A.

Ms. Stanger: — No, but I've been hearing all the last two weeks since I've been here, that you are threatened by the class B shares, because you say that they have control. They only have control in three narrow areas. Now you're telling me that it doesn't do any good to transfer to class B because they don't have the control; class A has the control.

Mr. LaRochelle: — That's right. That's the way we're told, is that the class A is the one that gives you the voting power or the control over your company. Class B doesn't give you that control. That's the way I understand it.

Ms. Stanger: — That's my point exactly. So if you want to maintain control over all of the aspects, why wouldn't you convert your equity into class B shares? Then you would have the control of the class A and the control of the class B, the narrow that the class B has. Why wouldn't you do that?

Mr. LaRochelle: — Yes, but the class B has no control. As far as I'm concerned, there is no control unless somebody can tell me the difference.

Ms. Stanger: — But that's the problem. Is a lot of people feel threatened because the class B will have influence.

Mr. LaRochelle: — Well it could have in time, it could have influence. Policies have been changed before and I'm sure it would still happen, and that could have an influence on it.

Ms. Stanger: — Maybe I'm being a little unfair. I should have asked this question of Lyle, actually, this morning — I mean of Kyle — and maybe I could ask him again, ask him to come forward. I don't think it's fair to ask this of Louis. I should always do what I have decided to do in my mind because if I don't, it'll come out somewhere else.

The Chairperson: — And Violet, it isn't two weeks of hearings, it's only one — but it seems like two. We started a week ago today.

Ms. Stanger: — So I'll just ask for him afterwards.

Mr. Johnson: — If I'm understanding correctly then, what you're saying is that if you're going to change from a cooperative structure to a company structure, make it a clean change from one type of a structure to another rather than what is being proposed. Would that more closely express what you're saying?

Mr. LaRochelle: — That's right, yes.

Mr. Johnson: — Okay. Do you have any specific reason for making that suggestion?

Mr. LaRochelle: — Well I guess the reason for it is the fact that there's already such an offering on the stock market of the common and preferred share and why is it that Sask Wheat Pool has to offer something different? Why is it that they have to have their own special share-type offering? And that's the way we see it — as they want us to lose more control over the cooperative.

So in one sense we're sort of for it, and yet we're against it. But we see ourselves, like I said, in a trap right now that we're forced to make that type of a decision.

Mr. Johnson: — Okay, so that what you're suggesting is that you either want to be in the fire or the griddle, not running around on top of the stove halfway in between.

Mr. LaRochelle: — Well sort of, yes.

Mr. Johnson: — Okay.

The Chairperson: — Now that we've clarified that, any further questions? Thank you very much, Louis.

Mr. LaRochelle: — Thank you.

The Chairperson: — Now Ms. Stanger wanted to put a re-direct to Kyle. Would you come to the microphone so your remarks will be on *Hansard*, Kyle.

Ms. Stanger: — Kyle, you said that decisions will be made — this is a direct quote in the verbal part — you said decisions will be made on the stock market that will influence Sask Wheat Pool. Could you give me examples how type B shareholders could make decisions via the stock market?

Now what I mean is this. I understand an investor . . . and if you want to keep investors happy, that maybe you might make some decisions to make those investors happy. But the way you said it, it seemed to me like you had some specific examples how the type B shareholders, via the stock market, can influence Saskatchewan Wheat Pool, besides the fact that of course companies like to keep their shareholders happy, so they make decisions in that way.

Do you have any specific examples? Because you made a few of those broad, sweeping statements in your presentation and unless I can see some scenario . . . I understand the type B shareholders, I understand your contention that they have to be kept happy. Of course shareholders do, or they won't invest in the company or they withdraw. But the way you put it, it seemed to me like you had some other scenarios in your head.

Mr. Korneychuk: — Just one, and that's the gas price fixing. I think the questions you're getting at, to my mind, sort of rubbed across two principles: control and the money. If we want control, we don't need the class B shareholder; we have control right now. But we're moving to control plus some added money. So how do you get somebody to come in and put money in and say, you have nothing to say. Do you think that's a selling feature? Do you think if you went on the stock market

and said, hey, you guys, give me all your money but you have nothing to say about what I do with it — do you think that'll fly very far?

So I guess what I was getting at — and I'll be quite blunt so that you know where my thoughts are coming — where's collusion? We're all grown people here. These things happen in the world. It's an excellent opportunity for people that have large sums of money to make inroads into the grain industry. And I'm not even so much worried about Cargill, as a number of people made reference to, because they've paid their dues, they have some infrastructure in place. It's an easy way to get some control of the market, or get some decision-making powers at Vic and Albert by simply throwing out some cash.

