

Narrator: Gordon Miles (GM)

Company Affiliations: Cargill Grain Canada, Grain Transportation Agency, Manitoba Pool Elevators, Canadian Wheat Board (CWB), Canadian Grain Commission (CGC)

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Summary: Chief operating officer of the Canadian Grain Commission Gordon Miles discusses his variety of roles within the Canadian grain industry. He describes his main role within Cargill as manager of special crops. He explains his responsibility for marketing special crops to overseas customers, writing up contracts, and dealing with foreign exchange, as well as his work as a research analyst on the joint-venture of Prince Rupert Grain. Miles then discusses his move to the Grain Transportation Agency as a senior allocations officer, moving up the ranks to deputy administrator after the passing of the Western Grain Transportation Act. He describes his daily interactions with grain companies and the Canadian Wheat Board, sitting on the Senior Grain Transportation Committee, and coordinating rail movements to port. Miles discusses his move to Manitoba Pool Elevators as general manager of services and development, responsible for the diversification of business and for the closure and building of country elevators. He recalls the amalgamation with Alberta Wheat Pool, the historical forces for the merger, and his brief move to the CWB as executive vice president of corporate affairs. Miles discusses his final position as chief operating officer for the CGC, learning about Canada's reputation for quality grain, and interacting with the Grain Research Lab and Canadian International Grains Institute. Other topics discussed include the challenges of moving grain west versus east, the removal of the Crow Rate and the WGTA, the change in legislation that removed the CGC's supervision of inward inspection and weighing, and Canada's grain variety registration programs.

Keywords: Cargill Grain; Grain Transportation Agency; Manitoba Pool Elevators; Canadian Wheat Board; Canadian Grain Commission; Grain transportation—rail; International trade; Grain marketing; Specialty crops; Grain varieties; Foreign exchange; Grain trading; Prince Rupert Grain; Terminal grain elevators—British Columbia; Terminal grain elevators—Thunder Bay; Railcar allocation; Grain shipping logistics; Producer cars; Western Grain Transportation Act; Crow's Nest Pass freight rate; Senior Grain Transportation Committee; Country grain elevators; Consolidation; Diversification; Inland grain terminals; Amalgamation; Farmer cooperatives; Agricultural policy; Grain trade—laws and legislation; Grain research; Seed variety registration; Canadian International Grains Institute; Grain Research Lab; Alberta Wheat Pool; Saskatchewan Wheat Pool; United Grain Growers; Agricore

Time, Speaker, Narrative

NP: Okay. Today is November 25, 2015, and this interview is taking place in Winnipeg at the Canadian Grain Commission [CGC] offices. I'm going to have our narrator for today introduce himself and just give us a very brief overview of your career in the industry. We'll delve into each of the areas as we go along.

GM: Sure, yeah! My name is Gordon Miles. I'm currently the chief operating officer at the CGC. I've been here for almost 15 years. I started with Cargill back in 1978—spent four years there in a variety of positions. Went from Cargill to the Grain Transportation Agency [GTA] in 1982, stayed at the GTA, again, in a number of positions through 1993. In 1993, I left to become the general manager of corporate services at Manitoba Pool Elevators. I spent six years there through the merger with Alberta Pool to create Agricore, left shortly thereafter, and went to the Wheat Board as the executive vice-president of corporate affairs, spent just under two years there, and then came to my present position in January of 2001.

NP: Okay, great. Were you a farm boy or--?

GM: I had no agriculture, no business, none of that kind of background. I say that I did my agriculture at the university of Cargill. My four years there, I was involved in research for a year, traded foreign exchange for a year, worked in the Manitoba region as the grain buyer for a year, was the product manager in special crops—so both contracting and selling special crops nationally and internationally. So, those were some of the things I did at Cargill, which really gave me the grounding for a career in the grain business.

NP: And what was your educational experience before you went there?

GM: I have a BA with a major in French and a minor in Religious Studies.

NP: Okay!

GM: Perfect set-up for a career in the grain business.

NP: I think so. I think the general arts are underrated as far as a good basis for just about anything.

GM: You betcha. Well, and I actually believe that the reason I got hired at Cargill was actually my degree is from an Ivy League school in the States. Cargill had been bought--. Actually, Cargill had purchased National Grain, which gave them origination

capacity. They'd had a selling arm here in Canada for a number of years, but in the early mid '70s Cargill bought National Grain, and a number of vice-presidents were Americans. So, I think I had a summer job that turned into full-time employment because I think they thought this kid had been to Dartmouth College and must be able to learn how to read and write in the grain business, so.

NP: Where did you grow up?

GM: Here, Winnipeg.

NP: Oh, here. Okay! And how did you end up at Dartmouth?

GM: Played hockey. [Laughing] Went down on a hockey scholarship, so.

NP: Oh, of course, how silly of me! Who was the head of Cargill at the time you started, do you remember?

GM: Roger Murray. Roger Murray--.

NP: Oh, okay. Is he still around?

GM: As far as I know, I believe he went back to England, and I think he is still there. That's my understanding, but it's been a while.

NP: Now, when you think back on those days, can you think about--. It would have been a really quick learning curve. What strikes you about the grain industry as somebody coming into it as a newbie? Or is it too much has gone by?

GM: Well, there's a lot gone by. That's for sure. I think one of the things that I was impressed by was the global reach. That was something that I really hadn't fully appreciated. The book by Dan Morgan, *Merchants of Grain*, came out right in and around the time I started at Cargill, sometime in the first couple years I was there. I remember reading that and being very impressed by the global reach of the grain companies. then just gradually gaining an appreciation, not just for Cargill and Canada internationally, but the Canadian grain trade and the importance of it to the Canadian economy.

[0:05:02]

NP: So, you had several positions there?

GM: I did.

NP: Which one stands out most in your mind and why?

GM: Probably the special crops positions because--.

NP: Tell me a little bit about that because I think you're the first person I've talked to who's been in the special crops specifically.

