

*Box Car Distribution*

to relief except, perhaps, toward the end of a crop year when the board is endeavouring to equalize delivery quotas. He considers that over the greater part of a crop year cars should be supplied to congested elevators in order that they may continue as competitive factors on the local market.

This point has been discussed with the wheat board, and the board believes that it is possible to modify its present procedures by giving relief to elevators which are congested, except toward the end of the crop year when an endeavour is being made to equalize delivery quotas. The general approach will be to provide out-of-order cars to elevators which are congested and are unable to receive grain from producers. As recommended by Mr. Bracken such out-of-order cars will be chargeable to a company's subsequent allocation.

Mr. Bracken's recommendation No. 8 (ii) (a) states:

That the allocation of shipping orders to different elevator companies be on the basis of current business earned by each.

This is a principle that is basically sound and in keeping with the policy of a more competitive elevator system. Mr. Bracken's recommendation No. 8 (ii) (c) is also important. It reads as follows:

That each elevator at a shipping point be kept in a position to compete fairly with the others by the receipt of sufficient shipping orders from its parent company, and sufficient cars from the railway, to keep it from being "plugged" and thus out of business when others are not.

The wheat board will continue to allocate shipping orders to the head offices of elevator companies which in turn will distribute these shipping orders to their local elevators. This recommendation represents a continuation of the present practice of the wheat board and is in line with the objective of maintaining a more highly competitive elevator business.

These are the main operating recommendations of the inquiry. Other recommendations deal primarily with matters of procedure in relation to the important recommendations which I have already commented upon.

Under conditions of grain surplus, all grain storage capacity in Canada is required if producers are going to continue to market in each crop year a volume of grain in excess of 500 million bushels. Our total storage capacity in Canada is estimated at 636 million bushels, with an actual working capacity of some 550 million bushels. Of this total elevator capacity, approximately 60 per cent is country elevator capacity. To a greater extent than ever before country elevator storage capacity has been used not only for the receiving and shipping of grain but for

the storage of grain. Therefore, whatever changes are made at this time, full use will have to be made of our country elevator capacity as well as our terminal capacity, if producers are to continue to deliver as large a volume of grain as they have marketed in recent years.

We are endeavouring to continue the effective use of our elevator storage capacity, and at the same time, to create conditions of more equity for producers in the delivery of their grain, and more competition in the handling of their grain.

The new instructions to the Canadian wheat board will result in a gradual rather than sudden change in the relationship between the board and the elevator companies in so far as shipping orders are concerned. The objective will be to place individual elevator companies in the position where they can earn larger handlings of producers' grain.

I should now like to read the new instruction which will become effective on August 1, 1959. It is dated Ottawa, July 18, 1959. It is addressed to Mr. W. C. McNamara, chief commissioner, the Canadian wheat board, Winnipeg, Manitoba and it reads as follows:

Dear Mr. McNamara:

The government has given careful consideration to the report of the inquiry into the distribution of railway box cars. In view of the findings of the inquiry, the instruction given to your board under date of July 13, 1954, is cancelled.

It is now the desire of the government that on and after August 1, 1959, your board should be guided by the following principles emphasized in the report of the inquiry. These principles are:

(1) Primary consideration must be given to the movement of the kinds of grain and the grades of grain required to meet sales commitments and to facilitate your selling operations.

(2) Subject to (1) above and as far as current circumstances and reasonable equality in delivery opportunity permits, it should be your objective to provide:

(a) that producers should have the opportunity of delivering their grain to the elevator or elevators which they wish to patronize; and

(b) that elevator companies which act as your agents should have reasonable opportunity of competing with one another in the handling of producers' grain.

In implementing the principles outlined above it is the view of the government that you should, as far as practicable, give attention to:

(1) The need of a congested elevator for shipping orders.

(2) Current grain receipts of each elevator company as a factor in determining the division of board shipping orders.

In carrying out this instruction it is the responsibility of your board to advise each elevator company from time to time of its share of shipping orders.

In conveying this new instruction to you, I realize that you are dealing with a very complex situation, with overriding factors involved. Therefore, following the completion of the crop year 1959-60, I would like to review this instruction with you in the light of your administrative experience.