

catch this last question: Is there a uniform differential paid by the packers throughout Canada? With respect to the question of its being based on actual value of certain grades and that bonuses are paid, who determines the actual value of a graded carcass? Who does the grading?

Mr. GARDINER: The answer to the first question is that the government inspectors do the grading. There is at least one government inspector in each plant and they do the grading.

Mr. PERLEY: What is the qualification?

Mr. GARDINER: The qualification is a lot of experience, knowledge of the product. Practically all the inspectors are graduates in animal husbandry of some of our agricultural colleges. They get their qualifications by that method. The question of grades as submitted in the answer to the question asked by the hon. member for Lake Centre, which was placed on *Hansard* yesterday, is referred to. I call attention to the fact that under the old system of grading there was C1, C2, C3, D1, D2 and D3. Under the present system there is A, B1, B2 and B3, as there was under the old grading system, but there is one classification of C and one classification of D. The other descriptions of grades are much the same as they were before. They have to do with specialities such as lights, heavies, injured, ridglings, stags and sows. There is not much you can do about the classification of grades there, but there has been a cutting down on the number of grades by making one C and one D as against these C's and three D's as before.

On the question of the establishment of values it will be remembered that the old system was established not by the government but at a meeting held in 1922 between the producers and the representatives of these packing plants. At that time a conference was held, and after discussion a plan was agreed upon. They set up what was known as a swine committee, which acted in connection with the grades over a long period of years. At that time they decided that in order to promote the production of high-grade hogs it would be a good thing to have a premium of \$1 paid on select hogs, and this premium was continued on the same basis after rail grading came into effect. That premium of \$1 was in addition to what was known as the basic price; and the basic price was the same for B1 hogs as for A hogs. There was no premium on B1 hogs; there was a premium of \$1 on A hogs, so that the producer of A hogs got \$1 more for his hogs than the producer of B1 hogs.

[Mr. Perlev.]

In January we announced a change in the system of grading, and it took us until April to get the new system into operation. At the same time we announced that there would be a change in the payment of premiums, which in future would be paid by the government. Previously the premiums were paid by the packing plants, but the premiums were obtained out of the transactions in connection with hogs throughout the range of the different grades, by taking from those who brought in undesirable hogs a certain amount of money by means of discounts and paying a similar amount of money to those who brought in selects. In other words, the man who brought in both heavies and selects probably would be discounted on the heavies and paid a premium, from the same money, on his selects. However, if one individual brought in all selects while another brought in all heavies, the money taken from the latter individual would go to make up a fund from which the premiums would be paid to the other. We changed that system; we decided that the government would pay the premiums, just as we have been doing with cheese, and that in future these premiums would be \$3 on grade A hogs and \$2 on grade B1 hogs.

In our contracts with Britain there is a real differential in the payment for the different grades of bacon coming from these different grades of hogs, so that it was thought a real value should be established in connection with both grade A hogs and grade B1 hogs. Therefore we asked the representatives of the producers on our advisory meat committee to give consideration to the question; we also asked the packing plants to consider it, and as a result of the discussions that took place between the two groups and the representatives of the government the present plan was decided upon. Under this plan we take the \$1 which was originally paid as a premium, which was found somewhere in the marketing of all the hogs, and distribute it over both the B1's and the A's, on the basis of an actual value of about fifty cents per 100 pounds of slaughtered hog. We decided that this should be divided in the ratio of ten cents on the B1's and 40 cents on the A's; so that the new price basis is the old basic price plus 10 cents for B1's and 40 cents for A's. In addition the government pays a premium of \$3 on the A hog and a premium of \$2 on the B1 hog. It was further decided that the \$2 and \$3 premium should go out in the form of a warrant attached to the settlement the farmer gets from the packing plant. Now he obtains his payment for the hog and the premium at the same time, and it is clearly indicated on the statement that the premium is paid by the government and is in addition to the actual market value of the hogs upon which it is paid.