GM: Okay. I was the product manager, so there was a manager, a guy named Rolly Woods, and then three other employees. So, we were a pretty small unit. Cargill was one of the primary suppliers of buckwheat to the Japanese in those days. We also--.

NP: What do they use that for?

GM: They use the husks for pillows, and then buckwheat gets made into, I believe, it's called soba, is a noodle. The soba noodle is a buckwheat noodle, so that was a big market. But the buckwheat was temperamental, shall we say, in terms of the growing season. So, like the other special crops, there was a lot of risk. In the years where you hit it right, there was a lot of reward, but in the years you didn't, there could be a fair number of costs. So, buckwheat, mustard—yellow mustard was one of the big things we grew. We contracted all three types of mustard. Lentils, contracted some of them.

NP: Where did your mustard go?

GM: Mustard would go into--. Some of it was domestic, into eastern Canada. Some was into Kraft in Chicago. Some of it we sold to Dijon in France. Actually, Canadian mustard was being processed in France into Dijon mustard so we could buy it back and spread it on our hotdogs. [Laughs] I guess I remember the significance of that was--. Well, the other product, lentils, so those were nowhere near the volume that they were today. They spent a lot of years just as kind of a crop that was of interest, but not as dramatic as it is today. Then soybeans. I believe that I marketed the first truckload of soybeans out of southern Manitoba in 1981—1980 maybe, 1980/81—and there was no crush here in Manitoba or in Canada. We had to send it south to the States to a crushing plant. But those were very early days. Again, the soybean varieties, the heat units were still too high. The requirement was still too high, and so it wasn't until different varieties were developed 30 years later that you see the explosion of soybean acres in Manitoba and over into Saskatchewan now.

NP: Where was the soybean research done? In Canada or elsewhere?

GM: Elsewhere at the time, as far as I know.

NP: Did you get to meet your customers?

GM: Yes. I had an opportunity to travel over there to Europe and met with some of the customers that we were marketing to. Also had an opportunity to travel to Chicago to visit with Kraft. So, yeah, I had the opportunity to meet with the buyers, not the actual processors themselves.

NP: Was it a very competitive marketplace?

GM: It was. There were a number of organizations involved, some in particular commodities more so than others. I remember Allstate, at the time, being a competitor because they were taking a different kind of approach to marketing. They were guaranteeing price on a certain volume and then it would be market price after that but seemed to appeal to producers. It was a little bit different way of approaching things.

NP; Now, Allstate, that's not the insurance company? It's a different--? [Laughs]

GM: No, no, it was a grain company in the early '80s—late '70s, early '80s. Yeah, no longer around. Allstate? All grain? All something.

NP: Did you get a sense of what the customers felt about Canadian suppliers?

GM: I think customers were very happy with Canadian supply. I think the consistency from one cargo to the next, from one year to the next, was very important to them. The issue many of them had was that there weren't crops you could substitute. There weren't many other parts of the world that were growing mustard, for example, or buckwheat at the time. So, if the crop did not do well in Canada, then they were at risk. So, they were looking for alternate sources—buckwheat out of China, for example. That was probably their biggest concern was could we supply on a consistent basis?

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The other challenge was, in terms of supply, special crops were all contracted. You did that before the season started. If prices had been strong the previous year, then there was lots of interest, but then that drove the contracting price down to the producer because

in special crops you can get oversupply very quickly, which drives the price down. Ultimately, it self-regulates, but you can bounce around pretty significantly from one year to the next.

NP: Did Canada stay in the buckwheat production?

GM: Not to my knowledge. There is not very much buckwheat production anymore.

NP: Tell me a little bit about the actual working with, setting the contracts. That would put you in contact with the farmers directly?

GM: Not me directly, but certainly our staff directly. We had a few centres where they contracted significant numbers of acres—Rosetown, Saskatchewan, for example, with mustard. And I do remember the, I think I must have started in the fall of '80 maybe, and there was a shortage of mustard, so prices got to be very strong over the course of the winter. So, when we went out to contract the next spring, we had established a price that we thought was reasonable for a limited number of acres. They got snapped up within like two hours. There was still more interest, so we dropped the price and said, “Couple of thousand more acres,” and again, very quickly those got taken up. So, that was an indicator that there was going to be lots of interest from producers looking for alternatives. Having had strong prices the year before, they were kind of anticipating or hoping that that’s where they might go again. But again, as I say, the potential for oversupply in the special crops business—because the volumes are relatively small—is large. So, that’s what happened. But it was really our local people provincially in Alberta and Saskatchewan and Manitoba that would do the contracting with the producers. We would set the prices.

NP: So, from what you said, is it fair to say that two things can go wrong? Probably more, but let’s say two. One is that you get more, but that would be limited would it not because your contracts are pretty carefully decided?

GM: Correct, yeah.

NP: And the second is that they couldn’t deliver because of weather or--?

GM: Right, absolutely.

NP: So, what happens then when disaster strikes? How do you handle that?

GM: You write a cheque.

NP: To the--?

GM: To the buyer. You try to buy in product from elsewhere, but again in special crops the options are pretty limited. So, we were very careful about the volumes that we would sell to try and take into account the fact that production might be limited or there might be too much. There was never just right. So, it was managing the risk in that manner.

NP: From the standpoint of the buyer, was your contract limited to a certain price? Or were you on the hook for what they would have to buy it for if yours collapsed?

GM: No, it was priced--. Yeah, no, we would be responsible for what it cost to buy it in. Yeah.

NP: Lots of fun. [Laughs]

GM: Oh, yeah. There was some interesting challenges related to doing special crops, and I'm sure it's no different today.

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NP: I would suspect that this also was just you as a new person might be a little bit more agitated by those challenges, but is it not just the order of business? I mean, people--.

GM: It is, it is. By that time, I had been about three years with the organization. I'd been trading foreign exchange, so from a buying and selling standpoint I was aware of—don't know if you ever get used to the pressures—but you certainly accept them if you're going to stay on that side of the business. I worked with people that were very experienced, so again they provided guidance. It was never just my decision.

