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HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Bill No. C-38

An Act to amend the Canadian Farm Loan Act.

WEDNESDAY, JUNE 18, 1958

TUESDAY, JULY 22, 1958



WITNESSES:

Hon. Donald Fleming, Minister of Finance; Mr. F. L. Chester,
Commissioner of Canadian Farm Loan Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Anderson, ¹	Henderson,	Phillips,
Argue,	Hicks,	Pugh,
Barrington,	Horner (Acadia),	Racine,
Boivin,	Howe,	Rapp,
Boulanger,	Jorgenson,	Ricard,
Brunsdan,	Kennedy, ³	Richard (Kamouraska),
Cadieu,	Kindt,	Richard (Saint-
Campbell	Knowles,	Maurice-Lafèche),
(Lambton-Kent),	Latour,	Robinson,
Cooper, ²	Leduc,	Rompré,
Doucett,	Létourneau,	Rowe,
Dubois,	McBain,	Smith (Lincoln),
Dupuis,	McMillan,	Speakman,
Fleming (Okanagan-	Michaud,	Thomas,
Revelstoke),	Milligan,	Thompson,
Forbes,	Montgomery,	Thrasher,
Forgie,	Morissette,	Tucker,
Godin,	Muir (Lisgar),	Villeneuve,
Gour,	Nasserden,	Winkler,
Grills,	Noble,	Yacula—60.
Hardie,	Peters,	

M. Slack,
A/Clerk of the Committee

1. Replaced on Monday, June 9, by Mr. Hales.
2. Replaced on Monday, June 16, by Mr. Southam.
3. Replaced on Thursday, July 3, by Mr. Gundlock.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, June 3, 1958.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	Henderson,	Phillips,
Argue,	Hicks,	Pugh,
Barrington,	Horner (Acadia),	Racine,
Boivin,	Howe,	Rapp,
Boulanger,	Jorgenson,	Ricard,
Brunsdon,	Kennedy,	Richard (Kamouraska),
Cadieu,	Kindt,	Richard (Saint-
Campbell	Knowles,	Maurice-Lafèche),
(Lambton-Kent),	Latour,	Robinson,
Cooper,	Leduc,	Rompré,
Doucett,	Létourneau,	Rowe,
Dubois,	McBain,	Smith (Lincoln),
Dupuis,	McMillan,	Speakman,
Fleming (Okanagan-	Michaud,	Stanton,
Revelstoke),	Milligan,	Thomas,
Forbes,	Montgomery,	Thompson,
Forgie,	Morissette,	Thrasher,
Godin,	Muir (Lisgar),	Tucker,
Gour,	Nasserden,	Villeneuve,
Grills,	Noble,	Winkler,
Hardie,	Peters,	Yacula—60.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, June 9, 1958.

Ordered,—That the name of Mr. Hales be substituted for that of Mr. Anderson on the said Committee.

MONDAY, June 16, 1958.

Ordered,—That the name of Mr. Southam be submitted for that of Mr. Cooper on the said Committee.

STANDING COMMITTEE

MONDAY, June 23, 1958.

Ordered,—That the quorum of the Standing Committee on Agriculture and Colonization be reduced from 20 to 15 members, and that Standing Order 65(1)(f) be suspended in relation thereto.

Ordered,—That the said Committee be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

THURSDAY, July 3, 1958.

Ordered,—That the name of Mr. Gundlock be substituted for that of Mr. Kennedy on the Standing Committee on Agriculture and Colonization.

WEDNESDAY, July 16, 1958.

Ordered,—That Bill No. C-38, An Act to amend the Canadian Farm Loan Act, be referred to the Standing Committee on Agriculture and Colonization.

SATURDAY, July 19, 1958.

Ordered,—That the Annual Report of the Canadian Wheat Board for the crop year ending July 31, 1957, which was tabled on May 14, 1958, together with the Report of the Board of Grain Commissioners for 1957 which was tabled on the same date, be referred to the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, June 19, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

FIRST REPORT

Your Committee recommends:

1. That its quorum be reduced from 20 to 15 members and that Standing Order 65 (1) (f) be suspended in relation thereto.
2. That it be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 18, 1958.

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this day for organization purposes.

Members present: Messrs. Argue, Campbell (*Lambton-Kent*) Doucett, Dubois, Fleming (*Okanagan-Revelstoke*), Gour, Grills, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kennedy, Kindt, Knowles, Latour, Létourneau, McBain, Milligan, Montgomery, Morissette, Nasserden, Peters, Rapp, Robinson, Rompré, Southam, Speakman, Stanton, Thomas, Thompson, Thrasher, Tucker, Winkler, and Yacula. (35)

On the motion of Mr. Campbell (*Lambton-Kent*), seconded by Mr. Howe, Mr. Stanton was elected chairman.

Mr. Stanton took the Chair and thanked members of the Committee for the honour given him, mentioning at the same time the importance of the Committee's work.

On the motion of Mr. McBain, seconded by Mr. Horner (*Acadia*), Mr. Jorgenson was elected Vice-chairman.

On the motion of Mr. Horner (*Acadia*), seconded by Mr. Tucker,

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 members to 15 members.

On the motion of Mr. Speakman, seconded by Mr. Robinson,

Resolved,—That the Committee be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

On the motion of Mr. Campbell (*Lambton-Kent*), seconded by Mr. Henderson,

Resolved,—That a Sub-committee on Agenda and Procedure, comprising the Chairman and 6 members to be named by him, be appointed.

At 9.55 a.m. the Committee adjourned to the call of the Chair.

TUESDAY, July 22, 1958

(2)

The Standing Committee on Agriculture and Colonization met at 9.05 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Barrington, Boivin, Boulanger, Brunsdon, Campbell (*Lambton-Kent*), Doucett, Dubois, Forbes, Grills, Hales, Henderson, Hicks, Horner (*Acadia*), Jorgenson, Gundlock, Knowles, Latour, Létourneau, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Noble, Rapp, Ricard, Robinson, Southam, Speakman, Stanton, Thomas, Thompson, Tucker, Villeneuve, Winkler, and Yacula. (36)

In attendance: Honourable Donald Fleming, Minister of Finance; Messrs. F. L. Chester, Commissioner of Canadian Farm Loan Board; E. O. Bertrand, Board Member; W. A. Reeve, Secretary; and R. M. McIntosh, Chief Accountant, all of the Canadian Farm Loan Board.

The Chairman announced the composition of the Sub-Committee on Agenda and Procedure comprising the following members: Messrs. H. Stanton, E. Nasserden, J. O. Latour, J. O. Gour, J. M. Forgie, A. Peters and G. W. Montgomery.

On motion of Mr. Speakman, seconded by Mr. Montgomery.

Resolved,—That the Committee print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to Bill C-38—An Act to amend the Canadian Farm Loan Act.

On motion of Mr. Hales, seconded by Mr. Gundlock,

Resolved,—That leave be asked to sit while the House is sitting.

The Committee proceeded to the consideration of Bill No. C-38, An Act to amend the Canadian Farm Loan Act.

On Clause 1, Hon. Donald Fleming, Minister of Finance, made a brief statement explaining the purpose of the Bill.

Mr. F. L. Chester was called and read a prepared statement, which was distributed to the members of the Committee, giving a résumé of the history and operations of the Canadian Farm Loan Act and the Canadian Farm Loan Board.

The Minister of Finance and Mr. F. L. Chester were questioned and supplied information thereon.

Copies of the Report of the Canadian Farm Loan Board for the year ended March 31, 1957, were distributed.

At 10.45 a.m. questioning continuing, the Committee adjourned to meet again at 9.00 a.m. Thursday, July 24.

M. Slack,
A/Clerk of the Committee.

EVIDENCE

TUESDAY, July 22, 1958.
9:00 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum. We will proceed with our meeting. As you realize this room is engaged again at 11 o'clock.

We have with us this morning the Minister of Finance and Mr. Chester, the Chairman of the Canadian Farm Loan Board. Mr. Chester is here for any explanation which you may wish.

First of all I might announce the personnel of the steering committee: Messrs. Nasserden, Latour, Gour, Forgie, Peters, Montgomery and the chairman. I endeavoured to select these members as equally as I possibly could.

At this point may I have a motion to print 750 copies in English and 250 copies in French of the minutes of proceedings and evidence of this committee.

Moved by Mr. Speakman, seconded by Mr. Montgomery. Agreed to.

The CHAIRMAN: I believe it will also be necessary, as the report of the Board of Grain Commissioners has been referred to our committee, to ask for leave, at some time when this board appears before us to sit when the house is sitting. You realize that we could not ask these people when they come down here, to sit only a few hours a day. However, we will endeavour to sit only when it is absolutely necessary.

Moved by Mr. Hales, seconded by Mr. Gundlock that permission be asked to sit while the house is sitting.

Agreed to.

Gentlemen, the bill before us this morning is Bill C-38, an act to amend the Canadian Farm Loan Act. I will call clause 1 and then I will ask the minister of Finance for a few remarks.

On clause 1—Capital stock.

Mr. DONALD FLEMING (*Minister of Finance*):

Thank you Mr. Chairman. This is a pretty early hour; we farmers like to get our chores done early in the morning.

Mr. Chairman, thank you for the opportunity of appearing before you on this bill. I will be very brief.

This bill, I suppose, is one of the shortest bills which is ever likely to come before this committee, or indeed, the house. It proposes to amend simply two words in the Canadian Farm Loan Act.

In the debate on the resolution stage in the house, as I indicated there, the situation today is that we are almost at the point of running out of money in the Canadian Farm Loan Board. The relending this year has accelerated very, very greatly. Even since this present measure was decided upon the acceleration of the loans has continued and, frankly, unless this bill becomes law by the middle of August we are going to have to curb the rate of lending.

Briefly under the act, the borrowing power and relending power of the board is associated directly with the capital of the board. The capital stock of the board under the present act, is set at \$4 million. To arrive at the borrowing power of the board, which is the same amount as its lending power, you multiply by twenty times; in other words, \$80 million is the amount the board is now authorized to borrow and relend on farm loans.

The purpose of this bill is simply to raise the capital stock from \$4 million to \$6 million. The effect of that will be to increase the borrowing power and the relending power of the board from \$80 million to \$120 million. That is what this bill does; it does not do any more than that.

On the resolution stage in the house, I indicated the intentions of the government with reference to a review of this measure and other measures associated with agricultural credit in Canada. I said at page 2297 of Hansard:

As all hon. members know, the government is keenly aware of the importance of agricultural credit and finance for the prosperity of our farming community. There are on the statute books three important acts which deal with the capital needs of farmers, namely the Canadian Farm Loan Act; the Farm Improvement Loans Act which deals with intermediate credit, particularly for financing the purchase of farm equipment; and the Veterans' Land Act administered by my colleague the Minister of Veterans Affairs. At the present time the government is engaged in a comprehensive study and review of all three acts with a view to determining where enlargement of scope, expansion in function or improvement in the methods of operation may be required.

That study is continuing and will continue for some time. But for the present session, to meet the needs of the situation, we are asking for this measure to permit the amount available to the board for relending on farm mortgages to be increased by \$40 million to meet immediate needs.