Now when you have a large portion of your shares owned by an outsider, you have to respect that position.

Ms. Stanger: — Yes, I understand that.

Mr. Korneychuk: — And that will put, in my estimation, the executive in a difficult position, because then they have to weigh the difference between me and perhaps yourself, who has 30 or \$40 million shares. And quite frankly, the little guys aren't going to matter a hoot in the class B's.

And that's why — and I'm glad somebody from the panel pointed out — why I'm pulling mine out. Because I feel I have no control. My little control is going to be that \$25 class A share — well, one vote.

Ms. Stanger: — So, Kyle, can I ask you this question: can you not see that you could retain that influence, and all of the members of Sask Wheat Pool, if they converted their equity into class B shares?

Mr. Korneychuk: — Yes. But then you don't need to open it to the public. That was one of . . . I thought I made that as one of my points in my brief. The point that just turn my equity over into class . . . I don't want to use class B, because class B shares implies outsiders can get in. It would be a new type of class.

The idea is control. Why do we — and that was the point of my brief — why do we always have to sell everything in this province?

Ms. Stanger: — Okay, Kyle, when the insider trading takes place, if all of the people that have equity buy class B shares, how much is going to be left?

Mr. Korneychuk: — Nothing. Well I don't know how much they're offering. They haven't said what the offering amount is. Does the offering amount equal the equity, or is it some additional amount?

Ms. Stanger: — I guess what I'm saying is if you have faith in Sask Wheat Pool and you bought the type B shares, would that leave less room? Or are you telling me that they will likely expand it to include other shareholders?

Mr. Korneychuk: — It's my understanding it has to expand to others. If you need more capital, you already have the capital sort of within your midst, although it may be viewed as a liability.

Ms. Stanger: — You're telling me you need more capital than the equity that is in Sask Wheat Pool, held by type A shareholders now?

Mr. Korneychuk: — That's what I'm reading into it, yes. The other thing too is, you mentioned faith. Faith has no place in the stock market. It's reality. And although I have faith in my company, if nobody else does — and that was my example of the 46 other people — if they pull out, I can have all the faith I want but my shares are devalued now and I'm sitting with a bunch of foreigners; my money with foreign money.

Ms. Stanger: — Well I guess the only advice I'd have to you — and not that you're asking me for advice; I'm supposed to be asking you — is you have to do what you think is right yourself.

Mr. Korneychuk: — Yes.

Ms. Stanger: — Yes. Well thank you very much, Kyle.

The Chairperson: — Thank you.

Mr. Korneychuk: — Thank you.

The Chairperson: — Now we have an indication from Mr. Gislason who had asked for an appointment at 10, and I guess it's very slippery in the Foam Lake area and he's not

going to be able to make it this morning. So he's going to try to come in as a walk-in at a future session and we'll try to accommodate him in that way.

So we're ready to move to Mr. Wagner at this time, from Craven. If you'd like to introduce your associate, Mr. Wagner.

Mr. Wagner: — Thanks, Madam Chair, members of committee. And my associate this morning is Ed Eberts from Chamberlain. My name is Alfred Wagner and I farm just north of Craven with my son. And we also run about a hundred cow-calf operation. And I just must tell you a little story that happened to me on Monday morning, before I get into my brief.

My son phoned me about 8 o'clock Monday morning, but I had left the house so his mother answered the phone, and he wanted to talk to his dad. So his mother said, well his dad had left for Regina to take in the sale at the Pool stockyards. So she said, well what do you need? Well he says, I blew a tire this morning on the tractor; I don't need dad, I need his cheque book.

I'm getting the same impression from Sask Wheat Pool. They want our bank account.

I've been a farmer and a loyal supporter of Saskatchewan Wheat Pool for 42 years. I've served on the local Pool committee for a number of years. And I was also a Wheat Pool delegate for nearly eight years. I resigned prior to the end of my eighth year.

As a Wheat Pool delegate I served on the Canadian Co-op Association Committee for one term. While serving on this committee, I, along with others, were interviewed on the videotape for presentation at an International Canadian Co-op Association Triennial Congress at Calgary in 1991 with approximately 700 delegates and members in attendance. I stated on the video clip that said, and I will quote:

Saskatchewan has shown great leadership in the co-op movement for many years. But, we must clean up our act before we lose it all.

Sadly, the words I spoke at the congress seem to describe today's dilemma. Saskatchewan Wheat Pool, with its share offering, is now

showing the leadership that will destroy the finest cooperative movement in the world.