NP: I think you mentioned another position there that maybe we'll just spend a few minutes on. I don't recall exactly what it was, but it strikes me that it had something to do with the financial aspect of it?

GM: Foreign exchange?

NP: Foreign exchange, yes. So, tell me a bit about what that entails and what you learned about that part of the grain industry.

GM: Well, grain internationally is sold in US dollars. So, for Canada, for markets that we were selling into other than domestic, traders had to hedge their foreign exchange risk. So, basically whether it was oilseeds, cereal grains, any trades that were taking place, the trader would indicate the amount of foreign exchange. They would indicate the volume of the sale and then that would dictate the amount of foreign exchange that needed to be taken into account. At that time, it was largely Canada-US. There weren't a lot of other currencies that we had to worry about, but Canada to US was big enough. Then because we were a Canadian subsidiary of an American company, we had to report out financials every month. So, that also could require a settling of the Canada-US exchange difference. But again, there were lots of different factors that affect foreign exchange movement from day to day or from month to month. What I discovered was the same factors don't necessarily end up causing the same movement in the dollar from month to month, so there are certain fundamentals that over time kind of bear out.

NP: And what would those be, the major ones?

GM: Well, the trade numbers. So, if you've got positive trade number with your international dealing-- So, exports versus imports, for example. Oil prices, very much an important factor. A lot of the natural--.

NP: How does that factor in? Is that just because of the fluctuation of the dollar as a result of the--?

GM: Right, but also because oil exports from Canada were an important part of a positive trade balance. Again, that impacts the currency, but it wasn't necessarily the same movement. As I say, from month to month there were a lot of different factors that could come into play. There's a saying in trading anything that "The market's never wrong." It doesn't always make sense, but it's never wrong. So, those were some of the challenges certainly from that position.

NP: In that position is there anything that you or a person in a position like you had can actually do about it? Or it just means scrambling to deal with what's tossed at you? Are there good traders and bad traders? Let me put it that way, might be better.

GM: There are. I don't know if good traders and bad traders. There are certain aspects--.

NP: Smart and not so smart? [Laughs]

GM: No, you get some really smart traders. The good traders are the ones who learn to cut their losses early. As a trader you're never going to be right 100 percent of the time. You want to be right more often than you're wrong because that way you make money. So, the good traders over time will recognize when they've got a position that's in a good run. They'll also recognize that there may be risk, that it's going to reverse. So, if there's profit, they'll take their profit, and if they reevaluate and figure that the

market's actually still going to move in the direction that they had anticipated, then they'll just reset their position—but they've already taken some of their profits.

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They also, if they've got a position on and the market moves against them, they won't stay with it convinced that they're right and the market's wrong. They'll take their lumps and get out early enough that it doesn't hurt them badly.

NP: Is this connected with the commodities exchange? Or it's outside?

GM: Same principles. No, it was not connected with commodity exchange. So, a lot of my dealings were with US banks in terms of foreign exchange. Canadian banks, but also US banks.

NP: So, was that connection with the US banks facilitated by Cargill out of Minneapolis?

GM: Nah, it was just the relationship that--.

NP: Do they have operations here in Winnipeg or you went to--?

GM: That bank didn't, but it was all done by phone. Same with the Canadian. I dealt with the big Canadian banks too.

NP: Anything else about your time with Cargill that you'd like to comment on before we move on?

GM: It was a great learning experience, that's for sure.

NP: Oh, I know what I wanted to ask about that. Because it was one of the few foreign-owned operations in the Canadian grain trade at that time, did that make any difference to interaction with other grain companies in Canada?

GM: Not in that sense. I think by virtue of the fact Cargill was such a big player internationally, that was certainly a factor. But no, the relationships were always positive in terms of my experience from a Cargill standpoint with the other grain companies. There is actually one other aspect of my being at Cargill that I think is worth noting. That is when I started, I was a research analyst, and they had hired two other people as research analysts—both of them were MBAs. One of them left after several months and had become involved with a project that I took over as the junior representative for Cargill. That was Prince Rupert Grain. So, I was on

the working group that did the base work for what ultimately became Prince Rupert Grain. So, that was a tremendous exposure at the time to the grain business, but also a window into what was going on in the West Coast.

NP: Tell me about that experience. I don't know how closely, then, you would have worked with the designers, the engineers—which I think were out of Thunder Bay at the time.

GM: I can't remember.

NP: Syd Halter was one of the senior guys. I don't know if it was still the C. D. Howe because, like the grain industry, the engineering firms have really switched around. So, tell me how a working group like that works. This was a co-operative effort, Prince Rupert Grain?

GM: The Prince Rupert Grain, the six big grain companies. To some extent, the feeling was that it ended up being the six big grain companies at the time in order to keep it from being Cargill alone. Cargill did not have a facility in Vancouver and was very interested in getting West Coast capacity. I think from a competitive standpoint, the other companies were concerned that they would have a standalone facility in Prince Rupert. So, the interest was collective. The three Pools, United Grain Growers [UGG], Richardson's, and Cargill end up being the co-owners of Prince Rupert Grain. The working group, which had senior people and junior people from each of the companies, really did the research and developed the business case for that investment.

NP: As you recall, what were the major selling features of that location?

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GM: Rail access. So, Vancouver, the access to the city is obviously a concern, and Prince Rupert offered an opportunity for a very efficient high throughput terminal. That was really the driver for that.

NP: And it was about that time then--. Did you leave Cargill in the middle of that process, or did you get to see it through to the ribbon cutting?

GM: I left. I was there for the ribbon cutting, but I was working for the GTA by that time.

NP: Let's move onto the GTA. What appealed to you about them?