I also indicated on July 16 in the house that where there are criticisms—and no one can be a Minister of Finance very long, or indeed, a member of the house very long without being conscious of criticism in respect of farm credit—it has been my experience that a good deal of the criticism is in respect of the period up to 1956. The house, following a review in the Banking and Commerce Committee in 1956 wrote some rather important amendments into the act which greatly enlarged the lending functions of the Canadian Farm Loan Board.

I think it is not unfair to claim that there has been much less dissatisfaction since that time than there was before. I think I can say as well that there has been in the past several years, particularly since the 1956 amendments, rather a change in attitude and atmosphere in relation to the functions of the board.

In your deliberations on this bill, Mr. Chairman, while the clause of the bill with which you are dealing is actually a very short one, this hearing will afford whatever opportunity hon. members may wish to review the operations of the Canadian Farm Loan Board. Mr. Chester, the commissioner, is here in connection with the hearings. Any information that is sought in relation to the operations of the board will be available to you. It is hoped that there will be every wish on the part of all hon. members to review as fully as time may permit all aspects of the administration and operation of the Canadian Farm Loan Board.

Mr. Chester will be submitting to you a brief of which he has copies which will assist the hon. members in following the statement which he will make by way of a review, and also statistical information.

I hope, Mr. Chairman, for my own part, while I may not be able to be here with you all the time—I have to leave about 10 o'clock for a cabinet meeting—if there is anything I can do to help the committee while these hearings are continuing I shall be only too happy to be here and do anything I can to facilitate the hearings of the committee in the review of this legislation and the operations of the board.

The CHAIRMAN: Thank you, Mr. Minister.

At this time I would suggest that we allow Mr. Chester to present his brief in full before the questions are asked. After he has completed his brief we will come back again and you may ask any questions which I know Mr. Chester will be only too pleased to answer.

Mr. F. L. CHESTER (*Chairman, Canadian Farm Loan Board*): Mr. Chairman and members of the committee, I have prepared a statement of which I have copies for each of you.

I feel it should be useful and of value for the members of this standing Committee on Agriculture to have at this time a resume of the history and operations of the Canadian Farm Loan Act and the Canadian Farm Loan Board while considering the present bill before you and the general problem of farm credit in Canada. I will endeavour to be as brief as possible and at the same time give the most important details in this resume.

The Canadian Farm Loan Board was established in January 1929 following the passage in 1927 of the Canadian Farm Loan Act which was "an Act for the purpose of establishing in Canada a system of long term mortgage credit for farmers". The act as originally passed was based upon the study, report and recommendations of Dr. H. M. Tory who was commissioned by the government in 1923 to inquire into the subject of agricultural credit. Dr. Tory was the founder and president of the University of Alberta and subsequently president of the National Research Council, and studied agricultural credit in Europe, Australia, South Africa, New Zealand, the United States and Canada and made two reports to the government—the first in 1924 by Sessional Paper 142 and a supplementary report in 1925 by Sessional Paper 152.

Dr. Tory found that following the first world war the values of farm lands had greatly increased as a result of increased production and high prices and that these high land prices had strained the available credit resources. Mortgage interest rates were 7-8 per cent in eastern Canada and 8-10 per cent in western Canada, the term of mortgage loans was too short—never exceeding five years—and because of the high cost of obtaining and equipping a farm it was difficult for a young man of limited means to become established as a farmer. He felt that the remedy was to provide a stable continuing source of long term mortgage credit on an amortized repayment plan at reasonably low interest rates. In his observations he emphasized that farming was a business and should be encouraged to operate along sound business lines.

As originally enacted the Canadian Farm Loan Act contemplated an independent public corporation operating on a business basis, lending money on long term mortgage credit to credit-worthy Canadian farmers at the cost of funds increased by the cost of administration with a reasonable provision for reserves. Borrowers as well as provincial governments and the Dominion Government were to be joint shareholders and the bulk of the funds for lending were to be obtained ultimately by borrowing in the public money market. The Dominion Government as the principal promoter was to provide the initial capital and to guarantee the public borrowings of the board within limits. Under this scheme the board operated in the provinces of Nova Scotia, New Brunswick, Quebec, Manitoba, Alberta and British Columbia, all of which had passed enabling legislation.

This scheme remained in effect until 1935 when the act was changed and the idea of stock ownership participation by borrowers and provincial governments was abandoned as also was the idea of the board obtaining its funds in the public money market. In 1935 the board was constituted an agency of the crown in right of Canada with the government of Canada as its sole shareholder. At this time lending operations commenced in Prince Edward Island, Ontario and Saskatchewan which provinces had not participated in the original scheme.

The board has continued as an independent agency of the crown operating without subsidy and paying its own cost of administration out of the spread

between cost of funds and the lending rate to farmers. There have also been changes in its capital structure as well as in its lending powers from time to time. It is a matter of satisfaction to the administrators that the board has always paid its own way while charging only modest, reasonable interest rates. Since 1952 the board has, in addition, been liable for and has paid full corporation income taxes like any similar business organization.

Lending Powers

When the board was first established in 1929, it could lend up to \$10,000 with the maximum loan limited to 50 per cent of the appraised agricultural productive value of the farm. In 1934, the maximum loan was reduced to \$7,500. In 1935, the maximum loan was reduced to \$6,000 but only \$5,000 could be lent on first mortgage and the additional \$1,000 required a second mortgage on a short term, not more than six years, and also chattel mortgage security as collateral. In 1952, these limits were doubled and the ratio of first mortgage loan to appraised value was increased from 50 to 60 per cent. In 1956, the second mortgage feature with collateral chattel security on livestock and equipment was dropped and the board was empowered to lend up to \$15,000 and up to 65 per cent of the agricultural productive value on first mortgage alone. The maximum loan term was also increased from 25 to 30 years.

Interest Rates

When the board commenced lending in 1929, it was obliged to charge 6½ per cent. In October 1934, the rate was brought down to 5½ per cent. In May 1935, the rate was further reduced to 5 per cent and so continued up to April 1, 1945. From April 2, 1945, to March 31, 1952, the rate was 4½ per cent and since that time the rate has been 5 per cent.

Persons To Whom The Board May Lend

The board may lend to any person whose principal occupation is farming and who is actually engaged in or shortly to become engaged in farming the land to be mortgaged, and whose experience, ability and character are such as to warrant the belief that the farm will be successfully operated.

Security Required For A Loan

Every borrower who obtains a loan must give the board a first mortgage on his farm. The farm should have the necessary buildings to make it a complete farm unit and be organized on a productive scale sufficient to maintain the farmer and his family, pay expenses and repay a loan.

Purposes Of Loans

The purposes for which the board may lend are reasonably broad and have remained unchanged since the board was established:

- (a) To purchase farm land;
- (b) To buy fertilizer, seed, livestock, machinery, implements and equipment necessary to the proper operation of the farm mortgaged;
- (c) To erect farm buildings and to clear, drain, fence and make any permanent improvements tending to increase the productive value of the land;
- (d) To discharge existing liabilities;
- (e) Any other purpose which the board considers will improve the value of the land for farming purposes.

Organization

The board is constituted a corporation with not less than three nor more than five members appointed by the governor in council, one of whom is the Deputy Minister of Finance. The chairman of the board is designated the Canadian Farm Loan Commissioner and is the executive in charge of actual operations. The other members are in a position analogous to that of directors of a private commercial company. Under the supervision and direction of the commissioner, the board has a branch office in each province, except Newfoundland, with a branch manager, office and field staff. The branch manager is in charge of all the operations in his province including the processing of applications, the appraisal of farms, the making of loans, and the collection of loans. In most branches and within certain limits the branch manager may approve loans on behalf of the board up to the maximum limit of \$15,000.

Funds For Lending

The board obtains its funds for lending by borrowing from the Minister of Finance at current interest rates. The borrowing power and the minister's lending power are dependent upon the amount of capitalization of the board. The present capitalization is \$4 million and the minister may lend up to 20 times that amount at any time outstanding. Therefore at present the board cannot borrow more than \$80 million from the minister. The purpose of Bill C38, now before you, is to increase the board's capitalization to \$6 million and therefore to enable the board to borrow up to \$120 million from the minister.

Lending Policy

Within the limits prescribed by the act, it is the policy of the management of the board to lend to every credit-worthy applicant for any constructive purpose when a useful loan can be made. Every application is dealt with in accordance with business principles and in a sympathetic manner without regard for the nationality, race, creed, sex or color of the applicant. The making of good useful loans to farmers on the mortgaged security of their farms cannot be an automatic mechanical operation depending solely on the value of the farm but calls for consideration of the individual applicant's ability as a farmer and manager. No one can borrow his way out of debt and into prosperity by the unwise use of credit and credit in itself is not a cure-all.

Collection Policy

While the board must collect the amounts falling due to the extent of the borrower's ability to pay, extensions of time are given where the inability of the borrower to pay is attributable to factors beyond his control. Legal proceedings are avoided unless there is no other solution.

CURRENT AND PROSPECTIVE BUSINESS

Following the amendments to the Canadian Farm Loan Act which became effective June 26, 1956, and with a view to improving the board's service and expediting the making of loans, several important changes in methods and procedure have been put into effect.

A short simple application has been adopted and many other forms have been revised with a view to reduce paper work. The board's lending policies have been revised and procedures simplified wherever possible. The board's field staff has been enlarged to keep pace with the increased volume of business. A chief appraiser has been appointed to supervise appraisal work. Annual refresher training conferences for appraisers, under the supervision of the chief appraiser, have been instituted. Formerly all loans were approved at head office. Most branch managers now have the authority to approve

loans not exceeding 50 per cent of valuation up to \$15,000. Annual conferences of branch managers to discuss, compare and improve policies, methods and procedures have been instituted. These changes and improvements have resulted in a marked reduction in the time necessary to process a loan application.

Since June 26, 1956, there has been a very marked increase in the board's business. That is the date extensive changes contained in the 1956 amendments of the Canadian Farm Loan Act became effective.

In 1956-57, during only part of which these changes were effective, this board disbursed loans in the amount of \$13,183,992—an increase from \$8,254,323 in the previous year or 80 per cent. This exceeded any previous year in the board's history.

Last year (1957-58) was the first complete year these changes were fully effective and the board's business again increased to \$19,343,560 or a further 73 per cent.

We foresee business in the current year totalling \$30 million which would be a 260 per cent increase over 1955-56.

The following table will give you a clear comparative picture of the first three months of this current year's business:

	<i>Loans Approved, Accepted by Borrower, and Placed with Solicitors for Disbursement</i>	
	<i>Number</i>	<i>Amount</i>
1954	293	\$1,257,900
1955	328	1,450,100
1956	407	1,940,950
1957	653	3,890,250
1958	1,236	7,979,950

Current loan approvals are exceeding \$4 million monthly.

I am sure members of this committee will appreciate that such a large and sudden increase in this board's business has been a strain on the board's staff. However, we have not only handled this greatly increased volume but have done so faster and more efficiently. This could not have been accomplished without the loyal, conscientious and efficient help of each and every employee of this board, most of whom I may add, have many years' experience. I cannot speak too highly of my staff's willing cooperation to do a job and do it well.