As a Wheat Pool delegate, I had many complaints about questionable practices going on at one of my elevator points. For two and a half years I attempted to rectify a very serious problem through management channels. The complaints fell on deaf ears. This situation put me under a great deal of stress and pressure and left me no alternative but to resign as a Wheat Pool delegate.

I have a question or two about the timing of the announcement of the share offering proposal. As MLAs have repeatedly asked, if the Pool members feel that their delegates are not reflecting their wishes in regard to the share offering, why did we not change delegates in 1994? Why would the members be concerned when the share offering was not an issue in the 1994 election?

Was the Pool management manipulating the membership by carefully, deliberately keeping the share offering under cover until after the election of 1994? Had the truth been told prior to the '94 election, many of the delegates may have been replaced. As it was, delegates only three months later, three months after the election, endorsed major changes to the Mother Pool.

By the 1995 delegate election, most members felt the Pool was too heavy-handed from the top down. Members were so frustrated and tired of fighting that many just want to take their equity out and forget about Saskatchewan Wheat Pool. Many members, since the 1995 Saskatoon delegates meeting, have lost all respect for Sask Wheat Pool and its high-handed methods.

In May 1994, an informal meeting, an informational meeting sponsored by Saskatchewan Wheat Pool was held in Lumsden with 30 members present, none in favour of the share offering, and most members were home seeding or spraying, that would have been at this meeting if they had time.

The director's opening statement was, we are here to promote share offering. One of his main promotion points put forward was the success of the UGG (United Grain Growers Limited) share offering where shares had

increased to \$10 a share. If this is the role model, I suggest to the board of directors that you take another look at the UGG shares one year later.

At the Lumsden meeting, I asked the question, what is the total value of the Saskatchewan Wheat Pool assets and who do they belong to? They could not or would not answer that question. The long-term, loyal members have the most to lose in terms of assets. As well, if such serious problems exist with the Pool that this major restructuring is necessary, should not the members have been given the opportunity to input possible solutions?

Please explain the valuation process that security commission requires before the stock price is arrived at, and who does it. Is it based on total assets in place and/or earnings, or both? One shareholder can own up to 10 per cent of the equity which could mean 28 to \$20 million per shareholder. If there are several such owners, they may certainly influence farm policies, which may not be in the best interest of farmers.

When subsidiaries such as Pound-Maker, ethanol, and Prairie Malt were acquired, members submitted a resolution to do so. These resolutions went through the proper channels. To my knowledge, there was no resolution coming from members regarding the share offering — no resolution, no discussion, no input from members prior to June 14 of 1994 delegates' meeting in Saskatoon.

Should the members not have been allowed to vote on the share offering issue? The grass roots of this organization feel they have been deprived of their democratic right to vote. Many, including myself, have said if the Pool needs funds for at-home, added value projects, we would be willing to leave our equity within the Pool.

However Saskatchewan Wheat Pool management has gone further than simply denying its shareholders the right to vote on the share offering proposal. The management has gone to the provincial legislature to ask the MLAs (Member of the Legislative Assembly) to pass the legislation which would legally transform the Pool from a practising co-op owned by farmers into a publicly traded company on the Toronto Stock Exchange.

Does the Toronto Stock Exchange promote co-ops and rural unity? I think not. It promotes dog eat dog. I ask the directors, is this the future philosophy and concept that you want for Saskatchewan Wheat Pool?

We, the member-owners, will not tolerate having foreign investors capitalizing on what it has taken Saskatchewan loyal members 75 years to build. We, the member-owners, want the Mother Pool to remain intact, with the assets remaining for the future generation for Saskatchewan Wheat Pool. Thank you.

The Chairperson: — Thank you, Mr. Wagner.

Mr. Wagner: — If you wish, Mr. Eberts would read his presentation now, or do you want that later?

The Chairperson: — Well perhaps we should take an interlude to ask if there's any questions specifically on yours first.

Mr. Wagner: — Okay.

The Chairperson: — Are there any questions that members have? No. Okay, if you want to go ahead then. Is it Eberts or . . .

Mr. Eberts: — Ed Eberts, yes. And also my mailing address is actually Holdfast, but my delivery point is Chamberlain. My farm is not very far from Chamberlain.

My comment is sort of more or less on what I found out in the last month or so. I was one of those people that actually went around with this petition to stop this. I get people to sign. And I found that . . . if I may, I'd like to relate something that I came across this last month. I was one of those people went around with this petition for people to sign in order to stop the Pool's change-over. I must have talked to at least 70 farmers. I never saw so many disgruntled farmers . . . how a few people can change the structure of a Pool that was first implemented way back in the 1920s by our forefathers, without going to the membership for a vote.