GM: Well, what appealed about them? I went there to be the senior allocations officer. So, it was still very much involved in the grain business, but now from a transportation standpoint. I actually won a contract because the GTA initially was set up with a four-year mandate that was supposed to last from I think '79 to 1983. But I went there in June of 1982, and a few weeks later a report was released that had been done by Dr. Clay Gilson at the University of Manitoba around some of the changes that needed to take place for western grain and grain transportation. So, there ended up being three working groups established and, ultimately, the Western Grain Transportation Act [WGTA] was passed that took into account some of the recommendations that Dr. Gilson had made, and actually made the GTA the administrator of the WGTA. So, I was all of a sudden in an organization that had a number of people there on contract—I was on contract as well—but they were from other organizations. They were on secondment from other organizations. They went back to their organizations, but the GTA was looking to staff people permanently now, and I happened to be in a position where I was quite happy to compete for and was fortunate to have a position there. Then over the 11 years that I was there, went from being the allocations officer to the executive director of operations to being a deputy administrator.

NP: Who was in charge at the time that you started?

GM: When I arrived, it was Doug Radtke. I started in June. Doug left just before the end of the fiscal year, the calendar year, and returned to Alberta where he was an ADM in agriculture. Ted McConnell took over after that, but then when the legislation came into effect, the first administrator under the WGTA was Jack Horner. So, Jack was there for a term, and then he left, and Peter Thomson became the administrator. When Peter became the administrator, I applied for and became the deputy administrator at that time.

NP: One thing I really like about this project is, because we've interviewed such a number of people, that I get to see all the connections between the people coming in and out. This would have given you a real opportunity to learn about the transportation side of the grain industry.

GM: Correct.

NP: So, let's go back to your early days there and what you learned that surprised you, disappointed you about the whole transportation issue, which continues to be problematic.

GM: It's not gone away. It was a great job in the sense that I got to work with all the grain companies—the marketing people or their transportation people. It was a position that came with a lot of stress. I think I was threatened with court by every one of the grain companies because they would be short of cars and unable to meet a sale—in particular in Vancouver and in particular canola. Those were the days when producer cars, if a producer could get a car and they did, of canola, to Vancouver, that was the delivery

point. And because Vancouver was relatively restricted in terms of throughput capability, the way the system worked was the companies were obligated to buy-in producer car stocks a certain percentage, but they were always at a premium. So, they didn't like to do that. So, they would wait and effectively borrow against their next sale, but eventually would catch up because we would cut off or really reduce shipments of canola to the port.

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So, managing that was interesting just in and of itself for canola. But there was also--. The GTA was set up and really took some of the Wheat Board's logistics coordination role over. So, there was a significant dynamic between the GTA and the Wheat Board transportation people and the railways. And because the Wheat Board was such a significant portion of the movement in any given week, trying to find the balance between the board and non-board movement was a constant challenge. But that's what we did.

NP: A simple pro rata system wouldn't work? Saying they have this much to deliver and--?

GM: It wasn't that simple.

NP: Of course not! [Laughs]

GM: Because it's one thing to deliver, it's another--. So, it was a sales-based system, but--.

NP: What do you mean by sales-based?

GM: Sales-based, so rather than--. The Wheat Board would take in a lot of grain into the country, but they might move it forward without having a sale—anticipated a sale, but not necessarily. At times that would clog up the terminal elevators, which didn't make the terminal elevators very happy because they wanted throughput, and they had much more control over their own products—so if they were shipping canola or flax or something outside of the Wheat Board. So, that was supposed to be sales-driven, but the sales-driven needed to be more than just, "I'm telling you I have a sale." No. I want to see the vessel name and the time frame, and all that. So, getting that information and making sure that information was valid for both the board and non-board was all still just part of the system. Looking back, I think it worked pretty well. We used to recognize that if we--. Our hope was to keep everyone equally unhappy. That was really our aim in any given week, [laughs] which is an interesting way to work, but it was the practical part of what that job was about.

NP: Now, it seems to me that you really jumped right into the fire because as being a senior allocation officer, I don't think there'd be any other position that would be on the firing line as much as you would have been.

GM: No, in terms of day-to-day direct contact, that was about it. My boss was a Wheat Board secondment.

NP: Who was that?

GM: Gord Davis was his name. So, he knew the Board and knew how that worked, and so that was really good. He'd been around for a long time, so he knew lots of people. Then coming out of Cargill, having worked on the Prince Rupert project and stuff, I knew some. I got to know a lot more. Yeah, it was an interesting challenge.

NP: So, this was 1982-1993. There, then, you're looking at major shifts in markets from out the east versus the west. You would have been in touch with the--. Well, there were GTA people out of Thunder Bay.

GM: Correct.

NP: Was this your first major connection with Thunder Bay then in the work that you did? Or had you established connections there first?

[0:35:09]

GM: It was my first major connection. I had been to Thunder Bay with Cargill, so I knew the Thunder Bay Cargill operation a little bit. Remember seeing a boxcar dumper in operation at the Cargill elevator and marvelling at that particular piece of technology. Of course, that was like the late '70s was when a lot of the hopper cars were built by the government of Canada for the grain fleet. So, the shift was happening from boxcars to hopper cars. But yeah, it was really, in fact, when I became the executive director of operations at the GTA that I had both Thunder Bay and Vancouver reporting to me that I really got to know the Vancouver guys. So, Tony Kaplanis and Dino Burella were the GTA office in Thunder Bay.

NP: Was there any difference in operations, whether you were sending things east or west? Was one more easy to handle? I'm not talking about personalities. I'm talking about just the logistics of it.

GM: The logistics going east were easier than going west. Again, Vancouver had some choke points just in terms of the ability of the railways to get through their staging yards and into the terminals. But what happened during that period was, as part of the

WGTA, what was Crow benefit came into effect. I remember Peter Thomson, he was a guest speaker—I don't know if it was the Thunder Bay Chamber of Commerce or some group in Thunder Bay—and him telling the assembled crowd that with that change in transportation costs to shippers, basically Thunder Bay was going to become a residual port. That was the phrase that he used. It wasn't very popular, but it was accurate.