The following comparative table shows the increase in average size of loans:

1929-48	\$2,104
1953-54	3,738
1954-55	3,835
1955-56	4,040
1956-57	4,785
1957-58	5,748

Current loans are averaging \$6,450 which is 60 per cent larger than in 1955-56 and 306 per cent of the 1929-48 average.

The following comparative table shows cost of operation to investment:

1953-54	1.391
1954-55	1.390
1955-56	1.306
1956-57	1.322
1957-58	1.221

Loan collections from farmers have remained satisfactory as shown by the decrease in interest arrears to principal outstanding from .6031 per cent at March 31, 1956, to .3245 per cent at March 31, 1958.

As indicated by the Minister of Finance when introducing the resolution and Bill C.38 in the house, the best estimate at this time under the board's present capitalization is that loan commitments by the board must cease by about August 15th and available money for commitments made will be exhausted by about October 31st.

I will be glad to supplement the information given herein by answering any questions I am able to concerning the Canadian Farm Loan Board and its operations.

Appended hereto are the following schedules:

- Loans Disbursed and Outstanding by Fiscal Years
- Interest Arrears to Loans Outstanding
- Administration Costs

SCHEDULE VII

CANADIAN FARM LOAN BOARD

STATEMENT OF LOANS DISBURSED AND OUTSTANDING BY FISCAL YEARS TO MARCH 31, 1958

Fiscal Year	Loans Disbursed		Cumulative Total of Loans Disbursed		Principal of Loans Outstanding End of Year	
	No.	Amount	No.	Amount	No.	Amount
		\$		\$		\$
1929-30	1270	2,630,377	1270	2,630,377	1270	2,613,671
1930-31	2102	3,517,489	3372	6,147,866	3109	6,033,805
1931-32	468	1,996,344	3840	8,144,210	3492	7,878,741
1932-33	655	1,276,114	4495	9,420,324	4394	8,927,985
1933-34	307	558,630	4802	9,978,954	4652	9,125,513
1934-35	352	547,207	5154	10,526,161	4866	9,332,329
1935-36	3952	7,423,779	8747	17,949,940	8322	16,178,516
1936-37	5385	11,074,156	14132	29,024,096	13588	26,506,308
1937-38	2523	5,264,308	16655	34,288,404	15829	30,336,749
1938-39	2232	4,338,843	18887	38,627,247	17747	33,065,470
1939-40	2361	4,342,662	21248	42,969,909	19756	35,411,729
1940-41	1425	2,727,507	22673	45,697,416	20782	35,947,883
1941-42	1112	2,133,514	23785	47,830,930	21333	35,256,188
1942-43	642	1,320,256	24427	49,151,186	21020	33,120,484
1943-44	590	1,336,103	25017	50,487,289	19447	28,716,696
1944-45	695	1,661,410	25712	52,148,699	16929	24,199,388
1945-46	877	2,121,207	26589	54,269,906	15721	22,513,863
1946-47	1286	3,273,811	27875	57,543,717	15032	22,119,005
1947-48	1218	3,185,240	29093	60,728,957	14790	22,327,258
1948-49	1751	4,595,036	30844	65,323,993	15006	23,890,389
1949-50	1841	4,942,930	32685	70,266,923	15566	25,821,426
1950-51	1800	4,693,079	34485	74,960,002	16184	27,802,774
1951-52	1508	4,469,091	35993	79,429,093	16497	29,238,810
1952-53	1514	5,118,559	37507	84,547,652	16667	31,005,250
1953-54	1908	7,000,540	39415	91,548,192	17267	34,591,645
1954-55	2137	8,207,003	41502	99,755,195	18111	39,455,931
1955-56	2087	8,254,323	43639	108,009,518	18931	44,075,268
1956-57	2826	13,183,992	46465	121,193,510	20372	52,730,198
1957-58	3500	19,343,560	49965	140,537,070	22494	67,112,206

STANDING COMMITTEE

INTEREST ARREARS EACH YEAR FOR THE LAST TEN YEARS SHOWING
PERCENTAGE OF PRINCIPAL OUTSTANDING

INTEREST IN ARREARS

Year Ending March 31st	First Mortgage	Second Mortgage	Agreements for Sale	Total	Percentage of Principal Outstanding
	\$	\$	\$	\$	
1949.....	38,969	12,073	2,436	53,478	.2204
1950.....	51,198	12,446	2,394	66,038	.2526
1951.....	73,507	15,083	2,977	91,567	.3261
1952.....	63,743	11,731	2,839	78,313	.2657
1953.....	53,341	7,497	1,440	62,278	.1996
1954.....	87,741	8,664	2,112	98,517	.2834
1955.....	156,934	16,447	1,808	175,189	.4424
1956.....	237,937	27,074	1,603	266,614	.6031
1957.....	200,402	27,719	995	229,116	.4327
1958.....	192,011	25,206	955	218,172	.3245

ADMINISTRATION COSTS SHOWING PERCENTAGE OF INVESTMENT AND PROFIT ON
OPERATIONS (BEFORE INCOME TAX) EACH YEAR FOR THE LAST TEN YEARS

Year Ending March 31st	Administration Costs	Percentage of Investment	Profit on Operations Before Income Tax
	\$		\$
1949.....	346,303	1.417	148,649
1950.....	373,920	1.413	142,428
1951.....	428,249	1.505	131,705
1952.....	443,845	1.486	136,890
1953.....	455,938	1.443	143,195
1954.....	490,461	1.391	157,288
1955.....	559,823	1.39	162,780
1956.....	589,175	1.306	218,175
1957.....	712,024	1.322	218,755
1958.....	838,001	1.221	235,534

You will notice there are statements attached to this resume showing amounts disbursed by years, cumulative total of loans disbursed and the number of loans outstanding at the end of each year. That is the first schedule. The second schedule shows interest arrearages for the last ten years expressed as a percentage of the principal outstanding. Also included are administration costs for the last ten years, showing also profit of operations before income tax.

The CHAIRMAN: Gentlemen, would you like to have a moment to study these two schedules before you start questioning? The schedules are quite important.

Mr. FORBES: Would you have any information on how many applications you have refused or turned down during a period?

Mr. CHESTER: We have a record, we can make this available to you.

Mr. FORBES: Have you got it for, say, just one year in five? Finding out whether the type of loan is giving the type of service or not?

Mr. CHESTER: Yes, for the current year. So far we have had 2,732 new applications and we had 1,453 on hand as at March 31, which is the end of our fiscal year. We are now talking about the current fiscal year. So current applications which we have had to deal with are 4,185, of which we have placed 1,325 loans with our solicitor. That means we have approved these loans, the borrower has accepted them and they have gone into our solicitor's hands and are in the process of being disbursed.

There were 526 applications withdrawn or rejected before appraisal. There were 296 applications withdrawn or rejected after appraisal. The balance are in corespondence, awaiting appraisal with the appraiser.

We also have 1,033 which have been appraised and most of these loans have been approved and offered to the borrower and have not yet been accepted by the borrower.

Mr. FORBES: And that is about a third of the applications are refused on some ground or another?

Mr. FLEMING (*Eglinton*): No, it looks like about one-fifth, including withdrawals and rejections. The total is 526 plus 296, about 800 out of 4,185, which is about one-fifth or 20 per cent.

The CHAIRMAN: Gentlemen, would you give your names?

Mr. SPEAKMAN: Mr. Chairman, I would like to ask Mr. Chester, in view of the fact that the current repayment record is as shown by his table in which over 50 per cent of the borrowings have been repaid, would it not be of a great deal more assistance to the individual borrower if his ability to pay was rated along with the appraised value of his land?

Mr. CHESTER: It undoubtedly is. That is the basis upon which we make loans, his ability to pay.

Mr. SPEAKMAN: I was four years with the Veterans' Land Act as a supervisor and the borrowings there, as I think everyone in Canada knows, have a very excellent record and the ability to pay was I think probably the principal factor, knowing as we do that 50 per cent of the appraised value of land today represents a very small part of the ability of any man to buy a piece of land.

Mr. FLEMING (*Eglinton*): I think everyone appreciates the record shown under the Veterans' Land Act and the point that Mr. Speakman makes about the importance attached to the ability of the borrower to repay under that legislation, which has its full counterpart under this legislation. The board is required as a matter of fact by law to take the credit worthiness and ability to repay and the character of the borrower into account along with questions pertaining to the value of the land upon which he is seeking a mortgage.

Mr. SPEAKMAN: I think perhaps the 50 per cent, Mr. Chairman, is a bit restrictive because in the case of central Alberta land appraised values are not at all anything like the actual values. As I say, in the Veteran's Land Act the appraised value of a piece of land is probably 50 per cent of the asking price of a vendor, which makes it very difficult. But under your 50 per cent of the appraised value you are talking about 25 per cent of actual value.

Mr. CHESTER: I think you misunderstand. We make loans up to 65 per cent, not 50 per cent.

Mr. SPEAKMAN: Well, even 65 per cent is still getting down pretty low.

Mr. FLEMING (*Eglinton*): That is the point about land value. You have the same problem in the administration of any government loan where there is provision for lending on any farm on a mortgage. You have the same problem under the National Housing Act. It is a problem to relate current fluctuating market values to lending value. You may get these wide fluctuations from year to year, period to period, in market value and the appraiser has to have regard for something more continuing, something more basic in determining lending value.

You are always going to have some problem. Any valuator will weigh this, a government valuator or a private one in relating lending value for mortgage purposes to this fluctuating element of market value.

Just here I think it could be said that while you will never satisfy everybody, you will never satisfy the man who is seeking the loan and who puts a very high value in his own mind on his own property, nevertheless I think

it could be said that there has been, as Mr. Chester has said in his memorandum today, a very much more sympathetic attitude taken in recent times on this subject and certainly the committee can be assured that the appraised value of the land is not by any means the only element taken into account in determining whether a loan will be made or not. The credit worthiness, the ability, capacity of the individual applicant farmer is highly important. On the other hand, the act does place a limit of 65 per cent of its lending value on the amount of mortgage which can be advanced.

Mr. SPEAKMAN: Mr. Chairman, I am glad the minister brought in the provisions of the National Housing Act because it is not designed in favour of the farmer, your young farmer wanting to establish certainly cannot get the amount of credit nor can he get the range of protection that your young man working in industry who wants to establish a home can get. I think perhaps we can well consider bringing those two into much closer relationship.

Mr. FLEMING (*Eglinton*): Well, you have thirty years under this act now, since 1956, and your rule under the National Housing Act is twenty-five to thirty years.

Mr. SPEAKMAN: And a much greater amount is available to the borrower?

Mr. FLEMING (*Eglinton*): You mean percentagewise?

Mr. SPEAKMAN: Yes. After all, we are interested in establishing young graduates particularly in agriculture if they are interested in agriculture.

Mr. FORBES: What Mr. Speakman means is that anyone with 10 per cent can get a house built under the National Housing Act.

Mr. FLEMING: I do not think it is as simple as that. There are some hurdles he has to get over in regard to income. The income restrictions are quite rigid. Parliament legislated again last December on this subject dealing with the quite high hurdles established under the National Housing Act in regard to the required income of any of the applicants for a mortgage under the National Housing Act, Part 1. You still have that very severe test to get over to obtain that decreasing amount that may be loaned by way of percentage of land lending value.