Now all they want to take out is their equity. Take their equity, and they're gone. They don't care because they don't trust the Pool. They never had a chance. They never had no say. And so all they want to do now is go. And I'm afraid that's exactly what they're going to do.

The Pool is letting them down in a big way. And they also, one of their largest concerns is, what's going to happen to the Canadian Wheat Board after such a thing happens?

Now if I may add to this. I asked them, I said, well the Pool is looking for money. How do you feel that we should be . . . how should the Pool be getting their money? Well they all said, first of all, let's clean house inside. Secondly — and I'm one of them — if the Pool needs some more money . . . And I have a son that wants to start farming now; he's been on there for two years. I feel that somebody should talk to him, get his head examined. But no . . .

And I've got something like \$15,000 in there, and I'll leave it in there. If the Pool needs money, there's no problem. And I'm sure that that's as a lot of them, because there's a few of them that I talked to said, yes, my son wants to farm. That's a good idea. I never thought of that, Ed; maybe that's how we can raise some money, but not on class B shares.

Because first of all, they're scared of the stock market. They don't know how it works. And I'm one of them; I've never played the stock market. They do not believe . . . they'd have no faith in only one share, and implementing the one share, the class A share, and all the B shares going out there, with multimillions of dollars; and then come along and saying, well listen, I've got millions of dollars invested in here; where's my say? And they feel that sooner or later there's going to be changes in the structure to the point where there will be no Pool as we know as of today, the cooperative movement that we know of today.

The NAFTA (North American Free Trade Agreement) — read your papers, way back, way back when they first started talking about it — was to get rid of the cooperative, get rid of the cooperative way.

Now I have another question here I'd like to ask. Saskatchewan Wheat Pool has always been a major supporter of orderly marketing and has always been the strongest supporter of the Canadian Wheat Board. Will investment-driven Saskatchewan Wheat Pool still support that orderly marketing through the Canadian Wheat Board, or will the Wheat Board also be destroyed?

My son, he has an off-farm job. He's a

mechanic at Schroeder Brothers for your diesel tractors, by the way, if you need any tractors fixed. As a young farmer, my concerns with privatization of Saskatchewan Wheat Pool are, I will not be able to build up an equity or afford to buy class B shares. As the older farmers retire, there will be less and less A shares. Within a decade or two, there will be few, if any, A shares left and very few farmers with B shares. I thank you.

The Chairperson: — Do any members of the committee have any questions for either of these gentlemen?

Mr. Johnson: — Of the 70 farmers that you were talking to, if they were given the opportunity to vote in a referendum, or whatever the term is, what do you believe they would have voted?

Mr. Eberts: — Well I think that they would have voted to leave their equity in there. I'm very, very sure that they would have because that's the way they talk, because they simply stated that we don't understand how come we don't have a say. And with that, they're so disgruntled with the Wheat Pool that now they just figure, well I'm pulling out; I'm going.

Mr. Langford: — Yes. You were saying your son will not be able to purchase A shares in the Wheat Pool.

Mr. Eberts: — No, B shares.

Mr. Langford: — B shares.

Mr. Eberts: — Because he won't be able to afford to buy B shares.

Mr. Langford: — Okay because that's . . . then I misunderstood you because my understanding, it is only the farmers that can purchase A shares.

Mr. Eberts: — That's right.

Mr. Kowalsky: — Mr. Eberts, how widespread do you think this feeling is that you have expressed? You said you went around with a petition, and you heard this, you know, sort of a loss of trust in the management of the Saskatchewan Wheat Pool which you feel will result in farmers pulling their equity. Just how widespread do you think this is, that feeling?

Mr. Eberts: — I think it's fairly . . . I never talked to that many. I talked to a fellow by the name of — Jeez, I'm sorry — I believe it's Don Robertson . His first name is Don, from . . . Does anybody know him here? From Liberty? That's close enough anyway, Robertson; I think it's Don.

I phoned him up one evening and he was telling me the same thing, that no matter where he went to or where he talked to, he got the same impression. He had the same impression amongst the farmers as what I had. And the fellow across Long Lake from me, from Govan -- what was his name — Alfred? He was going around too. He was at our meeting there at Craven.

Mr. Wagner: — Yes.

Mr. Eberts: — Anyway, he had the same answers that I had. So probably between three of us, Lord knows, we might have talked to 300 farmers.

Mr. Kowalsky: — Were you selective as to the farmers you talked to, or did you . . . like were you able to identify those that supported or . . .