You know, 20 years later—30 years later—we've seen the impact on volumes. I remember talking to Tony, I think it was maybe the 1984 shipping season, where I think Thunder Bay you set a record or close to record volumes of 19 million tonnes. Tony was talking about pushing the system to try and get 10,000 car unloads in a week. I mean, they do well to do that in a month, but that was the kind of capacity that existed in Thunder Bay. But then the changes. Ten years later I was at Man Pool, and we sold one of our terminals. We had two terminals and we sold one of them because we just didn't need the capacity anymore. That was an indicator. All the terminal operators in Thunder Bay at that time were looking at shedding capacity.

NP: What are the bottlenecks out through the west? You mentioned that there are sort of some--.

GM: Well, there's, let's see, the Rockies--. It's the terrain. So, getting from off the Prairies, through the mountains, and into Vancouver. It's just the amount of capacity that there is at the terminals and the railway's ability to deliver grain to them.

NP: Is there any difference in that ability or the logistics between Vancouver and Prince Rupert? Or is it just different problems?

GM: Well, Prince Rupert, there's only one terminal and you're not competing with other commodities. So, in Vancouver you've also got other commodities that are looking to move into position. So, you've got coal, you've got potash, you've got other bulk commodities. Prince Rupert's got coal, but it's got their grain facility. So, the ability to access is easier. Like for CN [Canadian National Railway] to access that terminal is easier than for CN and CP [Canadian Pacific Railway] to access their respective terminals in Vancouver, much less if they're carrying product that needs to go and be interchanged between the railways. Again, just more logistics.

[0:40:36]

NP: One thing about the grain transportation group is unlike your previous job, is it fair to say it's highly political? More so than--.

GM: It was a government organization.

NP: Did that make any difference?

GM: No, not really. Not from an operational standpoint. It was pretty straightforward. It was just government involved in doing some of the logistics, some of the coordination.

NP: Over time what happened? Is the Grain Transportation Act still in effect?

GM: Disappeared when they--. The government did away with the Crow benefit in 1995, I believe—'95, '96. At the same time, the WGTA disappeared.

NP: Anything take its place?

GM: Nope. Nope. The railways, for a couple of years, had a couple of former GTA employees working in a coordinating role between the railways and other shippers, and the private sector shippers, but that doesn't exist anymore either.

NP: What happened that they didn't require—or the system didn't require—that kind of government oversight?

GM: I think the private sector convinced government that they could manage it themselves, and that government involvement was no longer necessary. That was a time when, if you think back to the mid '90s, UGG had gone public, Sask Pool had gone public. Grain companies were looking at getting bigger and really wanting to manage their own affairs, so they really, I think, felt that government involvement wasn't necessary.

NP: Yes. Certain questions I won't ask you because you're still working.

GM: Absolutely. [Laughing] Because I probably wouldn't answer! So, one of the other organizations that was involved with the GTA was the Senior Grain Transportation Committee [SGTC]. That was a group of senior--. It was senior people from the grain companies, the railways, producer organizations, that met together to try and address some of the transportation issues that the industry was facing at the time. So, it was a group that got together—I'm trying to think of how many times a year—it was either two or four. I was the secretary, the administrative secretary to the SGTC. As the deputy administrator, that was one of my responsibilities. That was great too because it gave me a chance to get to know a lot of the senior people at various organizations.

NP: So, that was under the auspices of the--.

GM: Of the GTA.

NP: The GTA? And who were some of the people on that committee?

GM: Greg Arason was the chair of the SGTC for two or three years while I was there. Doug Larson, Gary Dewar. Doug Larson was Richardsons. Gary Dewar was Alberta Pool. Milt Fair from Sask Pool. Greg was Manitoba Pool. Guys like Gord Machej from the Wheat Board. The senior railway guys. Yeah, just a lot of the who's who in the grain business at the time and the grain transportation.

[0:45:00]

NP: From your perspective was it mostly functional rather than dysfunctional?

GM: Oh, yeah. No, it was a good forum for discussion of lots of the issues that were facing the trade at the time.

NP: Has anything replaced the committee?

GM: No. No. It disappeared when the WGTA disappeared. There are other ways that the industry talks to each other, but that particular forum disappeared.

NP: I'm just checking my watch and it's a good thing we got started early.

GM: There you go!

NP: Okay, then onto Manitoba Pool.

GM: Yes.

NP: So, you moved there because the GTA disappeared, have I got the time--?

GM: No, I moved before the GTA disappeared. I actually moved because my opportunities in government seemed to be limited in terms of the position I was in, which was an executive position, and trying to move to another government organization in Winnipeg not Ottawa. Was frustrated on a couple of occasions, so I decided to look outside of government, and ended up having

this opportunity to go to Manitoba Pool as the, I said corporate affairs, but I was the general manager of services and development is when I went to the Pool.

NP: Just outline that position a little bit, and the challenges it presented.

GM: Well, probably one of the more interesting aspects of my job was the livestock markets. So, I had the two auction markets in Brandon and Virden as part of my responsibility. Working with the managers of the auction markets came to realize that we weren't big enough. We either needed to spend some money to get bigger or we needed to look at some other kind of opportunity. It was not a major area of focus for Manitoba Pool, but the mid '90s were a time when the Pools were looking at opportunities to work more closely together if not merge. So, we ended up creating Heartland Livestock when we merged the two auction marts that Manitoba Pool had with the nine that Sask Pool had and created an organization that had critical mass to be able to compete. So, it was a really interesting exposure of the first couple of years that I was working with the auction mart guys, then through the process of creating the merged entity.

NP: The merged entity being the Heartland Livestock?

GM: Livestock, yeah.

NP: Again, this took you into a different segment. How different is, I guess, up for discussion. So, you moved into the Pool system.

GM: Right.

NP: What struck you about that as being the same or different than what you've come from?

GM: Managing is managing whether you're in the private sector or the public sector. You're still working with people. You're still establishing priorities, allocating resources. It's all the same. Some of the challenges were different. As I said, at Manitoba Pool—as the smallest of the big six grain companies—as some of the companies started to get bigger and as they looked to expand beyond traditional territories, Sask Pool in particular, we were at risk from a competitive standpoint. The other factor was the south, the US, and whether there were opportunities to partner with organizations down there in terms of product going to an end user. Again, with the changes in the transportation subsidy, the Crow benefit, out of Manitoba, all of a sudden, moving south was more attractive than going west, certainly, just because of the cost differentials. So, whatever the transportation costs.