That brings me back to the point I was making in reply to Mr. Speakman's question about the difference between land value as an element of appraisal as distinguished from its fluctuating market value, which may change rapidly from day to day or month to month under some situations.

Mr. FORBES: I am thinking of the same thing, probably, as Mr. Speakman, that if a young farmer wanted to get started up he would not have any opportunity as would an older person, as he would have a limited amount of funds. There is the price down on the piece of land, he would pay 10 per cent of the value of the farm down and get a loan for the balance.

Mr. FLEMING (*Eglinton*): That would involve an extensive revision of the act. The percentage has been moved up, as Mr. Chester has indicated. We cannot go above 65 per cent.

These are questions of policy and it is this sort of thing on which the views of members of the committee will be very helpful as bearing on this study which the Department is carrying on that I mentioned earlier.

Mr. FORBES: That is one thing that happens to a young man starting up today to get the amount of money to pay down required under this act. I would like to see something implemented to get him started with the least possible down payment.

Mr. CHESTER: Once you come to the point where you are overloading anybody with debt that cannot be repaid that is where we tie in with what Mr. Speakman said about the ability of the farmer to repay his loan. That determines the amount of loan we make. It is a matter of judgment, of experience,

and I think the same thing applies under Central Mortgage loans. You have to be earning a certain income in relation to the amount of loan that is given. This all ties in with the ability to repay and it must be tied in; otherwise you get into situations where you have overloaded somebody with a debt that cannot be repaid and both the borrower and the board would then be in difficulty.

Mr. HALES: The statement is a very important one, Mr. Chairman. I was wondering in the last report for the year ending 1957 what amount was written off for uncollectable loans and if so is there any reserve set up before this profit figure is arrived at?

Mr. CHESTER: Yes, we have a reserve for losses. Again it is related to our capital and must not exceed our capital. When our capital in 1956, was \$3 million the financial set-up was reorganized that is when that clause came into effect, that our reserve must not exceed our capital. At that time it did exceed our capital and we refunded to the Minister of Finance, the Receiver General, the difference between \$3 million and what our reserve was then, (\$444,258). So we have at the present time a reserve fund of about \$3½ million. I will get the right figure.

Mr. HALES: And the uncollectable amount written off last year?

Mr. CHESTER: They are always written against our reserve. Our reserve is \$3,209,769 at the end of March 1958. Net losses on real estate transactions \$818 last year.

Mr. HALES: You mean that is all the uncollectable amount?

Mr. CHESTER: That is what they were, the amount that was written off.

Mr. BOULANGER: What is the loss since 1949?

Mr. CHESTER: In round figures the board has lost about three quarters of a million dollars—\$718,298.59—and those losses have all been taken care of within the operation of the board. The board has paid those losses from reserves.

Mr. CAMPBELL (*Lambton-Kent*): Mr. Chairman, I would like to ask if any consideration is being given to the matter of increasing the totals which may be loaned to any one individual? I may say on page 3 you have outlined the purposes for which you may loan money. I suggest that if consideration has not been given I would like to see it given to increasing the amount of \$15,000 which I understand is your maximum. Now, \$15,000 will only buy approximately 30 acres of land in my territory and that does not allow anything for these other things you have to get, such as fertilizer, implements, livestock, and so on. I would like to see the total increased from \$15,000 that I understand now is the limit that any one individual can borrow.

Mr. FLEMING (*Eglinton*): Some of these suggestions of that kind, of course, pertain to matters of policy. Mr. Chester is here to answer any questions pertaining to operations. Any question involving a change in the law would naturally be a question of policy for the government.

Any suggestions of that kind, of course, will be taken into account in connection with this review that is proceeding now on features of the legislation.

We do not in the committee ask civil servants or persons who have not government responsibility to pass comments on questions of policy. In other words, I do not think it will be proper for Mr. Chester to say "I think it should be higher" or "I think it should be reduced." That is established now by the statute and all these things, as I say, are encompassed within the scope of the review which is proceeding at the present time.

I do want to state that any suggestions which hon. members care to make will be carefully noted and, of course, given due consideration.

Mr. JORGENSEN: I would like to know, Mr. Chairman, if you have a breakdown of the provinces that have made applications for loans and if you have a record of the purposes of those loans. You have enumerated several reasons why you give these loans. I was wondering if there was a breakdown in that respect as well? Another question, while I have it before me, I would like to know if there are any areas in which loans are prohibited?

Mr. CHESTER: The answer to that is no.

Mr. HORNER (*Acadia*): One page 3—

The CHAIRMAN: Pardon me, there is other information here.

Mr. CHESTER: The loans made by provinces from inception are: British Columbia \$7,238,000—

Mr. JORGENSEN: I wonder do you have extra copies of this?

Mr. CHESTER: Not with me, but we can have them provided for you.

Mr. JORGENSEN: I wonder if you would have them distributed to the members of the committee rather than reading them out?

Mr. CHESTER: Our annual report, which should be available very shortly—it is in the printer's hands—will have all this information in it and if you have our annual report for last year that has it up to the end of March, 1957.

Mr. JORGENSEN: Is it in this report?

Mr. CHESTER: Yes.

Mr. FLEMING (*Eglinton*): Perhaps with that in mind it might complete the record if you just give the figures for 1957-58 pending the time when the 1957-58 report is available for distribution and members could just build on the facts they have in the ordinary course in the 1957-58 annual report.

Mr. CHESTER: Do many of you have the annual report? We have a few. I do not think we have sufficient for everybody; we will distribute what we have.

I will give you from April 1, 1957, to March 31, 1958, which, added to the totals you have, will make the present total. British Columbia \$542,530; Alberta—

Mr. DOUCETT: Mr. Chairman, would it be possible to get the number of loans with the amount?

Mr. CHESTER: Yes.

<i>Province</i>	<i>No. of Loans</i>	<i>Amount</i>
British Columbia	98	\$ 542,530
Alberta	570	2,608,546
Saskatchewan	1,076	5,467,085
Manitoba	393	2,010,225
Ontario	984	7,003,846
Quebec	122	636,180
New Brunswick	64	282,333
Nova Scotia	53	280,729
Prince Edward Island	140	512,081

The total number of loans is 3,500 and the amount is \$19,343,560.

Mr. FLEMING (*Eglinton*): Perhaps it might be well if Mr. Chester just made a comment on the Quebec figure, which may look low by way of indicating the situation in regard to the provincial sources of agricultural credit.

Mr. HALES: I wonder if he would compare the low with the high? Why is Saskatchewan so high?

Mr. CHESTER: Well, there is much more farm land in Saskatchewan than there is in Nova Scotia, for instance. It is really the volume of the applications and the extent of farms in the province which pretty well governs the amount of money we loan.

In connection with the figures in Quebec, up until a very short time ago Quebec was the largest borrower from this board of any province in Canada. I think it was in 1936 the Quebec Farm Board was inaugurated and up until 1950 they charged an interest rate of 3½ per cent. I believe it was 3½ to start with. It is presently 2½.

Mr. LATOUR: The rate of interest on that Farm Loan was 2½% and the terms for reimbursement were 39 years. The total amount loaned by that office was over \$154,000,000.

Mr. CHESTER: In the 1930-31 session, the Quebec legislature enacted legislation to contribute towards loans made to farmers and to rebate interest rates on loans made by the Canadian Farm Loan Board in the province of Quebec to the extent of 1½ per cent. Our interest rate at that time was 6½ per cent. In effect it reduced our interest rate to the borrower to 5 per cent. This only applies to the province of Quebec. This legislation remained in force until December 1, 1950, when interest rates to Quebec farmers were then 3 per cent. In 1936 the province of Quebec through their L'Office du Credit Agricole du Quebec charged a very low interest rate, but they continued until the year 1950 to subsidize this board's interest rate charged to farmers in Quebec. In other words, no matter what our interest rate was, they paid the difference between our rate and 3 per cent. They reduced our rate by 1½ per cent.

From 1940 to the end of 1950 Quebec was the best customer of this board. The board made 7,895 loans on first mortgages, 2,876 on second mortgages, for a total of \$17,128,787.30. From January 1951 until the end of March 1957, while our business was greatly increasing in other provinces across Canada, only 958 loans totalling \$3,354,000 were made in the province of Quebec. That is because the Quebec government discontinued subsidizing the interest rate of this board to their farmers in 1950, so that the effective rate on our lending to farmers in Quebec since 1950 has been exactly the same as in other provinces, namely 5 per cent.

Mr. JORGENSON: There was a question I asked about the purpose of the loan, and I am interested particularly in last year.

Mr. CHESTER: In 1957-58, to buy land or pay land secured debts, 63.4 per cent; to pay other debts 21 per cent; for livestock, machinery and improvements, 11.7 per cent; sundries 3.9 per cent.

Mr. FORBES: Could we determine whether or not the young fellows are getting in on this? Have you any figures in respect of the numbers of young farmers who are covered under this?

Mr. CHESTER: We can obtain that information for you.

Mr. HORNER (*Acadia*): I have a question in respect of the purchase of farm land. Is it strictly grass or grazing land?

Mr. CHESTER: Any land?

Mr. HORNER (*Acadia*): Does it have to be cultivated?

Mr. CHESTER: No.

Mr. HORNER (*Acadia*): To what extent does the farm land on which you are going to borrow money have to be built on? Does the loan have to involve a mortgage on the set of buildings?

Mr. CHESTER: Included in our security there should be a set of buildings necessary for the proper operation of the farm.

Mr. HORNER (*Acadia*): Suppose a person is enlarging his holdings, on a new mortgage would he have to take his old farm in under that mortgage?

Mr. CHESTER: Generally speaking that is the best procedure for him and for us.

Mr. HORNER (*Acadia*): I note that in 1957 the board paid \$40,000 in income tax and this year probably paid a little more. I think we should definitely lower the interest rate, because 5 per cent over a period of 15 years runs into a lot of money.

Mr. CHESTER: If you only lowered it by the amount of our surplus earnings you would not be lowering it one-tenth of one percent.

Mr. HORNER (*Acadia*): Still you should lower it. I do not think that any government business ought to make money. Our first thought should be to do service to the people. We should lower it down to around 3½ per cent so that the farmers could borrow it with a reasonable chance of paying up the loan over a period of years.

Mr. FLEMING (*Eglinton*): Do you realize that that would mean a subsidy?

Mr. HORNER (*Acadia*): Perhaps. Looking at the table, our administration costs are half of one per cent. Probably we could lower the administration costs and maybe our loans would benefit.

Mr. FLEMING (*Eglinton*): It must be realized that takes us further in the field of credit. The rate which would reduce the over-all cost of operation would hardly be a reduction which would take you further in that field. I take it that the ground on which parliament would consider any further extension of credit is on the basis that this is serving a national need. I think we will have to accept the fact, if anyone is proposing a rate of 3½ or 4 per cent, that it would mean a subsidization out of the federal treasury. There is just no elasticity to reduce the cost of operation to the point where you can lop off half of 1 per cent without subsidization.

