products manufactured from grain, purchased directly from producers at a lower price than that paid by board customers and this also adversely affects board marketing.

Under the act the board operates annual pools on behalf of producers in the designated area. The principle of pooling means that commercial supplies of wheat, oats and barley are delivered to the board, sold by the board, and all surpluses (after allowing for board operating costs) are returned to the producers. This is basically the principle and procedure involved in the Canadian Wheat Board Act. Any procedure which allows commercial supplies of wheat, oats and barley to be marketed in competition with the board and outside the general pooling plan weakens these pooling operations and may, in effect, lessen the effectiveness of these operations.

Furthermore, the act provides for a continuous level of minimum prices in the form of initial payments to producers for wheat, oats and barley. These minimum prices, along with subsequent payments, are made available to producers when their grain enters commercial channels, as it does when a producer delivers to an elevator, a grain warehouse, a flour mill, a feed plant or a seed-cleaning plant.

In short, the board regards the powers derived under Part II of the act as being essential to the marketing operations which it carries on as long as there is congestion in grain handling facilities. I thought, Mr. Chairman, the Committee should have a forthright statement on this particular phase of the problem.

Problems associated with the control of deliveries to feed plants did not become acute until a surplus, exceeding the intake capacity of our elevator system, arose about five years ago. In 1957, infringements of delivery quota regulations on the part of certain feed plants became evident and the board took the action contemplated by the act.

In 1957 the board entered prosecutions against a number of feed mills for violation of delivery quota regulations. The board proceeded with two test cases, one in Alberta and one in Manitoba. In both cases the magistrate upheld the powers of the board to enforce delivery quotas in respect to feed mills. In both Alberta and Manitoba the cases were appealed and the powers of the Board were upheld in the Appellate Court of each province. Leave to appeal to the Supreme Court of Canada from the decisions of the Court of Appeal of Manitoba was sought and was refused by the Supreme Court of Canada. The time for the further appeal of the Alberta case had expired in the meantime.

During the period from 1957 to the end of 1959 board administration and enforcement of delivery quotas, as they affect feed mills, had to be held in abeyance pending the outcome of the litigation described above. The decision of the Supreme Court of Canada cleared the way for the board to enforce delivery quota regulations in respect to all feed mills in the designated area.

I should add that in 1957 the board introduced two measures of assistance to feed mills. These were:— (1) Provision was made whereby producers could take grain to a feed mill for grinding and have it returned to them with a supplement if so desired. (2) Provision was made whereby producers could deliver specified quantities of grain to a feed mill in exchange for prepared feeds. Producers' deliveries under both (1) and (2) are outside of established delivery quotas.

In these brief remarks I have tried to indicate some of the issues involved in your investigation. Mr. Riddel, the assistant chief commissioner of our board, on my far right, and I are here to assist the Committee in its work; and Mr. H. B. Monk, Q.C., our solicitor, will represent the board insofar as legal matters bear upon your inquiry.