[0:50:24]

So, there were some interesting opportunities that we looked at from an organizational standpoint. I was responsible for business development, so looking at whether or not we were going to get into value-added parts of the food chain and not just in the origination of raw product and the transportation of raw product. There were some interesting opportunities there. I was responsible for our repair and maintenance program. I was responsible for our network, so looking at building new elevators, looking at consolidating elevators. So, I got to both identify and open new elevators, but I also had to close existing elevators. That was all interesting in terms of the grain business itself and where it was at that time.

NP: That would have taken--. I think you mentioned a little earlier about closing a terminal elevator in Thunder Bay.

GM: Mmhmm. That wasn't my responsibility. That was the general manager of operations and really our CEO that made that determination. But there was a branch line in western Manitoba that I had to go out and visit each community to say, "The line is going, and the elevators are shutting down." Then in turn, after that, I worked and sold the elevators to the local communities or individuals in local communities. That was a tough part of the business. Even Red River South, which is down on Letellier, is a huge success story, but trying to convince people that we needed to close like five elevators in the vicinity in order to make that one successful was a significant challenge. But it had proven to be the right business decision.

NP: So, was Letellier one of the inland terminals then?

GM: Yeah. It was one of the--. Manitoba Pool, we hadn't built a lot of new facilities. We did significant upgrades at a number, but then Red River South was one of our first new builds. I was responsible for that. But major upgrades in Dauphin, Starbuck, Tucker just outside of Portage LaPrairie. We had looked strategically at where we needed to be and needed to upgrade capacity and car loading capacity in particular. So, that was part of the evolving business in the '90s.

NP: So, you were there then during the merger talks as well?

GM: I was there through the merger, not just the talks.

NP: Okay, so let's talk about that. We have interviewed Greg [Arason], so he's on record. So, it's always nice to get other people's views of the same situation. So, tell me about your experience there.

GM: Well, there were two stages. One was we had been talking collectively. I mentioned that the three Pools were looking at opportunities and that included a merger of the three organizations. Then that didn't work out, but Alberta Pool and ourselves

continued discussions, and we decided to make an offer for UGG. That was a very interesting exercise. In the end, basically UGG had a poison pill that we just couldn't get past.

NP: What's a poison pill?

GM: Basically, it has to do with their share structure and the costs involved in acquiring the shares that just made it impossible for us to afford it, for all intents and purposes.

[0:55:11]

NP: Was this a—what's called in the business—a hostile takeover?

GM: It was a hostile takeover, yeah. It wasn't something that UGG had invited. So, when that didn't work, we kept talking with Alberta Pool and decided to merge the entities. At that point, Sask Pool was really going along and had announced building projects in each of the three provinces. So, historically we had all stayed within our borders. That changed in the early '90s. Sask Pool, when they acquired Ag-Pro, acquired a facility in Winnipeg, and basically, they ended up competing with us. So, that was a sore point, but then they really went--. They established a building--. They raised a bunch of money. They went public, they raised a bunch of money, and announced a building program across the west.

So, Alberta Pool and ourselves determined that the best way for us to compete was to create a new entity that was already well established in Manitoba and Alberta, and then we would build selectively in Saskatchewan. So, those were discussions that took place and, ultimately, we, in 1998, our delegate body approved the merger. Greg did not get the CEO position, and so he left. I was the director of merger integration for the new organization and stayed for several months, but then I left.

NP: How did the merger integration go in your mind?

GM: It went well. We really focused on trying to create a new brand. It was hard for employees. A lot of the Pool employees were lifers, right? So, hugely committed to the organizations. It was hard for them to give up that. So, that was the biggest challenge was trying to create a new entity because a lot of people didn't want to leave the old ones behind.

NP: Because we have a particular focus and fondness for Thunder Bay, so that led to some changes in Thunder Bay. Who would you be dealing with there as the terminal managers?

GM: Well, Dennis Hunter was the general manager of operations for the Manitoba Pool, and he retired after the merger. Ron Gorst is the guy that, for Agricore, had responsibility for all operations—country and terminal operations.

NP: Do you know what kinds of factors were involved in deciding which terminal elevator stayed and which were surplus?

GM: No.

NP: That would have been something that--.

GM: Dennis and Ron would have been involved in.

NP: As you look back on those times--. As an outsider I sort of look at it and I think, “Hm. If I were a strong Pool supporter, I would have thought that Saskatchewan Wheat Pool was sort of--.” What’s the word? I don’t want to put it too negatively. [Laughs] Turning its back on the movement. Was that a general sense?

GM: They were trying to adjust to a new reality in the grain business. The co-ops—UGG first and then Sask Pool—I think recognized that their long-term liability in terms of producers was such that they weren’t generating sufficient profit to be able to meet all their obligations for producers that were retiring. That and the need to access capital in order to really reinvest in their grain handling system. Again, this was the time when we were going away from kind of the 4000-tonne wood crib elevators to the high throughput concrete elevators. So, to play in that game you needed some significant capital, and both UGG and Sask Pool determined that the way they could do that was to become publicly traded.

[1:00:51]

So, did they turn their back? I don’t know if that’s fair, but certainly they changed their model. They tried to maintain what aspects of a co-operative they could, but I think that there were some inherent conflicts to being publicly traded and to being a co-operative.

NP: We do have an interesting series of interviews from the various presidents of the boards of the co-operatives. Did a cross western Canada tour to pick them up.

GM: Did you?

NP: So, some that you might want to listen to. [Laughs]

GM: Absolutely! Did you talk to Garf?

NP: Yes.

GM: That's a good thing you got to him.

NP: Is he--?

GM: He passed away, yeah. Recently.

NP: Oh, did he? Okay. Well, this is why we were doing the--.