Mr. Eberts: — I went . . . I just drove. I stopped in at every farm. I didn't pick out any farmers. But I have to admit, there was two farmers that I talked to that were in favour — two farmers.

Mr. Kowalsky: — And did you report this finding to your delegate?

Mr. Eberts: — No, I just did this here about, well, could it have been a month ago?

Mr. Wagner: — Yes, about that.

Mr. Kowalsky: — Your last comment was about the Canadian Wheat Board. And you sort of asked a question, but is that just a question that's popping up in your mind now, or have you already come to a conclusion on that?

Mr. Eberts: — No, it's a question that's popped up into my mind, plus I think I've already come to a conclusion. I think that probably sooner or later, if trends like this continue, I feel that we will be losing the Wheat Board.

Mr. Kowalsky: — Simply because there won't

be the . . .

Mr. Eberts: — There won't be the fight out there any more.

Mr. Kowalsky: — The will and the fight out there in the rural area to maintain it.

Mr. Eberts: — That's right. If I may add, one young fellow that was ready to sign it before I could even get the plaque in front of him . . . he can't understand why he had to go to a neighbouring town to buy his fertilizer. Well, I says, well why, what's wrong? Well, he says, I was able to buy my fertilizer \$21 a tonne less. He lives exactly one and a half miles from Holdfast. He drove to, I believe it is Imperial, there's a Pioneer up there.

So that's another thing. I don't know what's going on out there but they can't . . . price-wise it's . . . so is the Pool trying to gouge as much money as they possibly can? I believe in profit. I even like to have profit in my farming. Like is profit up there with the Pool and the members down here some place? What's going on?

The Chairperson: — Anything further, Mr. Kowalsky? Anything from any of the other members?

Ms. Stanger: — I just wondered, we got a copy of those petitions that you referred to and I just thought of it, I never added up how many names you got. Did you add . . .

Mr. Eberts: — That I had?

Ms. Stanger: — No, that the total petitions were.

Mr. Eberts: — Oh, I don't know.

Ms. Stanger: — Do you know?

Mr. Eberts: — I don't know. I have never, I've never asked. I turned them in. I had, on mine I think I had 32. I might be out a number or two but it was something like that.

Ms. Stanger: — Well I can look at them. Thank you.

Mr. Eberts: — Thank you.

The Chairperson: — Thank you very much, gentlemen.

Mr. Eberts: — Thank you.

The Chairperson: — Is Mr. Beach here now? He wasn't on the schedule but he's registered at the door and indicated that he wanted to make a presentation.

Mr. Beach: — I just walked in. I didn't intend on it but if it's okay, I would like to say a few things.

The Chairperson: — Oh, I see. At the registration desk they had the impression that you did want to address the committee.

Mr. Beach: — Well, I could.

The Chairperson: — Okay, if you'd like to just sit up there, Homer, where there's a microphone so it can be picked up for the *Hansard*.

Mr. Beach: — Madam Chairperson, and all who are here, I really didn't plan on coming in. I was just coming in as somewhat as an observer. But I've been involved in this, I was a delegate for some 20 years; sometimes I thought it was 10 years too long. I became somewhat frustrated in the latter years when it seemed as though that the Wheat Pool was not letting in the ordinary farmers shareholders' feelings and thinking.

I don't know, some of the questions coming from the MLAs here, I don't know whether they're . . . my impression is, are they looking for information regarding the structure of the Wheat Pool and the Wheat Board, or are they probing — let me put it bluntly — for political reasons? Because the feelings in the country are . . . I attended a meeting or two and there was a good turnout and the one in Swift Current and so on.

And, you see, the Saskatchewan Wheat Pool is the Canadian Wheat Board, make no bones about that. It is. It built it. It built the international grains agreement which were indeed, it came from the Saskatchewan Wheat Pool -- shareholders, people working together here. They saw the logic of having an international organization which was orderly. We had quotas until the United States fifth columned it basically, and wanted it on the private market — the direction we're headed if we follow this line here and lose control of this, which we obviously will. It's been outlined here

very clearly today.

This is not just a Saskatchewan issue; it's not a national issue; it's an international issue. Trans-nationals, Cargill's, I've followed this for years, not only Cargill's, but Bungee, Dreyfus, and so on. They are out for the destruction of the Canadian Wheat Board and indeed I talked to, some years ago here, a senior bureaucrat in Saskatchewan Wheat Pool who — I won't mention his name or anything — but he told me that in the high circles of the Saskatchewan Wheat Pool they've come to accept the fact that first of all, the Crow was to go; secondly, that the Wheat Board itself was to go.