Mr. HORNER (*Acadia*): I think present farm conditions perhaps warrant subsidization. In a great many cases the farmers have to enlarge holdings in order to enable them to become an economic unit. If that is the case, I think we should perhaps subsidize them for three or four years until they are able to produce economically under present conditions.

Mr. MONTGOMERY: Mr. Chairman, I find that if a person waits long enough here he eventually gets the answers to some of his questions. However, there is one thing I would like to ask Mr. Chester. Have you any way of judging or knowing, under your appraisal system, whether or not there is a fair appraisal made? I can only speak of situations which come to my mind and which are in my own constituency or in bordering constituencies. I think one of the difficulties which is causing a great deal of the criticism of this act at the present time, to the effect that farmers cannot obtain loans under this act, is the fact that an appraiser will go out and he will appraise one farm in a community, we will say, at \$6 or \$7 thousand, and that man will get a loan; in a community very close to this community, another farm will be appraised, which every one in the community knows is just as good a farm or is just as good a risk, and that farmer will not be appraised as highly.

Our trouble in my area, down east, is with the appraisers. There is a branch office in Saint John and your appraisers there, and no doubt your people at the head office, feel we are in a very speculative business, the potato business. There has been in the past some quite heavy losses. However, I wonder if you have any way of determining the fairness of the appraisals? I am not criticizing; I am only carrying forward the criticism which I hear. I know, in some instances, we could not criticize the appraiser. I know him very well. But, there are cases which were turned down which I do not think were justified.

I wonder if you have given any consideration to having an appeal board set up. Such an appeal board need not cost anything. One could be established

in each constituency to permit a farmer who feels he is aggrieved and not being treated as well as his neighbour to appeal the decision of the appraiser to the appeal board. This appeal board could consist of the county court judge, another farmer and a good businessman. They need only sit once a year during the summer period or the fall.

I notice, by looking at this book, in New Brunswick I do not think there are too many cases, unless they loosened up last spring. We do not have any complaint in respect of the term of forty years. I think it is a long enough period for anyone to have to repay a loan. I have never had any objection on that score. Also the amount, I think, is fair; but when a man applies for a loan of \$3 or \$4 thousand and the board comes back and offers him \$1,300 or \$1,400 or \$2,000, then there is something wrong with the appraisals. Even when the banks are lending a man without security considerably more than that, the board has turned down loans.

The whole trouble seems to be with the uniformity of appraisals. The question which I would like to ask is: are you satisfied with the the appraisal system which you have?

Mr. CHESTER: Are you speaking of New Brunswick in particular?

Mr. MONTGOMERY: Yes.

Mr. CHESTER: Right at this moment we have our chief appraiser in New Brunswick. He is there for a month and one of the purposes of his visit is to determine the questions which you have asked. We believe we have been fair, but we have had some complaints and we are in the process of checking on that.

I might say that the applications for loans which are declined in New Brunswick are all sent to the head office for observation before they are finally declined. At head office we treat these impartially and attempt, if anything, to favour the applicant. We have yet to see anything come before us which was declined where the appraised value had anything very much to do with it; generally, there are other circumstances which are quite involved.

I have corresponded with some of the members here and some have called me. We are perfectly willing at all times, within the limitations of the confidential nature of our business, to explain to you the reasons why we have taken whatever action we have taken. Generally speaking—I think I might say always—everyone to whom I have spoken in that regard has agreed we have had a sound basis for the decision which we have made.

Mr. MONTGOMERY: I would like to say I have been one of those who, I think, spoke with Mr. Chester over the phone, and as far as cooperation is concerned I could not ask for anything better. I want him to know I appreciate all the help he has given me.

There is another matter. Do you take into consideration the age of the applicant? I know there have been some cases in which I might agree with the board where a man of 45 or 50 years of age is involved. But in the case of a man 35 years of age, would his age be taken into consideration?

Mr. CHESTER: The age is taken into consideration; also his experience and ability as a farmer, his attitude towards debts, and his previous record of repayment of debts to others. Certainly it is not only the value of the farm upon which we make a loan.

Mr. MONTGOMERY: We have quite a few of our farmers who are not large farmers. They have perhaps 100 to 150 acres. They may have 50 or 75 acres in a wood lot of hardwood, some poplar, and a good farmer may regard that land as being just as important as cleared land. But I understood the board takes that very little into consideration when loaning money.

Mr. CHESTER: We cannot place as high a value on it as some people think a wood lot is worth. We certainly take it into consideration when considering his repaying ability, which is an important factor in making a loan.

Mr. FLEMING (*Eglinton*): Mr. Chairman, would you excuse me. I have to attend a cabinet meeting now. I will make myself available if there are any questions on policy on which the committee would wish me to be present on. Mr. Chester will be here to deal with any matters concerning operation.

The CHAIRMAN: Thank you Mr. Minister. I would suggest that the members confine their questions to matters of operation and not policy from now on.

Mr. SOUTHAM: I was going to make a remark supplementary to what Mr. Campbell said. In Saskatchewan, from where I come, due to agrarian changes which are taking place out there in the larger farms in order to make them an economic unit, and because of the acceleration of automation which goes along with that, I do not think a \$15,000 maximum is enough in a loan. I would like to suggest that be taken into consideration. There is a vast economic change taking place; it is just evolution. I think we have to accelerate our plans and our maximum in order to keep in step with what is taking place.

The CHAIRMAN: I believe that that would be a question for the minister to answer.

Mr. BRUNSDEN: Mr. Chairman, I am interested in the paragraph at the bottom of page 2, lending powers, and running down to the end of the paragraph on page 3. Would Mr. Chester give us a few words in respect of the relationship, or perhaps the lack of relationship in so far as my part of the country is concerned, between the lending ability of the board and the actual lending procedure of the board? What I mean by that is this: I have a very close connection with the Canadian Farm Loan Board. Their appraisals are sound. However, they certainly are not related to the market values, and they cannot be. In very few cases in the province of Alberta, and I am speaking particularly of the south, is a loan approved for more than one-third of the appraised value. If the loaning ability is 65 per cent of the appraised value, I am wondering why the one-third feature not only is introduced but adhered to in most instances? I am not speaking critically, but rather I am looking for information.

Mr. CHESTER: To begin with, I think your figure of one-third is very low. I can find out what our average loan is as expressed in a percentage, but I believe it would be very much higher than that. Many people do not apply for a 65 per cent or a 50 per cent loan. A man may have a \$10,000 farm and only apply for a \$2,000 loan. There are many loans made in Alberta, as in other provinces, at the appraised value of 65 per cent.

Mr. BRUNSDEN: I would say that the majority of the applications are reduced from the amount applied for.

Mr. CHESTER: You mean reduced by the board; a man applies for \$5,000 and we approve \$4,000. Is that what you mean?

Mr. BRUNSDEN: Yes.

Mr. CHESTER: The incidence of that is very, very seldom in the last year or two; although there was more of an incidence previous to 1956.

Mr. BRUNSDEN: I am very glad to hear that.

Mr. CHESTER: There has been a vast improvement in that respect.

Mr. BRUNSDEN: I should add that most of my experience has been on irrigated land which is not within the purview of the board and that may be one of the reasons for the low appraisals. It is very difficult for a man

in my part of the country to secure a loan in an amount of more than \$3,000 on a quarter section of irrigated land. \$3,000 applied to the purchase of an additional piece of land including livestock and including any arrears of debt is a very modest amount.

Mr. NASSERDEN: How do you invest the reserves, if you do?

Mr. CHESTER: In farm mortgages; we have it loaned out and we also have our capital loaned out in farm mortgages.

Mr. MILLIGAN: Does the board pay interest to the government?

Mr. CHESTER: We certainly do. We are paying 4 per cent interest and are charging 5 per cent.

Mr. MUIR (*Lisgar*): I would like to ask Mr. Chester if, in the light of the board's past experience in making loans, would he feel that parliament would be justified in increasing the amount of loan available to each individual

Mr. CHESTER: Are you referring to the maximum loan of \$15,000? That is not within my purview.

Mr. MUIR (*Lisgar*): In the light of the experience of the board in respect of the manner in which these loans are being repaid, as well as your smaller loans—I do not want to put you on the spot—how many loans have you at the maximum?

Mr. CHESTER: We would have to look that up. I think we have a percentage.

The CHAIRMAN: I think that is quite important.

Mr. CHESTER: These are loans approved for all provinces: there were 3,850 loans approved, of which .5 per cent were in the amount of \$1,000 or under, a negligible amount; 55.9 per cent were between \$1,001 and \$5,000. Twenty per cent were between \$5,001 and \$7,500; 13.1 per cent were between \$7,501 and \$10,000; 4.4 per cent were between \$10,001 and \$12,000; 2.5 per cent were between \$12,001 and \$14,999; 3.4 per cent were in amounts of \$15,000.

Mr. MUIR (*Lisgar*): In that case, referring to the figures, there would be a very small percentage who would require amounts over \$15,000.

Mr. CHESTER: In respect of the total I would say the answer is yes.

Mr. MILLIGAN: Mr. Chairman, I do not have any criticism of the board, or the appraisers, but the experience I have is that this act is not covering what it set out to do. I believe this act was introduced in order to help the young man. Take the average farm of \$15,000; an equity of 65 per cent of what he paid for the farm would be tough enough. But, when you take the agricultural productive value into consideration the amount of the loan is cut down to about a third of the value of that farm. Take a farm of \$15,000 and a young man goes out to buy it. Sixty-five per cent of the value would be \$9,750. He has to have the balance of that in cash. I think we should be prepared to go further. From my experience in my riding, anyone who wants to get a loan has to put up security. If it is a young man, his father or someone else has to have a farm to put along with it in order to provide the security to buy the adjoining farm. And it seems to me that anyone could go out to any individual borrowing institution and get that, but the man we want to help is the young man who is the one who wants to get established on the farm.

Mr. HORNER: Along that same point, Mr. Milligan said a farm valued at \$15,000. The actual selling price of that farm would be \$20,000 and the board says it is \$15,000. That is where the appraisal value has to come into consideration because the real estate value of the farm is a lot higher and yet in these cases that is what the board values it at and when you take 65 per cent of the board's valuation of the property that is lowering it down

to perhaps maybe 50 per cent of the real estate value of that farm or the selling price of that farm and I definitely think the appraisal value should be raised to about 90 per cent, or 90 per cent of the appraised value of the farm.

Mr. MUIR (*Lisgar*): I would just like to ask another question on the same line. Does the board use the assessed value?

Mr. CHESTER: Municipal assessment?

Mr. MUIR (*Lisgar*): Yes.

Mr. CHESTER: No, there is too much variation in that.

Mr. FORBES: Mr. Chairman, just on that point. In Manitoba we have a government system of assessment and that assessment is made by competent assessors, they are mostly agricultural graduates and the assessment is based on the location of the property and the productive ability of the soil. They take soil samples from four different parts of a quarter section and it is analyzed and they know the capacity of that soil and that is almost completed. They have completed over two-thirds of the province and I think it would be of great assistance to the lending board in establishing the lending value on that land.

