

*Canadian Wheat Board Act*

ducers could opt to have a portion of their street price retained by a pool and averaged for a final payment. There is some controversy over whether this is really a pooling proposal. Price averaging can now be done by timing deliveries through the crop year or to forward contracting. This proposal does not seem to add much to the marketing system or hold any benefits that producers cannot already realize in other ways. In the case of full pooling, which is the other type of pool, proceeds from contracted deliveries would be pooled and producers would receive initial and, theoretically, final payments.

The possible benefits of voluntary pooling for rapeseed should be examined when we are debating the bill before us today. Since pools would bear at least part of the marketing risks normally handled by the futures market, the amount of hedging on this underspeculated market would drop. This could improve the market's performance and end chronic inversions.

The formation of producer groups might bring pressure on the Wheat Board to give higher priority to rapeseed in the allocation of quota and grain cars and so improve the handling of rapeseed. However, the board now attempts to match deliveries to sales, and further concessions to rapeseed producers could lead to a backlash from other commodity groups. The formation of pools by associations of producers who are not currently marketing rapeseed could lead to a growth in the quantity and quality of marketing information and expertise in the trade.

The effect of voluntary pools on market development would depend on their size. Small pools would do little or nothing to develop new markets; the best development work could be done by a single large pool that could afford the associated costs. That is why I argue that we should have rapeseed marketing under the authority of the Canadian Wheat Board. The difficulty of predicting annual patronage would work against long term marketing plans of these small pools.

However, if pool periods are set at, for example, three to five years, the pools could engage in longer term forward contracting with major customers. But the past history of bootlegging—this was a real problem for many years in the prairies—and the likelihood of it reoccurring, make long term sales contracts a risky proposition. I am referring, of course, to the bootlegging of grain.

One of the main features of Bill C-34 is the imposition of stricter delivery enforcement measures. Bootleggers would face conviction under the Canadian Wheat Board Act rather than civil suits if they were caught, and inspectors would be designated to check that producers whose permit books were endorsed for a voluntary pool delivered to that pool.

This provision sounds more meaningful than it is, however. The government's intention now is to appoint a couple of inspectors, probably part time, for the whole prairie region. We all know how large the prairies are. It would be a difficult task for a small army of inspectors to prove beyond a reasonable doubt that bootleggers' yields had not indeed varied between pool and open market acreage. Even when producers

are suspected, the establishment of their guilt in criminal court would be, if anything, more difficult than in a civil suit.

Voluntary pools would remove seasonal fluctuations from producer prices. They would be relatively unable to stabilize rapeseed markets unless a single pool or a few large pools were able to exert market pressure. Given the nature of the international oilseeds market, this effect would be marginal at best unless most or all of the Canadian crop was jointly marketed. However, additional expertise and effort in marketing would in theory have a positive effect on producer prices.

Producers would benefit if organizations competed to maximize returns to members; elevator companies might cross-subsidize voluntary pools to attract patrons, although that seems highly unlikely from their current attitude. However, these benefits would be temporary and would place pools without the resources of the elevator companies at a serious competitive disadvantage.

Pooling would definitely give producers increased bargaining power with domestic crushers and could raise returns from that sector. But this could force marginal processors—already facing substantial transportation disadvantages to compete even in eastern Canada—out of business.

On the other hand, Bill C-34 gives processors the right to create voluntary pools. Processors will probably be the first to set them up, either in self-defence or to gain a competitive edge over their rivals. The possibility of conflicts of interest if crushers operate pools and continue to buy on the open market is real. Some of the new crushing plants are in desperate financial straits and may try to use voluntary pools to lower their seed-buying costs.

Similarly, elevator companies would face conflicts in assigning sales to pools or their own stocks. The temptation would be to assign high-priced sales to company stocks and low-priced sales to the pool. This creates another problem for this House and members of the Standing Committee on Agriculture which should be looked at very seriously before legislation is passed to establish voluntary pools.

However, firms operating pools could require a producer board to make all marketing decisions or could pro-rate all sales between pool and open market stocks. These devices would reduce the possibility of conflicts. The costs of operating voluntary rapeseed pools are not yet known. I do not think the government or the minister could hazard a good guess as to what the costs will actually be. To my knowledge, government officials have not attempted to cost voluntary pool operation. It is clear, however, that the larger the pool the smaller the per-bushel operating costs will be. Logically, a single pool operated by the Wheat Board—that is the argument this party has made for many years—which already has the necessary accounting systems in place, would show the smallest operating charges and would make the most sense for the country and for the producers.

The most important aspect of the bill is the provision for federal government guarantees of 90 per cent of initial payments. This could bring stability to the rapeseed market and