And so that they're plunging in the direction of privatizing the Saskatchewan Wheat Pool. Now you wouldn't get this officially from anybody in the Saskatchewan Wheat Pool, but this bureaucrat in the organization said this seems to be the feeling back in there that we can't control this.

I go along with this strongly that most of the farmers, if the heads of the Wheat Pool, if the leaders go back and get down amongst the people . . . I was a delegate during the years of when Mr. Bobier, who was basically the architect of the basic economics and control of the Saskatchewan Wheat Pool. He was vice-president of the Saskatchewan Wheat Pool, federation of agriculture, and so on, international federation.

And in the control, he always told us as delegates in his district 5, he said look, if you take things back and let the people sort this out at the local level, don't block their thinking. He said, it'll seem to be going against what you believe is good for the Pool, but he said, leave them alone and let it come in. Let it come in; they'll sort it out and they'll come to the correct conclusion.

Now we've had examples here, of the Meech Lake accord and all this, major issues in this country have been dealt with as a referendum. Here we have a major change in Saskatchewan Wheat Pool and the management, well the management I say, I think the management and the board refuse to take the people into their confidence.

You know, we'll make the correct decision as farmers. Some years ago we were running into

a deficit in Saskatchewan Wheat Pool. And I took it out to the annual meetings afterwards and I said look, here's the situation; now what are we going to do here? We're going into a deficit here.

And the people spoke up and they said look, we built this from nothing, just with little or nothing and if we need to bail it out to keep it going in the direction we want it to go, we'll do it again. So if we get back to the people and that's what the problem here is, in my opinion, is that the management is too far from the grass roots. They've lost contact with them. And so they feel to survive at the corporate level, they have to go to the Toronto Stock Exchange for finance.

And that, to my way of thinking, we know that, as I said to begin with, the Wheat Pool is the Canadian Wheat Board. And it's not just national, it's not just Saskatchewan; it's international. And in order to struggle to hold that, to stabilize the . . . to maintain any semblance of the farming community here in Saskatchewan, we have to go this other road and block this because we lose all . . . the structure of the Saskatchewan society will totally change with this.

The Wheat Pool is a very important organization as it is structured now in maintaining the citizenry of Saskatchewan, the rural citizenry. There is indeed a vast amount of frustration in the country today, and indeed I would say quite clearly to any politician here, this has strong implications for . . . political implications.

I was talking to some of the MLAs by telephone and pointed this out to them. Because people are . . . they don't know. They're insecure and they're swingy right now, very swingy. That's really all I have to say. Thanks.

The Chairperson: — Thank you, Mr. Beach. Do any members of the committee have any comments or questions for Mr. Beach? No? Thank you very much.

We've come to the end of the list of people who have indicated they wanted to speak, and at 11 and 11:30 we'll be dealing with Bill 01 and Bill 02, two other private members' Bills.

So at this time we'll recess the hearings on

consideration of Bill 04 until 7 o'clock this evening, but the committee members will have to come back for 11 for the other two Bills. Thank you.

The committee recessed for a period of time.

Bill 01 — An Act to amend An Act to incorporate the Briercrest Bible College

The Chairperson: — We have a quorum, we'll call the committee to order. And under consideration will be Bill 01, An Act to amend An Act to incorporate the Briercrest Bible College.

And due to a miscommunication of some kind, it appears that the sponsor for the Bill, Mr. Swenson, is not able to be here. So we would just call on those who are appearing for the Bill to come forward and introduce themselves. Then we will hear the Law Clerk's report, and then ask for a representation for the Bill.

And since there isn't anyone else here, I don't have to ask whether there's anyone appearing opposed to the Bill. So if you'd like to introduce yourself, Mr. Rodin.

Mr. Rodin: — Thank you, Madam Chairman. My name is Gordon Rodin, and I am vice-president of finance and business for Briercrest Bible College, as it's presently called.

And the Bill before you today, I guess it's in the final reading, An Act to incorporate Caronport Schools, is really a process of streamlining what we already are. We wanted to put an umbrella name that could then represent the various schools that we have.

It is a little confusing to some of the accrediting agencies that we work with, one of them being the Association of Theological Seminaries, who say, how can a Bible college own a seminary? And so we're trying to streamline that process by saying under the umbrella of Caronport Schools there is a high school, a Bible college, and a seminary. And that's the background to the purpose of this.

The Chairperson: — Okay. We'll call on the Law Clerk for his report.