Mr. CHESTER: I wish all other provinces had the same thing. I should qualify that statement I just made. We do use it in connection with our valuations in Manitoba for comparative purposes. We can see whether we are close or out. If we are out we want to know why. We do use that equalized assessment in Manitoba.

There also is one in Saskatchewan which is in the process of being brought up to date and I understand Alberta is also in process of having equalized assessment. When you have them you have a very good formula for comparative purposes and we do make use of them wherever they are available and it is available in Manitoba.

Mr. FORBES: I am glad you said that.

Mr. SOUTHAM: Is ability taken into consideration in each case when you are making a loan?

Mr. CHESTER: Oh, very much so, yes. Our act requires us to do that. His character and his ability are all taken into consideration.

Mr. SOUTHAM: We have in Saskatchewan right now quite a bit of emigration from the farm into other provinces to industry due to the fact that they do not think they have the economic ability in agriculture there. A lot of them are getting away from the farm environment and you have the remark that too many strings are attached to getting these loans and I think they have been a little too stringent in appraising them. I often wondered if that factor was considered enough.

Mr. CHESTER: It is one of the most important consideration when you loan money.

Mr. GUNDLOCK: I would like to ask Mr. Chester if there is a relative scale for repayment in regard to the applicant's age?

Mr. CHESTER: No, there is no limitation on the age other than he must be of legal age, 21, and we have made loans to persons as old as—I was going to say 81, I think maybe it would be a little exaggerated, but certainly in the 70's.

Mr. GUNDLOCK: Still with the 25-year loan?

Mr. CHESTER: Yes, we will make a 25-year loan to a man of 70. We do not anticipate that he will pay it off, but somebody will eventually.

Mr. GUNDLOCK: While I am speaking I would like to say for Mr. Chester's information that equalized assessment is also available in Alberta and it is a very good one.

Mr. CHESTER: Have they got it completed in Alberta?

Mr. GÜNDLOCK: As far as I know it has been completed over a year.

Mr. CHESTER: Well, we have all the information on it, I did not know that it was completed.

Mr. HICKS: Is poultry included as livestock in the loans and if not why not?

Mr. CHESTER: Well, poultry, of course, is livestock, but we do not loan on the basis of livestock. That is not any security for our loan.

Mr. HICKS: Not at all?

Mr. CHESTER: No, we cannot make a loan against livestock nor can we make a loan against the security of machinery. Chattels of any kind are not security for our loans and we cannot base a loan on that. The only thing we can loan on is the land and buildings, nothing else.

Mr. NASSERDEN: To get back to the question of the 65 per cent. Without consideration for a person's age and experience and adaptability have there been any cases where you have made loans in excess of 65 per cent of the appraised value of the property?

Mr. CHESTER: We are not allowed to. The law will not allow us to. The answer to that would be no.

Mr. NASSERDEN: What I am getting at is, how do you figure that you ever take into consideration the adaptability of a farmer in regard to a loan?

Mr. CHESTER: We take his character into account and his ability as a farmer. What do you mean by "adaptability"?

Mr. NASSERDEN: That is exactly what I have been referring to. It would mean that he has security according to his 65 per cent?

Mr. CHESTER: Within our limits, yes.

Mr. NASSERDEN: But it never goes above?

Mr. CHESTER: No, the law will not allow us to go above 65 per cent nor will it allow us to go beyond \$15,000.

Mr. BOULANGER: I have seen a report made by the Veterans' Land Act, a good report. Do you think it would be a good thing that the Farm Loan Board would do the same inquiry and know the need for money and all kinds of things in the future?

Mr. CHESTER: I do not think that is within our purview at all.

Mr. SOUTHAM: Is there any counselling in connection with the appraisal in getting these loans through to young farmers? I find a lot of our younger group where someone comes in and is appraising an application and there is a certain amount of advice given by people who have agricultural authority. I think there is a very important education in connection with this in the national economic set-up with all the accelerated changes taking place and switching from the old methods to the new and with this you should require better economic and bookkeeping systems. Is there any educational program along that line?

Mr. CHESTER: No, we do not have any extension division within our board. We could not possibly do it within the framework of our act which requires us to pay all expenses on everything we do and maintain our moderate interest rate, but I might say this, that our appraisers are sound. They are men of experience and at the time they make a loan they discuss the purpose of the loan very thoroughly with the applicant. The applicant might want it for some purpose and our appraiser thinks it should be used for another purpose to his benefit. That is discussed at the time of the making of the loan and the final decision, of course, is always left with the applicant. But these things are pointed out.

Mr. SOUTHAM: I feel the matter of farm economy in increasing long-term loans to farmers in western Canada is one of the most important aspects we have to deal with in the economy set-up we have. That is something that I think is very, very important if by accelerating the agricultural representatives working any place, appraisers, and so on, and I understand from what I know of Ontario farmers the way the Farm Board works down here, if there is supplementary supervision of young farmers it helps to make the incidence of repayment so high. They are all dovetailed together to a successful conclusion as far as your board is concerned of repayment and to the benefit of the farmer himself. I do not see too much of that in western Canada and I think it is one of our problems.

Mr. JORGENSON: Mr. Chairman, I doubt very much if it is possible for the Farm Loan Board to go into this field. I think the farm board for the purpose it was created is doing a reasonably good job but I think to go into this other field which has been mentioned on several occasions here would require the setting up of an entirely different administrative unit such as they have under the Veterans' Land Act and I think that this is the only way this problem could be handled which would defeat entirely the purpose of the board.

Mr. HORNER (*Acadia*): There has been no mention as to when the appraisals were made. I understand the appraisals extend from September 1 to December 1. I see a possibility of appraising it throughout the winter with soil maps and advice of real estate agents in the district. In my constituency I can practically tell you the value of the land whether in the middle of the winter or not. Anybody who has been farming in a country for eighteen or twenty years knows what that land will produce and whether it is in the middle of the winter or not they will have an idea.

Particularly I think in Alberta the farmer takes his net worth statement in the fall of the year mainly after he has sold his cattle for the winter, he knows what grain he has got in his granaries and what grain he can sell. He takes his net worth statement in the fall, he reviews the whole thing, he says: "I am either going to give up farming or enlarge and buy more land". He makes his estimate in the fall of the year and in the spring nine farmers out of ten are dead broke. They have maybe got enough to carry on for the summer with the aid of a bank loan, put in their crop and wait for next fall again. I think there should be some thought given to the appraising of the land up to the first of the year it not all winter long.

Mr. CHESTER: Well, in regard to that there are no restrictions as to dates. The restriction is the soil frozen or is it covered with too much snow, that a proper examination cannot be undertaken. That is the only restraining factor there. In some provinces we appraise all winter long where weather conditions permit it. The lower mainland of British Columbia, the southwestern part of Ontario, places like that where the climate is much milder. Soil maps tell you about the land. They do not tell you anything about the buildings. They don't tell you anything about the state of cultivation. They do not tell you anything about the weed situation, the fertility of the soil. Those things have got to be seen and our act requires that before any loan can be made it must be inspected by an appraiser of the board. Our act requires that.

Mr. HORNER (*Acadia*): Maybe there was an exception in the last two years but over the past few years it has been proven that the Farm Loan Board has not been very active and has not certainly done all it could be doing particularly in the western part of Canada.

The CHAIRMAN: That may be all right in Alberta but I know in Ontario—and I think Ontario members will agree with me—that it would be impossible to make an appraisal of our Ontario farmland.

Mr. SPEAKMAN: Mr. Chairman, just on a point of information, does the Farm Loan Board, Mr. Chester, supervise their loans much in the same manner as the Veterans' Land Act?

Mr. CHESTER: I would have to have that word "supervise" explained to me.

Mr. SPEAKMAN: This Veterans' Land Act have a staff who are counselling all the time. They are sticking right along with the veterans who are under their supervision and typing them as to groups and advising them as to their livestock problems and that sort of thing. You do not have a staff to do that, I presume?

Mr. CHESTER: No. The supervision that we give usually comes when a man falls in arrears. This might be similar in the case of the Veterans' Land Act in certain instances anyway. At any rate we do supervise the loan when it falls into arrears. We go up and make calls on him and see what the reasons are and make suggestions if there are any.

Mr. SPEAKMAN: But as long as the man is in good standing you pay no attention to him?

Mr. CHESTER: That is right.

Mr. SPEAKMAN: The Veterans' Land Act, of course, are supervising both the successful and unsuccessful and I wondered if you did that?

Mr. CHESTER: There is no demand for it amongst our borrowers and if we did that our costs of administration would pyramid very, very rapidly and you would never be able to maintain a reasonable interest rate providing you had to pay for those services.

Mr. SPEAKMAN: I think that many of those borrowers would resent it, too?

Mr. CHESTER: Yes, our borrowers are generally pretty sound farmers and for us to go and tell them how to farm we would really be in trouble.

Mr. LETOURNEAU: Mr. Chairman, owing to the fact that we have a provincial loan limited at \$8,000 would you give me, Mr. Chester, the percentage of the loans in Quebec that are above that amount?

Mr. CHESTER: I can get it for you.

Mr. LETOURNEAU: Would you do that for me?

Mr. CHESTER: Yes.

The CHAIRMAN: Gentlemen, I believe our time is running out. There is another group coming into this committee room immediately. I have discussed it with the clerk that we meet again on Thursday at 9 o'clock. Would that be satisfactory? Tomorrow is caucus, you know.

Mr. JORGENSEN: Are we going to carry on with this bill?

The CHAIRMAN: We will adjourn now and then continue on.

Mr. JORGENSEN: It is not your intention to go through this now?

The CHAIRMAN: No, the minister suggested that he will be in on Thursday if possible and he will be able to take up the mechanism of the bill, etcetera.

Mr. SPEAKMAN: Might I suggest Veterans Affairs are meeting Thursday too and a good many members of this committee are members of Veterans Affairs and we were given to understand that these two committees particularly would correlate their times.

The CHAIRMAN: I will try and arrange that with the clerk.

Mr. FORBES: Could I have one more question?

The CHAIRMAN: Just one.

Mr. FORBES: How many appraisers have you got in the province of Manitoba and do you always have a local man as appraiser?

Mr. CHESTER: In Manitoba we have three permanent appraisers. They work out of Winnipeg.

Mr. FORBES: All out of Winnipeg?

Mr. CHESTER: Those three, yes. We have six part-time appraisers spread around the province.

