

## **Why dairy farmers should care about the CWB Vote**

by Wendy Holm

*Western Dairy Farmer*

Sept 2011

*An appeaser is one who feeds (other commodity groups) to the crocodile - hoping it will eat him last. - adapted from Winston Churchill*

On September 9th the Canadian Wheat Board will announce the results of a plebiscite to keep or scrap the Board's single desk selling authority. Mailed out to 68,000 prairie grain farmers last June, the results will come as no surprise to wheat and barley growers: the CWB's single desk selling authority will be supported hands down because it works - returning to farmers an average premium of \$35-40 an acre.

Dairy farmers need to sit up and pay close attention to what happens next. Hanging in the balance is the fundamental right of farmers to design their own marketing structures.

Undeterred by democracy and the statutory authority of Section 47.1 of the CWB Act, Canadian agriculture minister Gerry Ritz promises to ignore the plebiscite and instead introduce a bill in the fall session to kill the single desk - and with it the CWB - by August 2012.

Getting rid of the quicker-faster-smarter CWB has been a top priority of the powerful US agri-food lobby for decades. Once the CWB falls, can anyone seriously doubt but that supply management is next?

Section 47.1 of the CWB Act ("Minister's obligation") could not be more clear: *The Minister shall not cause to be introduced in Parliament a bill that would exclude any kind, type, class or grade of wheat or barley, or wheat or barley produced in any area in Canada ... unless (a) the Minister has consulted with the board about the exclusion ... and (b) the producers of the grain have voted in favour of the exclusion ...*

Last March, when asked if he was prepared to unilaterally strip farmers of their rights under the CWB Act, Ritz told the Winnipeg Free Press " ... until farmers make that change I'm not prepared to work arbitrarily. They are absolutely right to believe in democracy. I do too ..." What a difference a majority makes. On June 28th, faced with the same question, Ritz replied: *We've done that; it's called a general election.*

The CWB board were then given their marching orders: Produce a new model by the end of July 2011 for input to an AAFC cabinet memo in early September, paving the way for legislation in the fall session to kill single desk selling by August 2012.

Board members are clear - strip the CWB of its single selling desk authority and the CWB is toast.

Implications of ending single desk are first and foremost a decrease in returns to farmers - differentiated markets provide the highest price and single desk selling is what makes this strategy possible.

Then there are the windup costs - estimated in the 100's of millions of dollars. Removal of single desk selling also raises the threat of a trade backlash from the US as more Canadian wheat is sold into US from producers close to the border. The last trade challenge by American producers - successfully fought by the CWB - ran a tab of \$12-13 million. Will

Ottawa fund a similar defence the next time the US rattles their trade sabres? Unlikely.

Competitive options for farmers will be reduced as further sector consolidation occurs. Farmers who deliver over 600,000 tonnes a year of wheat through Churchill - the cheapest route to many markets - will be impacted as companies act to maximize the utilization of their own terminal facilities in other ports. The economies of Winnipeg and Manitoba will suffer as jobs disappear. Then there is the question of who will finance the operation of any future entity.

The CWB system of advance payments to producers will disappear. Producer cars and short lines will also be impacted. Today, ninety percent of the 3,500 producer cars leased to CN and CP ship CWB grains. If the CWB is not involved in producer cars, their usage will drop dramatically, cutting off short line railways, and producers who depend on them will be in trouble.

Top quality assurances long associated with CWB grains will disappear, eliminating a key competitive advantage in many markets. The CWB's highly effective and integrated export market development program will also be lost. Branding of Western Canadian wheat and barley will no longer be a strategic priority for the big grain companies because it will no longer be a differentiator. CWB funding for wheat and barley research will disappear. A strong advocate for prairie farmers will be silenced.

On July 11th, Ritz told the Regina Leader Post: "No farmer's voice should outweigh another ... giving farmers the option to determine to whom they sell their products is the democratic thing to do ... "

Democratic indeed ... Western Canadian grain farmers pay for the operations of the CWB. Farmers run it thru their elected directors. It is farmers who should be able to decide its future. THAT's the democratic thing to do.

By ignoring the plebiscite and striking down enabling legislation critical to the survival of prairie grain farmers, OTTAWA is sending a clear message to all farmers: no one is safe. What they do to grain farmers they can easily do to dairy and poultry farmers. And make no mistake - the National Farm Products Marketing Agencies Act is the next logical target of an illogical and trade-driven government. Apparently, the leaders of the SM groups have been told by Ottawa to stay out of this one.

Tomorrow morning, when you are out in the barn milking the girls, think about this: *"An appeaser is one who feeds (other commodity groups) to the crocodile - hoping it will eat him last."*

Dairy farmers need to stand up alongside grain farmers and be counted. You have a democratic organization. One simple phone call to you local representative - multiplied by all the readers of this column - can make a difference.

Hanging in the balance is the fundamental right of farmers to design their own marketing structures.