Mr. Cosman: — Thank you, Madam Chair. In compliance with the requirements of rules 64,

69, and 102 of the *Rules and Procedures of the Legislative Assembly of Saskatchewan* respecting private Bills, I have examined Bill No. 01 of 1995, The Caronport Schools Amendment Act, 1995, and am pleased to report that in my opinion it includes no unusual provisions.

The Chairperson: — Do any members of the committee have any questions?

Mr. Kowalsky: — I would be very interested if you would briefly describe what process you went through to get to this stage.

Mr. Rodin: — Well as some of you might know, we had proposed some years ago — I think it's three or four years ago — Briercrest Schools. And that of course became very confusing with the town of Briercrest. Even though that was the origin of the college, that became confusing, even to the point where the postal codes are one digit apart. We still get their mail and they get ours, and we still work through that one.

The process of arriving at the name Caronport Schools took probably five board meetings over a period of three years, and much discussion, and finally a new chairman who said, folks, let's put an end to the discussion; let's get it resolved and carry on.

The issue is really one of a legal entity name, not an operating name. There's still Briercrest Bible College as an operating entity, and Briercrest Biblical Seminary as an operating entity, and Caronport High School, but all under the umbrella of . . . we have been using and operating as a name called Briercrest schools. And we wanted to tidy that up properly, and that's the background to where we . . .

Mr. Kowalsky: — Well it's nice that you were able to do so, you know, and maintain peace in the family.

Mr. Rodin: — Yes. I think it's important. You know, it's not . . . Thank you.

Mr. Johnson: — The structure that you have then, is that this will be the name of basically a holding structure for the other legal holdings. Like it holds all the assets of the other . . .

Mr. Rodin: — Yes. The continuance clause

there just says everything that is now owned and operated by Briercrest Bible College, which was originally Briercrest Bible Institute, now becomes Caronport Schools. And nothing in the actual operating changes, other than our cheques will now have Caronport Schools on it, and our receipts will come from Caronport Schools as opposed to Briercrest Bible College. The management process, the operating systems don't change.

Ms. Stanger: — So, sir, would I be correct in saying basically this is a business decision so that things run more smoothly in your operation?

Mr. Rodin: — Yes.

Ms. Stanger: — Thank you very much.

The Chairperson: — Anything else that you'd like to add?

Mr. Rodin: — No, just thank you.

The Chairperson: — Okay. Then we will ask for a motion to adopt the preamble. Mr. Johnson, is that agreed? Agreed.

Clauses 1 to 6 agreed to.

The committee agreed to report the Bill.

The Chairperson: — And we require a motion on costs which is that the petitioner remit fees less the cost of printing. Mr. Knezacek, is that agreed? Agreed.

Mr. Rodin: — Thank you very much.

Bill No. 03 — An Act to provide for the incorporation of The Manitoba-Saskatchewan Conference of the Seventh-day Adventist Church

The Chairperson: — Thank you. Under consideration by the committee now will be Bill No. 03 of 1995. And I'll call on Ms. Lorje to introduce those appearing before the Bill.

Ms. Lorje: — Thank you, Mrs. Teichrob. It gives me a great deal of pleasure today to sponsor yet another private member's Bill through this committee. I would like to introduce Mr. Lester Carney, of the Manitoba-Saskatchewan Conference of the Seventh-day Adventist Church, and Mr. Clifford Holm, the

solicitor for the Seventh-day Adventist Church.

Bill 03, Mrs. Teichrob, is fairly straight forward. The purpose is merely to incorporate both the Manitoba and Saskatchewan Conferences to enable the Seventh-day Adventist Church to consolidate its operations in Saskatchewan and Manitoba.

There is one existing property tax exemption that was included under the 1965 statute that originally created this entity, and that is rolled into this Bill. There are no additional property tax exemptions.

I would also point out that there is one error in the Bill as printed. On section 1, it reads that:

This Act . . . be cites as *The Manitoba-Saskatchewan Conference* . . .

It should be "cited," so there will need to be an amendment to the Bill as printed.

The Chairperson: — Thank you.

Ms. Lorje: — And Mr. Carney and Mr. Holm will answer any questions.

The Chairperson: — I'd like to call on the Law Clerk for his report before we have questions.

Mr. Cosman: — Thank you, Madam Chair. In compliance with the requirements of rules 64, 69, and 102 of the *Rules and Procedures of the Legislative Assembly of Saskatchewan* respecting private Bills, I've examined Bill No. 03 of 1995 — The Manitoba-Saskatchewan Conference of the Seventh-day Adventist Church Act — and am pleased to report that in my opinion it includes no unusual provisions.