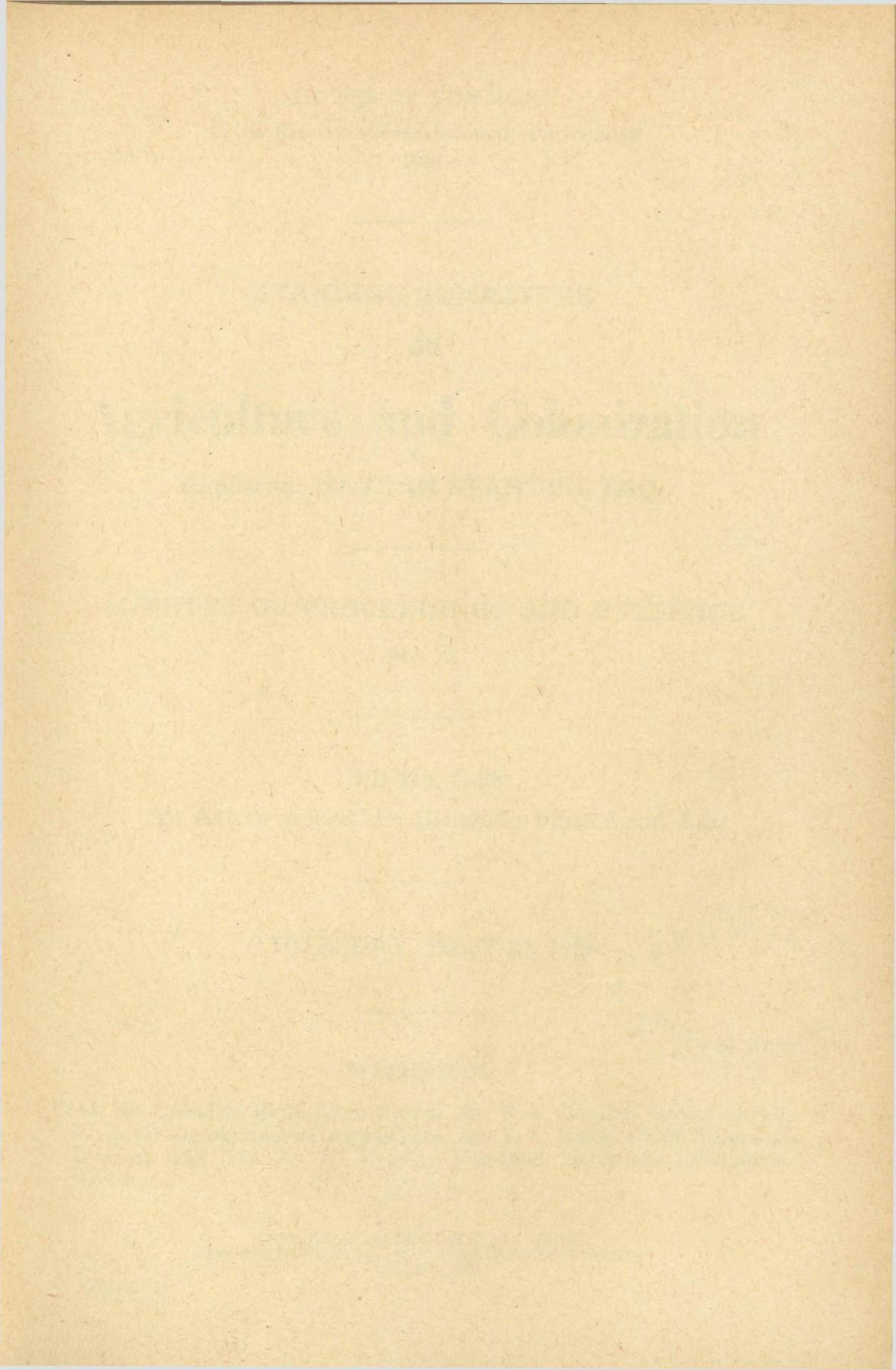
Mr. FORBES: Could I ask you who the appraiser is for the Dauphin area? Have you a local man there? Is that a fair question?

Mr. CHESTER: We have a man at Swan River who just comes down to there and then the balance is done for Winnipeg.

The CHAIRMAN: Will somebody move the adjournment of this meeting?

Moved by Mr. Nasserden and seconded by Mr. Letourneau that we adjourn.

—The committee adjourned.



HOUSE OF COMMONS
Fifth Session—Twenty-fourth Parliament
1958

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Bill No. C-38

An Act to amend the Canadian Farm Loan Act.

THURSDAY, JULY 24, 1958



WITNESSES:

From the Canadian Farm Loan Board: Mr. F. L. Chester, Commissioner;
From the Department of Agriculture: Dr. J. F. Booth, Chief Economics
Division and Mr. A. H. Turner, Principal Economist, Economics
Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: Hayden Stanton, Esq.,

Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Argue,	Henderson,	Pugh,
Barrington,	Hicks,	Racine,
Boivin,	Horner (<i>Acadia</i>),	Rapp,
Boulanger,	Howe,	Ricard,
Brunsdon,	Kindt,	Richard (<i>Kamouraska</i>),
Cadieu,	Knowles,	Richard (<i>St. Maurice-</i>
Campbell	Latour,	<i>Laflèche</i>),
(<i>Lambton-Kent</i>),	Leduc,	Robinson,
Doucett,	Létourneau,	Rompré,
Dubois,	McBain,	Rowe,
Dupuis,	McMillan,	Smith (<i>Lincoln</i>),
Fleming (<i>Okanagan-</i>	Michaud,	Southam,
<i>Revelstoke</i>),	Milligan,	Speakman,
Forbes,	Montgomery,	Thomas,
Forgie,	Morissette,	Thompson,
Godin,	Muir (<i>Lisgar</i>),	Thrasher,
Gour,	Nasserden,	Tucker,
Grills,	Noble,	Villeneuve,
Hales,	Peters,	Winkler,
Gundlock,	Phillips,	Yacula—60.

M. Slack,

A/Clerk of the Committee.

ORDER OF REFERENCE

House of Commons,
WEDNESDAY, July 23, 1958.

Ordered,—That the Standing Committee on Agriculture and Colonization be granted leave to sit while the House is sitting.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORTS TO THE HOUSE

WEDNESDAY, July 23, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

SECOND REPORT

Your Committee recommends that it be granted leave to sit while the House is sitting.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

THURSDAY, July 24, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

THIRD REPORT

Your Committee has considered Bill No. C-38, An Act to amend the Canadian Farm Loan Act, and has agreed to report it without amendment.

A copy of the Minutes of Proceedings and Evidence adduced in respect of the said Bill is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 24, 1958.

(3)

The Standing Committee on Agriculture and Colonization met at 9.10 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Barrington, Boulanger, Brunsdon, Cadieu, Campbell (*Lambton Kent*), Doucett, Fleming (*Okanagan-Revelstoke*), Forbes, Forgie, Hales, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Gundlock, Kindt, Knowles, Latour, Letourneau, Milligan, Montgomery, Morissette, Nasserden, Noble, Rapp, Richard (*St. Maurice-Lafleche*), Rompré, Smith (*Lincoln*), Southam, Speakman, Stanton, Thomas, Tucker, and Yacula—35.

In attendance: From the Canadian Farm Loan Board: Messrs. F. L. Chester, Commissioner; E. O. Bertrand, Board Member; W. A. Reeve, Secretary; R. M. McIntosh, Chief Accountant. *From the Department of Agriculture:* Messrs. J. F. Booth, Chief Economics Division; A. H. Turner, M. E. Andal, and R. Fortier, all of the Economics Division.

The Committee resumed consideration of Bill C-38, An Act to amend the Canadian Farm Loan Act.

Mr. Chester supplied information to questions asked at previous meeting, was further questioned and retired.

Dr. Booth, having been introduced to the members of the Committee, read a detailed statement on Rural Farm Credits and was questioned.

Mr. Turner, having been introduced to the members of the Committee, made a brief statement amplifying the Minister of Finance's statement of July 16 on the Resolution preceding the introduction of the Bill in the House.

Dr. Booth was further questioned and was permitted to retire.

Clause I, the Title, and the Bill were adopted.

Ordered,—That the Chairman report the Bill without amendment.

The Chairman thanked the officials for their assistance and co-operation.

At 10.20 a.m., the Committee adjourned to the call of the Chair.

M. Slack,

Clerk of the Committee.

EVIDENCE

THURSDAY, July 24, 1958
9 a.m.

The CHAIRMAN: Gentlemen, kindly come to order. We have the good fortune of having with us witnesses from the Canadian Farm Loan Board and from the Department of Agriculture to discuss, generally, rural farm credits.

I would suggest that since we had a pretty good discussion of the bill the other day, Tuesday, with Mr. Chester, that we get this bill through the committee as soon as possible because the minister desires to have this bill passed through the standing committee so he may bring it up in the house as quickly as possible.

If that is the wish of the committee, let us take as little time as possible with Mr. Chester and bill C-38 and then go on with the other witnesses. Is that satisfactory to the committee?

Agreed.

Are there any questions you would like to ask Mr. Chester?

Mr. HOWE: I was just wondering. The fund is pretty well depleted at the present time, in this Canadian farm loan board, and that is why we have to have this bill?

Mr. F. L. CHESTER (*Commissioner, Canadian Farm Loan Board*): Yes. At the present time our best guess is that we will not be able to make any commitments after about August 15. That is we shall have committed ourselves to \$80 million, and we cannot borrow any more until this bill is through the house.

Mr. HOWE: Does the fact that you are getting close to that danger point have the effect of slowing down the actual processing of loans?

Mr. CHESTER: No, not at all. We disregard that. We hope the bill will be passed before August 15.

Mr. HOWE: I know of an applicant who has been notified that he will get a loan. How long does it usually take after a loan has been approved for the applicant to receive the money?

Mr. CHESTER: As soon as the loan is approved we offer the loan to the applicant but sometimes there is a bit of delay on his part in accepting it. The minute we have his acceptance, the application is automatically turned over to our solicitors. They have to do the legal processing, draw the mortgage, search the title, and carry out the legal requirements.

Sometimes that work is done very quickly while at other times there are complications which delay it. It is out of our hands, once it is in the hands of our solicitors.

We try to keep after our solicitors all the time to have them do their processing as quickly as possible. But there are complications which arise such as with estates, individuals, distances, and various things.

But once an applicant has been advised that a loan is approved, it is in the hands of our solicitors. However, if the applicant is in an emergency and has need for the funds, generally speaking, he can always go to his banker and borrow against our commitment, whereupon we would pay the bank instead of the other creditors.

So wherever we see an indication of that kind we attempt to tell our applicant that he can do this—that is, go to his banker and borrow against our commitment, and we will pay the money to the bank as soon as all the legal processing is done.

Mr. HALES: In view of the fact that this fund is almost depleted now, and with the return of your money spread over a greater length of time, and with the increase in applications which you have, I wonder if this increase is enough for you to carry on your operation?

Mr. CHESTER: Our guess is that this will carry us along. We anticipate \$30 million business this year which is quite a large amount of business as you will agree.

We also anticipate the collecting of principal from our present borrowers in the amount of about \$5 million.

This sum might be less or it might be more but we think it will be in that neighbourhood. So we shall borrow from the Minister of Finance close to \$25 million.

We also have a refunding issue of \$5 million coming due on December 1st of this year.

I would say that from present indications \$120 million of borrowing power will last us a year and a half, possibly two years.

Mr. YACULA: I would like to have some information. I notice that the authorized capital has been increased to \$6 million and that you multiply it by twenty. How do you arrive at that figure of twenty?

Mr. CHESTER: That is in our act. The act says that the minister may loan to the board to the extent of twenty times the capital stock of the board.

Mr. YACULA: Why not pick a figure of thirty, or some other figure?

Mr. CHESTER: The act says twenty. It means that you have five per cent of your investment in capital, which is just about the minimum amount of capital which you should have for a business of this type.

