

● (1640)

Recently, interest has been expressed by a group of Albertans in establishing a grain-based fuel alcohol plant in that province. They have also approached the Canadian Wheat Board on this. This group has been informed that arrangements identical to those made for the Manitoba company would also be made for them. These arrangements would be to designate the plant as a licenced delivery point under the terms of the Canada Grain Act. Then under the terms of the Canadian Wheat Board Act, the plant would be empowered to take delivery of grains and make the necessary notation in producers' permit books, recording deliveries of off-board grains and reporting such deliveries to the board in accordance with the board's statistical requirements under the act.

The suggestion made by the hon. member who introduced this legislation is that infested and contaminated grain must have an outlet in order to facilitate the production of grain based fuel alcohol. The Canadian Grain Commission, whose responsibility it is to ensure that grain moving into commercial channels meets with Canada's stringent quality and health requirements, advises that infested and contaminated grains, when detected, are isolated and actions to fumigate or decontaminate are taken so that the grain can be allowed to be sold commercially. Commercial sale, of course, means that the producer receives an ordinary return for his product rather than being forced to destroy the grain or otherwise dispose of it at a loss. In any case, in terms of the Canadian experience, the quantities of infested and contaminated grain actually entering commercial channels are exceedingly small. Such quantities would not form an adequate base to supply a plant or plants producing fuel alcohol from grain.

The Canadian government is aware and informed of work that has gone into the development of gasohol, a blend of ethyl alcohol and gasoline. The U.S. has had a major program in existence for several years, which has been very costly and appears to be less than successful. It has been a subsidized program. Some of the problems are as follows: One, energy input is greater than energy output—in other words; it requires more energy to produce a gallon of alcohol than you can get out of that gallon; two, a product with a high starch content such as corn is preferable as yields of alcohol are greater; three, the cost of ethyl alcohol is wholly dependent on the cost of raw materials. Therefore, the finished gasohol is also dependent on raw material costs. Four, an economically-sized plant should produce a large quantity of alcohol. Some plants produce up to 10 million gallons, while others produce 50 million gallons of alcohol. It would require 23 million bushels of grain to produce 50 million gallons of alcohol. Five, supplies of low quality grain are unpredictable. Therefore, supplies of necessary cheap raw material would also be unpredictable.

There is also a suggestion in the bill that surplus grain must be made available through the Canadian Wheat Board for the production of fuel alcohol or ethanol. As the hon. member must be aware, the Canadian Wheat Board does not feel that such surpluses exist or will exist in the future. It would seem

Canadian Wheat Board Act

appropriate for me to read into the record a statement made by the Canadian Wheat Board about its proposed target for shipments in the 1981-82 crop year.

The Canadian Wheat Board announces its export targets for 1981-82 as follows:

—The Canadian Wheat Board today announced an export target of 26 million tonnes of western Canadian grains, oil seeds, and products for the 1981-82 crop year.

The target represents an increase of more than 13 per cent over the previous record set in 1979-80, and is in line with the longer term objective of 30 million tonnes by 1985-86.

The board said . . . that western grain growers have presented a challenge to the grain handling and marketing system by producing a record harvest. The western Canadian crop . . . is estimated by Statistics Canada in . . . forecast at more than 41 million tonnes, surpassing the previous record output by some 3 million tonnes, or about seven per cent.

Last Wednesday at the Saskatchewan wheat pools annual meeting it was reported that, indeed, we had a record prairie grain harvest of 41.8 million tonnes, which is only 13 per cent short of the target for 1985. The Canadian Wheat Board plans to export 26 million tonnes of grain products this year, only 15 per cent less than its projected target of 30 million tonnes in 1985.

The inference in this proposed legislation is that by giving the legal power to the Canadian Wheat Board to market such grains, a plant producing fuel alcohol from grain would obtain a low cost raw material in sufficient quantities that would sustain the production of ethanol on a commercial basis. The Canadian Wheat Board was established as a producer's marketing board to sell on behalf of farmers in western Canada to their best advantage. This bill, with its basic intention of getting the Canadian Wheat Board involved in supplying western grains for the production of fuel, would not work to the advantage of the company or companies concerned as the Canadian Wheat Board would constantly try to seek the highest price for grain in both the domestic and export markets.

Canada, with its enviable record as a producer of quality grains, does not set out to produce low grades which might be suitable for use as a fuel. In fact, over the past 25 years, over 76 per cent of Canada Western Red Spring Wheats have graded either number one or number two. The Canadian Wheat Board's press release of October 16 on the subject of record quantity of grain supplies available in the 1981-82 crop year would seem to be noteworthy. It reads:

—a Canadian Wheat Board survey—

—forecasts and has determined from its—

—country elevator managers . . . that farmers in western Canada have a record quantity of grain supplies, with above average quality, available for delivery this year.

According to the survey, farmers have 39,676,000 tonnes of the six major grains available for delivery.

The important thing is above average quality. The top two grains combined account for 82 per cent of the total Canada Western Red Spring Wheat supplies compared to the 25 year average of 76 per cent.