GM: Like three weeks ago.

NP: Oh! That's too bad.

GM: That's my understanding.

NP: And Mr. Saul and Livingstone, and the whole--.

GM: Yeah. Dr. Charlie Swanson?

NP: Yes, yeah. Very interesting.

GM: Oh, I'm sure. [Laughs] I'll have to listen to them to see how candid they were.

NP: Pretty. Yeah. And even Greg's, water under the bridge is sort of their feeling. So, you then went to Canadian Wheat Board.

GM: Correct.

NP: What took you there? Was that because of the merger, the opportunity to move on appeared?

GM: Yeah. I left. So, I was without a job, and I was heading out of the ag sector when a job at the CWB was advertised—the executive vice-president of corporate affairs. That was some of what I had in my background, and it happened that the first president CEO of the new governance model at the Wheat Board was Greg Arason. So, we talked about the position, and I applied and went through the selection process and was offered the position.

NP: Sorry, could you tell me again what the position was?

GM: Executive vice-president of corporate affairs.

NP: And what does the executive vice-president of corporate affairs do?

GM: Policy, planning, communications—those were areas of my responsibility. I ended up with IT as well for various reasons.

NP: Okay, '99 to 2001. Short stint. Major issues at that time that you were dealing with? Challenges?

GM: Oh, the whole grain transportation piece. Arthur Kreuger had done his study, and how that was going to evolve. A very active board of directors, like it was a newly elected--. Some of it was elected, some of it was appointed, so there were lots of interesting dynamics there. The Wheat Board itself was looking at trying to evolve and remain relevant. So, there were some interesting challenges. But when the opportunity came here at the Grain Commission--. I had actually, when I left Agricore, the chief commissioner at the Grain Commission was Barry Senft, and Barry Senft was the first chair of the Heartland Livestock organization. So, I had got to know Barry through that connection, and when I left Agricore, he contacted me because there was a position here that he thought I might be interested in. At the time, I wasn't, and I ended up going to the Board. But I had said to him, "You know, if the chief operating officer position comes up, then I could be interested." So, that was the coincidence that my predecessor retired and, again, I threw my hat into the ring and ended up being the successful candidate.

[1:05:40]

NP: Am I correct in hearing that Barry went to Ontario?

GM: Barry is the chief executive officer for Grain Farmers of Ontario. But he had an intermediate stop at Canadian International Grains Institute [CIGI]. He was the CEO at CIGI for, I think, seven years. Something like that.

NP: I think that's where I first met him.

GM: So, Barry went from being the chief commissioner here—his term ended, it did not get extended—but he went to become the CEO at CIGI.

NP: Anything else about your time at CWB that you would like to record for history?

GM: Nah, it was an interesting couple of years.

NP: What did you learn about the Wheat Board that you hadn't known? Or did you pretty well--.

GM: The Wheat Board, it was--. Yeah, I didn't think I had a meeting at this point, but it's going to reschedule. It was an interesting place. There was a lot of the dynamic between kind of wanting to stay the same and needing to change was a pretty ongoing tension. For some of my area's responsibility, the appetite for change wasn't as big as what I'd hoped. So, there were some challenges there. Again, my working relationship with Greg was very strong and our working relationship with the Board was interesting. Again, just because there were people who wanted to see change, there were people who didn't want to see change. It was a very interesting time. When this opportunity came along, for me, it was the right thing to do.

NP: All right! We move in 2001 to Canadian Grain Commission as CEO, was that the title?

GM: COO. Chief operating officer.

NP: COO, operating officer, okay. All right, you are now sitting in your chair at the CGC. What did you learn about the CGC that you--?

GM: Well, the quality aspect of what we assure—quality, that's from an inspection standpoint, but also weighing and grain safety—is a huge factor in the marketing of grain internationally. I think that was, for me, something that I hadn't fully appreciated. There was a lot of the marketing of grain that just was marketing grain, but the quality factors that actually underlie the reasons people buy Canadian grain—cereals and oilseeds—are significant. The consistency of Canadian product is really important to end users. So, the grading factors that go into establishing a value of any lot of grain from a producer standpoint delivering into the country elevator system is based on the CGC's grades. The international buyer and the ultimate end user is counting on that consistency and the end-use attributes that we have indicated are a part of that—if it's wheat—that particular class.

[1:10:22]

Very significantly, the work of the Grain Research Lab in terms of the science that supports the quality assurance system. That, and again as an outsider coming in, gaining an appreciation for the science piece and the capabilities and the international reputation that many of our scientists enjoy, that really contributes to the collective recognition of the Grain Commission internationally. I had no real appreciation for it, and that's developed significantly over the time I've been here. Lots of very dedicated employees again—not unlike having been at the Pool in terms of people that have come, enjoyed being here, really appreciate the work that they do, and have an understanding of how it contributes to the success of producers is all part of the Grain Commission.

NP: CIGI, might as well throw them in here while you're--. So, was this really your major introduction to the work of CIGI? Or you would have probably had some connection through the Wheat Board, I would think.

GM: Limited, limited. I'd actually first appeared at CIGI in probably 1979 or 1980 doing a presentation on, I think, probably trading foreign exchange. But yeah, it was after I moved here that I got more of an exposure to CIGI and a sense of the work that they do that's really complementary to what we do. So, we do basic research. They take that and apply it at a pilot-commercial scale. So, that's their technical forte in terms of being able to work with end users to say, "This is how you can develop a formulation, or how you can make use of this variety or this class of wheat," in particular was their major focus.

NP: Now, at one time they were the only game in town as far as even I think internationally—that's going way back when they first started—what's it like now? Canada's competitors, have they pretty much all established—like Australia, Argentina--?

GM: Not to my knowledge. I think CIGI is still pretty unique. For many, many years it was basically focused on Wheat Board grains, what we did, in particular. That has expanded significantly over the last decade into other areas, pulse crops in particular. But it's still providing the support internationally, although domestically as well to some extent, but with international customers. Right now, for example, CIGI and ourselves are abroad with Cereals Canada on new crop wheat missions. Those have really been put into place to try and ensure that end-use customers are aware of what is available out of Canada based on this year's crop.

