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## The Western Canadian Wheat Growers Association

Reforming the Canadian Wheat Board

*"The Path Forward"*

Western Canadian Wheat Growers Association



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## Two-stage approach

- Implement Marketing Choice by August 1, 2006
- Structural changes – introduce amending legislation in 2007

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## How to implement marketing choice

- No-cost export licences for farmers and grain companies
- Instruct CWB to permit processors to acquire supplies directly from farmers and grain companies

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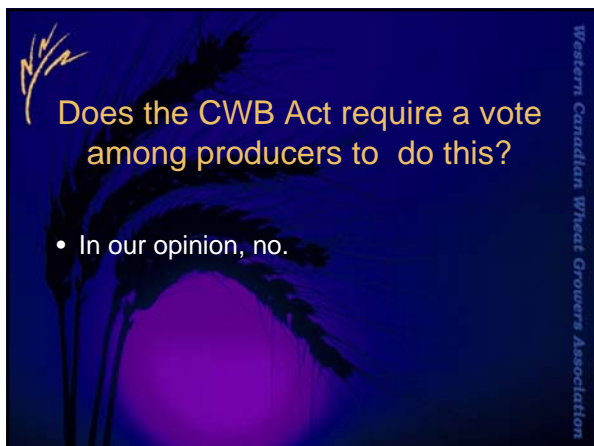


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## Does the government have legal authority to do this?

- In our opinion, yes.

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## Does the CWB Act require a vote among producers to do this?

- In our opinion, no.

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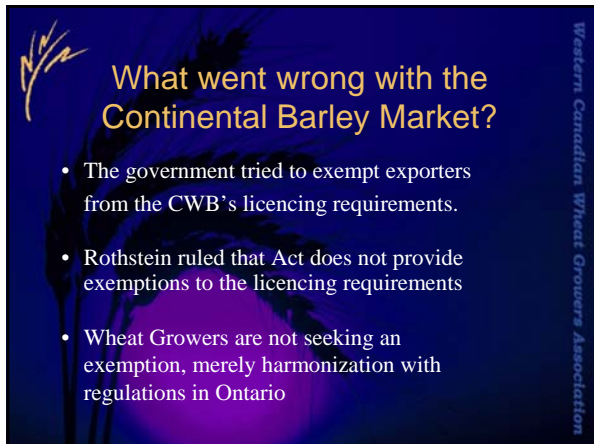


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## Can barley be removed from the CWB by regulation?

- In our opinion, yes.

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## What went wrong with the Continental Barley Market?

- The government tried to exempt exporters from the CWB's licencing requirements.
- Rothstein ruled that Act does not provide exemptions to the licencing requirements
- Wheat Growers are not seeking an exemption, merely harmonization with regulations in Ontario

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## Restructuring Principles

### Capital base formation

- Must be completely voluntary
- Must come from private sources

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## \$5 billion in old receivables

- Currently sits on CWB books
- Identical credit facility
- Gives rise to \$50 million in interest earnings annually

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## If interest earnings of \$50 million stay in pool accounts

CWB handles 15 mmt = \$3.33 per tonne  
CWB handles 10 mmt = \$5.00 per tonne  
CWB handles 5 mmt = \$10.00 per tonne

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## Interest earnings allocation

Farmer elects one of two options:

- Direct payment
- Invested in CWB shares

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## Ownership model

Options:

- Traditional co-op
- New generation co-op
- Traditional shareholding company (preferred)

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**Governance structure**

- Short-term – farmer directors elected by farmers, outside directors chosen by farmers
- Long-term – all directors elected by shareholders

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**Acquisition of assets**

Permitted under following conditions

- Full marketing choice
- No government guarantees
- Privately-owned and controlled
- Voluntary capital formation

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**Marketing of other grains**

Permitted under following conditions

- Full marketing choice
- No government guarantees
- Privately-owned and controlled
- Voluntary capital formation

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