I might add that further to my report I've contacted the director of the corporations branch and Sask Justice, Mr. Phil Flory, for his opinion on the corporate registry, etc., of this, and that is attached to my report. It has been circulated to you, and I'm pleased to report that Mr. Flory has no objection in any way to the contents of the Bill as well.

The Chairperson: — Are there any questions?

Ms. Stanger: — So, sir, there are no changes from the previous Bill to the by-laws or to the exemption from taxation?

Mr. Carney: — That is correct.

Ms. Stanger: — Okay, because there's quite a lengthy set of by-laws. But if there's no change from the previous Bill, I wouldn't be concerned then.

Mr. Johnson: — The main Manitoba-Saskatchewan Conference . . . are you seeking a similar type of Bill in Manitoba? Or . . .

Mr. Holm: — What we're expecting to do if, once this passes — and we hope it does — is that it will be registered in Manitoba as an extra-provincial corporation under this name and thereby be entitled to acquire and hold property in Manitoba.

Mr. Johnson: — Any particular reasoning then why you're incorporating in Saskatchewan rather than in Manitoba?

Mr. Holm: — Well this is the province that has historically had the head office of the Seventh-day Adventist Church. The operations have been run for Manitoba and Saskatchewan out of Saskatoon for decades. And so it's merely to recognize that fact.

Mr. Carney: — And the majority of the members are in Saskatchewan rather than in Manitoba.

Mr. Johnson: — And then the next obvious question which follows: why is it Manitoba-Saskatchewan rather than Saskatchewan-Manitoba?

Mr. Holm: — Tradition. I have no idea. It's been that way, I guess, like, for 50 years.

Mr. Carney: — Previous discussion was concerning bringing peace, and that may have been a move to bring peace because the office was over here. They insisted the other province first . . .

The Chairperson: — That sounded like a good Saskatchewan compromise.

Mr. Johnson: — Sound like an answer that would . . .

Ms Lorje: — Actually the Seventh-day Adventists first settled in Manitoba and then moved in Saskatchewan, so that's probably

why Manitoba gets the ascendancy in the name, but certainly not in the function.

The Chairperson: — Are there any further questions?

Mr. Kowalsky: — One question with respect to property held by individual congregations that would not fall under this Act . . . or is there such a thing, or are their properties all held in the name of the conference?

Mr. Carney: — All properties are held in the name of the conference.

The Chairperson: — Any further questions? Anything that anyone wants to add on behalf of the petitioners? No? If not, we'll ask for a motion then to adopt the preamble. Is the preamble agreed to? Agreed.

Clause 1 agreed to.

Mr. Kowalsky: — . . . (inaudible) . . . to amend? Are the words . . . (inaudible) . . . decided, or is that necessary at this stage?

The Chairperson: — Yes. I'm advised that we don't have to officially move an amendment because the Law Clerk is authorized to make those kind of changes now that it's been brought to his attention. So before the Bill is reprinted, it will be corrected.

Clauses 2 to 22 inclusive agreed to.

The Chairperson: — We will need a motion now to report the Bill without amendment.

Mr. Johnson: — I so move.

The committee agreed to report the Bill.

The Chairperson: — And a motion on costs:

That the petitioner remit the fees less the cost of printing.

Mr. Knezacek: — So move.

The Chairperson: — Mr. Knezacek. Is that agreed? Agreed.

Ms. Lorje: — Mrs. Teichrob, can you give us an approximate idea when your committee might be reporting this to the legislature?

The Chairperson: — It will likely be next week. But the committee will report . . . We have four Bills under our consideration, and we're holding extensive public hearings on the one. The other three have all reached the same stage that yours is at right now.

Our hearings on Bill 04 are scheduled to be completed this Thursday, but we still have to do the clause by clause on it, and it is proving to be somewhat controversial. So we are anticipating that it could be as early as next week. But depending on the schedule for 04, it could be a week later.

Ms. Lorje: — And your committee is not planning to take in a separate report for Bills 1, 2, and 3?

The Chairperson: — Not at this time, not unless there is some unforeseen complications. We hope to do it all next week.

Ms. Lorje: — Do you have the approximate date of proclamation of this Bill?

The Chairperson: — Yes, it comes into force on royal assent, and we'll have a royal assent in reasonably short order.

Ms. Lorje: — Thank you.

The Chairperson: — Thank you. Now we need a motion to adjourn.

Mr. Langford: — I move a motion to adjourn.

The Chairperson: — Is that agreed? Agreed. Okay, so we'll reconvene at 7 o'clock to consider Bill 04.

The committee adjourned at 11:25 a.m.