



The Canadian Wheat Board  
La Commission canadienne du blé



Adrian C. Measner  
President and Chief Executive Officer  
Président-directeur général

December 14, 2006

The Honourable Chuck Strahl, P.C., M.P.  
Minister of Agriculture and Agri-Food and  
Minister for the Canadian Wheat Board  
Agriculture and Agri-Food Canada  
Sir John Carling Building  
930 Carling Avenue  
Ottawa, ON K1A 0C5

via facsimile: (613) 944-9272

Dear Minister Strahl:

This letter is in response to your November 29, 2006 letter to me where you indicated you were contemplating my termination and invited me to provide comments.

I appreciate this opportunity, but realize that I am not likely going to provide you with what you want to hear. While your staff made public comments that suggest I may "save" my job if I support your party's policy, it is not possible for me to do so. Where we fundamentally disagree is my feeling that farmers alone should decide and determine the direction for the CWB. In the recently announced results of the inquiry into the AWB, Justice Cole made the following comments. "A government grant, by legislation, of a monopoly power confers on the recipient a great privilege". That reflects exactly how I feel about the honour I have had to lead the CWB these last four years and in fact for the previous 28 years as well. This letter will articulate my thoughts based on my experience both domestically and internationally during my time at the CWB.

Having been at the CWB since 1974, I have seen the organization grow and change through an extended period. There is no question that the most significant change - and for that matter the most positive change - I experienced was in 1998 when the organization was turned over to farmers. Prior to that period, we were experiencing growing discontent in the farming community to a point where I was personally concerned for the viability of the organization. While it took some time, the farmer-controlled board of directors brought new life to the organization. That new life came with renewed and increased farmer support. Staff also rallied around the new governance structure with a renewed focus on farmers in the organization.

The farmer-controlled board took us in a direction that responded to the concerns farmers were expressing. We moved from an organization with just the single desk option of pooling to one with numerous pricing options including fixed price contracts, basis payment contracts, daily price contracts and early payment options based on 80, 90 or 100 per cent of the expected pool return outlook. In effect, we created more options than existed in the CWB's old environment and indeed than exist in today's open market environment for non-CWB grains.

423 Main Street  
P.O. Box 816, Stn. Main  
Winnipeg, Manitoba  
Canada R3C 2P5

Phone (204) 983-3410  
Fax (204) 983-0341  
Telex 07-57801  
<http://www.cwb.ca>

423, rue Main  
C.P. 816, succ. Main  
Winnipeg (Manitoba)  
Canada R3C 2P5

Tél. : (204) 983-3410  
Télé. : (204) 983-0341  
Télex. : 07-57801  
<http://www.cwb.ca>



The Honourable Chuck Strahl, P.C., M.P.  
Minister of Agriculture and Agri-Food and  
Minister for the Canadian Wheat Board

December 14, 2006  
Page 2

But more than this we refocused an entire organization around farmers. We restructured and enhanced our farmer contact centre (1-800 business centre) and our field staff (farm business representatives), and every department understands clearly the need to provide farmers with excellent service and to treat them with the respect that they deserve as business owners. In our last employee survey, 91 per cent of employees indicated they were committed to the CWB's vision, mission and values which are all focused around farmers. The external consultant that conducted the survey indicated the level of support we achieved is never seen in a commercial organization. Why here at the CWB? It is because we work for farmers.

In addition we have, in the last three years, introduced corporate performance measures, new pricing and delivery options, privatized our pension plan, restructured our employee benefit programs to deal with rising costs, re-structured the compensation program including introducing a variable pay program, reduced employee numbers by about 20 per cent as well as streamlined senior management positions. All of this was to ensure we had a competitive package for employees and that we were cost effective for farmers.

The work is not complete. We have been on a road of massive change but we need to continue to evolve as an organization. As President and CEO, I will be asking staff to focus on providing flexibility to farmers on the delivery side of our operations and further working to address farmer cash flow needs by having payment and quality evaluation take place on the farm. I will also be looking to ramp up our branding efforts both domestically and internationally to appropriately position western Canadian products not only with processors such as millers and maltsters, but also at the consumer level.

So what has allowed the organization to undertake the pace of change I have just discussed? What has allowed us to move so quickly along the pathway the farmer-elected board of directors has established? The answer is straight forward. The CWB has a very talented group of employees. That talent, in my mind, is second to none in the Canadian grain industry and is also viewed very favourably by companies around the world. But even more important than the individual talent is their ability to work together as a team to ensure they are succeeding for western Canadian farmers. I cannot express in words the pride I have for the way employees have continued to focus on their day-to-day responsibilities despite the interventions of your government. Employees are focused because they do not want to let farmers down. However, if the uncertainty created by your government persists, I am very concerned with whether the CWB can retain the level of expertise it has today.