NP: Now, you've been an interesting time here because it's been a time of change.

GM: Yes.

NP: So, as far as you're able to comment, what have been the changes and the companion challenges as you've seen them through the years as far as the CGC is concerned?

[1:14:56]

GM: Well, funding was a primary issue when I came here. It continued to be an issue for a number of years. We were often reliant on ad hoc funding from one year to the next. On a couple of occasions, we got two years of funding, but that was a constant challenge from an operating standpoint. But the biggest change was to the legislation when they removed the mandatory inward inspection and weighing. That happened effective August 1, 2013. We went from 730 employees to just over 400, so a major transition on the part of the organization. Pretty traumatic from that standpoint for a lot of employees that had to move on, but I had a great team to work with. I think that we approached it in as humane a way as possible, worked closely with employees, worked closely with the union to help ensure that that transition was as positive of what else it could be.

NP: Have most of the changes worked their way through the system, would you say?

GM: Yes, yeah.

NP: Speeding along here now. Any sort of just more personal stories? Any memorable stories about your time here? Like connections with international customers, satisfactions?

GM: Yeah, well one of the, for me, a memorable trip was I had the opportunity to go to Japan on a new crop mission in 2002 to visit with customers—both millers and bakers—there. So, that really highlighted for me, again, the importance of the new crop quality assessment that gets done by our inspectors, but also by the Grain Research Lab, because it's really the factors that go into milling and baking of the wheat that are so important to our customers. I got to see that firsthand with a number of the Japanese companies when I was there. So, that was very, very memorable from that standpoint.

From a completely different standpoint, the political process of trying to get legislative change, to allow the Act to evolve to meet the evolving needs of the industry. We had legislation introduced in 2007 that didn't go anywhere, in 2009 that didn't go anywhere. We had our very targeted legislative change, but not the full Act in 2012, which resulted in the changes I talked about August 1, 2013. But to be involved in the political process for legislation—both the introduction of and then amendments to—has been very, very interesting, just from, again, from a straight understanding how that part of a democratic system works.

NP: You've heard the quote--. My husband, who worked in the provincial legal system for years said, "Two things you don't want to see being made: one is sausages, and the other is legislation."

GM: Legislation, yeah. Hadn't heard that, but yeah! [Laughing] I can definitely relate.

NP: Not an easy thing.

GM: Not an easy thing. The stars really need to align in order for that to happen. Again, the first two tries at it, it was minority governments and in both cases it didn't go anywhere. It really impacted the morale of staff, though. So, those potential changes we lived with from 200--. Well, they got introduced in 2007, and the actual changes were in--. So, December 2007 was when the legislation was first introduced. The actual changes took place on August 1, 2013. So, that period of time trying to keep employees motivated and trusting in senior management was a significant challenge just because it was hanging over their heads that whole time.

[1:20:08]

NP: Yes. Okay. Question. You know our project in Thunder Bay, we've been working along. Like I understand projects that take a little bit of time. [Laughs]

GM: You betcha.

NP: We did receive National Historic Site recognition for the development of transshipment facilities in Thunder Bay, so it's a success. Our project here, we're 200-plus voices, yours included which is great. So, we have not given up on having some kind of centre, and certainly programming, related to the grain industry. In fact, we've just started initial negotiations with Science North who are looking at expanding and opening up more major science facility, and we're looking at trying to encourage them to do grain related as a focus. So, if this is to come about, either the programming or the facility, what do you think needs to be recognized in that facility to help Canadians understand what you now know after years and years and a nice wide experience?

GM: Yeah. I'd need to know more about the project itself, but certainly--.

NP: Think of it as an interpretive centre.

GM: Yeah. Well, certainly, the science behind what goes into the development of varieties, for example, because that is reflective of end-use needs. So, as end users' needs evolve, the varieties of grain—even the types of grain that get grown—need to evolve as well. But really the science piece that really goes into particularly wheat. Wheat is a very complicated commodity. No, not complicated, complex commodity, and so the various uses to which it can be put is quite fascinating. You know, we've got nine different classes of wheat and they're really geared towards different ends. So, I think that's something to help people understand

because, you know, a lot of people the food's on their table. They don't necessarily understand where it came from. For Canada, the whole variety registration system—which, again, is very rigorous upfront—as opposed to other countries where they may not have a variety registration system, and as a result they need to do a bunch of testing between the time the grain's grown and when it goes to the end user in order to determine those end-use attributes. We've really determined those already when a variety gets registered in Canada. Now, that's CFIA's responsibility, but there are disease, agronomic, and quality considerations that go into that, but obviously we play a big role in that.

NP: CIFA?

GM: CFIA. Canadian Food Inspection Agency.

NP: Is there, would you say, as far as those varieties and variety registration system, over time it's also been one of those things that have been under the microscope?

GM: Mmhmm.

NP: Is there a fairly general feeling now of comfort that having the system is important?

GM: I think so. I think there are still some pressures from variety developers to want a better guarantee that their varieties are going to get registered because they spend a lot of money trying to get them to market. But there's been a lot of communication over the years and certainly our wheat class modernization initiative that's currently underway is looking to ensure, again, that end users will get a consistent product out of Canada for which we have been known historically. That can't be emphasized strongly enough that it's really, in the end, all about somebody buying the product. So, you need to make sure that it's a product they want.

NP: I think previously, because we at least talked when we first started the project many, many years ago, we had at that time an interested-parties list who were interested in being kept up to date on what progress if any we were making. Can we still keep you on that list?

GM: Certainly.

NP: Okay. And anything you'd like to add?

GM: I think we've covered a lot of territory.

NP: Good ground.

GM: You betcha.

NP: Yes, excellent, excellent. We did a lot in a very short time. Thank you very much for fitting me in.

GM: You betcha!

NP: So, I will end the interview now with my thanks!

End of interview.