



## **CWB MONITOR ISSUE #51: Full steam ahead on the laker debate**

March 1, 2011

It's been almost a month since the CWB announced its purchase of two lakers. And there's still lots to talk about.

### **CWB Mandate**

An argument by the CWB (and some journalists) is that it's well within the CWB's mandate to make these investments. But what is the CWB's "mandate"? Dictionary definitions of "mandate" include two that fit here:

1. Authoritative order: an official command or instruction from an authority.
2. Support from electorate: the authority bestowed on a government or other organization by an electoral victory, effectively authorizing it to carry out the policies for which it campaigned.

#### **"Authoritative order"**

First, I think it's safe to say that with the CWB, the "authority" is the CWB Act. Although the Act does not use the word "mandate" it does clearly present the purpose of the CWB:

"The Corporation is incorporated with the object of marketing in an orderly manner, in interprovincial and export trade, grain grown in Canada." (underline emphasis is mine)

The Act also empowers the CWB to purchase "personal property":

6. (1) The Corporation possesses the following powers: ...

(d) to acquire, hold and dispose of real and personal property, but the Corporation shall not acquire or dispose of any real property without the approval of the Governor in Council

So the CWB has the "power" to buy real and personal property, but it has never been made clear that this particular purchase is consistent with the mandate (object) of the CWB.

### **Is the purchase of lakers by the CWB necessary to fulfill its mandate of "marketing in an orderly manner?" Does owning these vessels contribute to orderly marketing?**

#### **"Support from electorate"**

According to the second dictionary definition of mandate – that is, "support from electorate", the CWB board is authorized to carry out policies for which its elected members campaigned. Not one elected director campaigned on the policy of purchasing assets with farmers' money – not in the last election, nor in the one previous. Therefore, not one director has the "support from electorate" to buy anything using farmers' money. By this definition, they do not have the mandate. I checked the platforms of all sitting farmer-elected directors. Not one sitting farmer-elected director ran on a platform of making investments – of any kind.

### **The farmer-elected board members did not receive a mandate from their electorate to buy vessels.**

#### **Apparently, farmers don't need to be consulted**

Some have taken exception to the idea that farmers should be consulted. According to Laura Rance in the Manitoba Co-operator, "Boards of directors ... should not be expected to seek the approval of their shareholders ..., even ones requiring major investments."

This doesn't apply here. Farmer-elected board members have the obligation to receive a mandate from their electorate (farmers) and they didn't. And Rance is kidding herself if she thinks farmers are "shareholders" of the CWB.

Shareholders choose to invest their money in the organization and choose to sell their shares if they don't agree with the direction of the organization. Last I checked, farmers couldn't sell their "share" in the CWB.

### **Farmers should be consulted on decisions that take the organization in new directions. Remember, farmers can't opt out if they don't agree.**

#### **Oberg's Position**

Allan Oberg, Chairman of the CWB board of directors, stated in an article "The CWB's mandate is to maximize the financial return to farmers from the marketing of their wheat and barley."

There is no reference in the CWB Act to maximizing the financial return to farmers. And a review of CWB Annual Reports comes up empty as well. There is no way to connect the dots from "CWB mandate" to "maximize financial returns" to "owning lakers".

**No one closely observing the CWB would ever get the message that it has the mandate to buy lakers.**

**But it's such a great deal**

The CWB using farmers' money to buy these lakers is like a married man using his wife's money (without asking) to buy her a new sports car and he thinks she should be OK with it because it was such a good deal. And then he's surprised when she wants a divorce.

**If the CWB had the mandate to spend farmers' money on lakers (which they don't), there would be less of an argument here. Good deal or not.**

**And who's going to own these ships anyway?**

According to the CWB's news release, "Prairie farmers will become owners of ships that move their wheat on the Great Lakes, under an agreement reached today between the Canadian Wheat Board (CWB) and shipping companies Algoma Central Corporation and Upper Lakes Group Inc."

**Wrong. Although Prairie farmers will pay for the vessels, they will never own them. The CWB will own the vessels but farmers do not own the CWB.**

**Survey results**

Shortly following the announcement of the purchase, I launched an open survey by email to Prairie farmers, asking the simple question: "Do you support the CWB's purchase of lakers as reported by the CWB on Feb 8th, 2011?"

I asked farmers to respond by return email, simply answering yes, no, or maybe (don't know).

With well over 600 farmers responding so far, the results are:

NO	90.0%
YES	7.5%
OK	1.5%

Even self-identified single desk supporters are dead-set against the purchase of these lakers.

**The resounding concern among farmers is the use of their money without their choice.**

**What if participation was voluntary?**

What if the CWB allowed farmers to choose to invest? After all, that's what the big deal is about – choice. The CWB could offer the financing of this deal as a private placement to those farmers that support the idea and want to, and are able to, invest. These investors would then get a return on their investment in the form of interest. Once the purchase price is recouped through operating the vessels, all farmers would benefit in the ongoing operation of the vessels.

**If the CWB asked for voluntary participation and farmers chose not to, should it go ahead with using farmers' money to purchase the lakers anyway?**

<http://laws.justice.gc.ca/eng/C-24/page-2.html>

<http://www.carmanvalleyleader.com/ArticleDisplay.aspx?e=2993718>

<http://www.cwb.ca/public/en/about/investor/annual/>

<http://www.cwbelection.com/candidate-info/candidate-profiles/>

<http://www.cwb.ca/public/en/newsroom/releases/2005/112505.jsp>

[http://www.cwb.ca/public/en/newsroom/releases/2011/news\\_release.jsp?news=020811.jsp](http://www.cwb.ca/public/en/newsroom/releases/2011/news_release.jsp?news=020811.jsp)

John De Pape

THE CWB MONITOR

Winnipeg, MB