Minister, I wish you would take the time to get to know us, so that you could have a small fraction of the experiences I have had. It would allow you to see the respect and brand this company has world wide. Customers trust the CWB. Customers know we work for farmers and that we will do everything we can to protect farmers' interests. They understand and respect our goals and are very appreciative of the service and respect they get. It is something special and unique that I do not see anywhere in the world.



The Honourable Chuck Strahl, P.C., M.P.  
Minister of Agriculture and Agri-Food and  
Minister for the Canadian Wheat Board

December 14, 2006  
Page 3

An important part of our brand is the fact that we are Canadian. Canadian business people are well respected around the world and as we travel to all parts of that world, we are also proud to be displaying our Canadian identity.

Of course, there are hard economic reasons for my support for this organization. In my 32 years, much of it on the marketing side of the business, I have become convinced that the CWB's single desk system of marketing puts farmers, as a whole, in a much more positive economic situation than if they were competing against each other in a multiple selling environment. From the single seller's ability to extract premiums from global customers, to its ability to position Prairie wheat, durum and barley as branded products rather than run-of-the-mill commodities, to the leverage it gives farmers over the grain handling and transportation system by negotiating together, to the economies of scale which keep their marketing costs in check, the single desk system is one that provides substantial economic value. It is important to understand that the international market is dominated by five very large multinational companies who have been very successful for their own shareholders. It is also important to recognize that western Canadian farmers do not have the subsidies their U.S. and EU counterparts do. They do not have bilateral trade agreements to provide them with advantages over the competition. They are the furthest from port position (and from their customers) than any of their competitors. They remain very exposed to Canada's unpredictable climate. The single desk helps correct this imbalance.

Take durum wheat as an example. Marketing discipline means farmers capture more than 50 per cent of the international market in a manner that does not depress prices. The same principle applies to malting barley. Contrast this with an open market environment where low prices to farmers are the mechanism to limit access to the market place. The single desk is the most significant tool you can give farmers. At the same time it imposes a certain discipline on farmers. Therefore, there are tradeoffs that need to be considered and this is why it is so important that farmers make the decisions around the single desk.

Minister Strahl, I have had the honour and privilege to be the President and CEO of the CWB for almost four years. I was proud to accept that position when it was offered to me and I cannot think of a day when that pride wasn't part of my daily routine and on many of those days I wondered "why me"? What had I done to be so fortunate? Clearly the position carries a lot of responsibility and stress but the support and respect of the employees at the CWB makes this easier to deal with. The knowledge that I am there for farmers makes it worthwhile. In fact, one of the more enjoyable parts of my job is regular and ongoing contact with farmers.

I would also like to say that I have been very impressed with the quality of farmer-elected directors that were elected by their peers. They have grown with the organization and have recognized the value of having external directors with expertise and experience from other industries. The board puts strong emphasis on strategic planning. We regularly undertake contingency planning, look at new ideas and each year develop a five-year plan so that the board of directors and staff know exactly where we are headed. The board of directors also



The Honourable Chuck Strahl, P.C., M.P.  
Minister of Agriculture and Agri-Food and  
Minister for the Canadian Wheat Board

December 14, 2006  
Page 4

developed the vision for the organization which we shared with you which contemplated a new and exciting direction for farmers.

Your staff have made it pretty clear that the decision on whether I will continue on as President and CEO of the CWB was made a long time ago so I have to be honest that I am not writing this letter with the expectation of keeping my job, but I did want you to know my feelings on this critically important issue. The CWB is a very special western Canadian farmer organization and one that should make all Canadians proud.

In closing I want to say how disappointed I am after seven years of farmers running the CWB and of farmers moving past the emotional debate around the CWB, that your government has brought all the emotion and division of farmers that existed prior to 1998 back to the forefront. I sincerely hope, as you consider my comments, that you will let farmers chart a course that allows them to be successful as business people.

While I can't give you the assurances you are likely looking for I can give you my commitment that as long as I am President and CEO of the CWB I will follow and execute whatever direction farmers set for this organization. No doubt that direction will continue to evolve and change. However, to execute your vision I must work against the farmer-elected board of directors and this is something I will not do.

My vision for the CWB is to build a strong, viable Canadian company that is farmer controlled, with an expanded mandate to create additional value for the farmer stakeholders. Let them re-establish themselves as the owners of western Canadian agriculture, rather than becoming the servants of others.

Respectfully

Adrian C. Measner  
President and Chief Executive Officer

ACM/gk  
058CEO-06

c: Ken Ritter, Chair, CWB Board of Directors