Mr. JORGENSEN: You said there had been some changes made in the act a couple of years ago. Were those changes made in the form of an amendment to the act?

Mr. CHESTER: Yes.

Mr. JORGENSEN: Or were they simply changes in the methods?

Mr. CHESTER: There were changes in both regards. The act was changed very considerably. Our maximum loans were increased from 60 per cent to 65 per cent; in dollars, from \$10,000 to \$15,000; and in terms from 25 years to 30 years.

One of the factors that has made our loaning more acceptable to farmers is the elimination from our lending of second mortgages. We do not lend on second mortgages any more.

That was a short six year maximum term and it had to be secured collaterally by a chattel mortgage on livestock and equipment. But that has been eliminated from our act and no more do we loan on second mortgages, and no more do we loan on the value of chattels.

Further, I would say that as a result of representations made at this committee and as a result of our observations, there have been considerable changes made in the policy of the board within the operations of the board itself.

Mr. JORGENSEN: I think there are quite a number of farmers who do not know that changes have been made and I think there are some bankers as well who do not know about it because I still receive many letters from bankers who base their objection to the act on the restrictions which were in effect prior to the time that the changes were made.

Is it possible to get a list of these changes? If so, I would not mind passing them around to the inspectors.

Mr. CHESTER: I think that they are pretty well covered in the statement which I made at the last meeting of this committee.

Mr. JORGENSEN: You mean in the printed statement?

Mr. CHESTER: Yes. I think you can pick out those changes because they are listed in the statement.

I think you will recall that an hon. member of the committee suggested that a lot of the complaints antedated our 1956 amendments. It was just exactly two years ago that those amendments were made, and we have passed through only one full fiscal year with those changes in effect. But those things do not become public knowledge over night.

It is just gradually becoming known about our changes and about our increased lending.

Mr. FORBES: 65 per cent is the limit of what you can loan on a farm?

Mr. CHESTER: That is what the act says.

Mr. FORBES: And the limit on the capital amount is \$15,000?

Mr. CHESTER: That is right, to any one person.

Mr. FORBES: In many areas \$15,000 would acquire only a quarter section. Do you not think it would be a good idea to increase the percentage of the loan by 90 per cent of \$15,000 or increase the total capital to \$20,000?

Mr. CHESTER: That is a matter of government policy.

Mr. FORBES: Mr. Chairman do we have the privilege of recommending it here?

The CHAIRMAN: I think not, Mr. Forbes. We can discuss it to a certain extent but we must stick to the bill.

Mr. FORBES: Where would one make such a recommendation, Mr. Chairman?

The CHAIRMAN: Perhaps we may have another meeting on that line shortly. On second thought, perhaps we had better continue with the other witnesses from the Department of Agriculture.

Are there any further questions you would like to ask Mr. Chester?

Mr. CADIEU: Since you have discontinued accepting second mortgages, has it resulted in many more applications being turned down?

Mr. CHESTER: No. Our number of declined applications is less than previously.

There were three or four questions asked at the last meeting and I now have the answers to them.

The CHAIRMAN: Very well.

Mr. CHESTER: Mr. Forbes of Dauphin asked for information concerning the age of borrowers.

With respect to the loans which we made last year—that is the fiscal year 1957-58—91.2 per cent of the borrowers were 60 years of age or under.

52.6 per cent were 45 years or under, 19.9 per cent were 35 years or under. These could be compared to the ages of farmers as given by the census of 1951 which shows of all farmers in Canada 80.4 per cent are under 60 years of age, and 21.3 per cent are under 35 years of age. You will see by that the proportion of loans in these age groups compares almost identically with the age groups of the farmers themselves.

Mr. FORBES: I take from that there must be a number of young farmers having the benefit of these loans?

Mr. CHESTER: Yes, 20 per cent of our borrowers are 35 years or under.

Mr. Montgomery of Victoria-Carleton made some comment regarding the appraised values in New Brunswick. This required quite a bit of research to obtain this answer. However, for loans made last year the appraised

values were 91 per cent of market values. You have a bit of fluctuation in New Brunswick in values in the potato areas especially, and that might account for that difference.

We have figures in regard to Prince Edward Island which is more stable as far as values are concerned and our appraised values in Prince Edward Island are 97.5 per cent of market values.

Mr. Brunsden of Medicine Hat made some comment concerning the loans in Alberta about the board reducing applications and here are the figures for last year's loans. 46 per cent of the applications were approved for loans less than applied for, 44.2 per cent were approved for the same amount as applied for, 9.8 per cent were approved for a larger amount than was applied for.

In dollars, of the loans made last year, applications were for \$3,187,786 of which \$2,904,300 were approved which is 91.1 per cent of the total amount applied for. That is for Alberta.

Mr. Letourneau of Stanstead requested to know how many loans were made in Quebec over \$8,000. Last year there were 26 of these totalling \$287,500. This represents 22 per cent of the total number and 43.1 per cent of the total amount of loans made in Quebec last year.

I think those are all the questions that were unanswered at the last meeting.

The CHAIRMAN: Thank you, Mr. Chester. With the consent of the committee now, we have with us Dr. J. F. Booth, chief of the economics branch of the Department of Agriculture, and Mr. A. H. Turner, marketing section of the economics branch, also the stabilization vice chairman, Dr. M. E. Andal and Mr. R. Fortier.

I will ask Dr. Booth for a few comments and then Mr. Turner, and then you may ask questions.

Dr. J. F. BOOTH, (*Chief, Economics Branch, Department of Agriculture*): Mr. Chairman and gentlemen. I would like to say at the outset by way of introduction that those of us who are here from the Department of Agriculture are not associated directly with any of the actual operating credit organizations and in that sense, therefore, we do not profess to be specialists or have any intimate knowledge of the operations of agencies such as the Farm Loan Board which you are discussing.

We were asked last fall by our minister the hon. Mr. Harkness, to make some review and study of the existing credit facilities in Canada and elsewhere, and we have done that. A little later in my remarks, if I may, I would like to outline very briefly the nature of the material we have brought together.

It was suggested that since the committee is in the beginning of its study of the credit picture it might be appropriate if I were to refer briefly to some background because that in a sense might set a basis or give a setting to the sort of discussion that might follow.

In that connection I fully appreciate, of course, that anything I might say may be a duplication of something that has been said already and certainly it will be information which is known to some of you, through your contacts and your study of this question.

First, considering the various kinds of credit, we first think in terms of short term credit, credit of a seasonal nature to purchase feeds, fertilizer, gas and oil, to pay living expenses, to pay labour, and similar operating and living expenses of that nature. We think of that in terms of being credit for a few months to a year or so in extent.

Intermediate credit we think of for the purchase of livestock, the purchase of farm machinery, for financing and similar expenditures of a somewhat longer duration. Two to three years generally is the term, occasionally five years, and under some circumstances these loans even run up to ten years.

Then there is the long-term credit, with which I take it the committee is more concerned, credit to buy land, to erect buildings, to build fencing, tile drainage, clearing and breaking land and things of that kind. So much then for the kinds of credit.

As to the matter of variation of credit structure and use, there are very great variations in different parts of Canada over a period in this respect. Climate, geography and topography can affect, for example, the development of different types of agriculture in different parts of Canada and therefore affect the credit needs and the type of machinery developed.

Custom and historical background also have an effect upon these things.

Then, as you know, this country is divided broadly into four regions, agriculturally, and the types of agriculture in general differ quite appreciably. The prairie provinces particularly are more or less distinct in this respect and the area where probably the greatest demands have been made upon credit, at least in fairly recent years.

Now, with respect to jurisdiction I might say a word if I may. In the first place the provinces have jurisdiction over property and civil rights and these are related to the nature of credit. Each province has its own system of registration of land, each determines the kind and the form of security that may be taken, each determines the procedure to be taken in realizing on securities.

The federal government has jurisdiction over banking and currency, interest rates and bankruptcy. Where there is a conflict between federal and provincial interests in those matters the federal legislation prevails.

Now, with respect to changes in credit requirements—in here I think is rather an important consideration—in the early colonial agricultural period of this country the credit capital requirements were quite limited as we think of them today. Land was relatively free in many instances or relatively cheap in all cases. In 1893, for example, the average price of land sold by the railway companies and the Hudson Bay Company was \$2.93 per acre, and in 1900 the price was only \$3.27 per acre which is a quite different picture and has a quite different effect upon credit requirements to what we experience today.

In that period machinery needs and costs were very low. Living costs were low: farms were more self-sufficient than they are today, farming then was conducted in areas of diversification where the demand on credit and capital requirements was more limited because of the trend of getting a living from the farm and from the fact that anything that was obtained was more evenly dispersed throughout the year.

Credit provided was by local people in those early periods, by other farmers and from merchants and other people in the community. What I am trying to point out is that the structure of the credit needs was quite different in this earlier period.

The greatest effect on credit requirement was caused by the western expansion and by the trend toward larger farms. In that area people encountered the one-crop type of agriculture where crop hazards were very much greater than the older, more humid, more diversified parts of eastern Canada, and there was less self-sufficiency.

Methods of marketing were quite different in a one-crop agriculture, where the sales were made at one period of the year, and so in those days the farmer had to have credit to carry over the extended period in which there was relatively little or no income in the fall and winter months. There was limited income in those earlier days in the western part at least from livestock.

World War I represented in a sense a turning point in the credit needs, and a great increase in the cost structure came about.

Railway land, for example, and Hudson Bay land in 1918, the average price was \$18.71 on their sales as against the \$3 sum which I mentioned for a period

only 10 or 12 years earlier. In other words they had gone up nearly six times since 1900, and there was great borrowing to finance expansion in the war production program and in the changes in agriculture that were current at that time.

These changes, particularly the shifting towards mechanization, began to take place a little earlier than that, about the turn of the century. The decade from 1900 to 1910, for example, witnessed an increased use of binders, seed drills, gang ploughs and disc harrows.

From 1910 on, there were still greater changes during the war period and immediately afterwards, the shifting trend towards power equipment, which many of you will remember—large steam tractors and gasoline tractors and the new large platform ploughs, early headers etc. This meant a new cost structure for agriculture and greatly increased the expenditures required for the capital needs of agriculture.

From 1920 to 1930 that trend continued—steam tractors, the earlier combine and the header which I have mentioned. That type of large scale expensive equipment came into play during that period.

Then, because of the fact that it was discovered that the west at least could not operate on 160 acres or even on 320 acres in many areas, that led to the need of great expansion in the size of farms, and that in turn imposed requirements on the credit structure.

I would like to point out that that condition at that period was a necessary condition, a necessary expansion, a necessary development not only to meet competition elsewhere but to take advantage of the climatic conditions, the type of land that prevailed in the area where that one crop type of agriculture prevailed and where this great expansion took place.

So we have during that period a tremendous expansion and a greatly increased demand on credit facilities.

Then, World War II further amplified this whole picture, with the great reduction in manpower that occurred at that time on farms, we estimate there was approximately a 25 per cent reduction in the labour force during the World War II period, and a greater shift to mechanization again because of that.

Speaking from memory now I think the increase in sales of agricultural equipment reached a point of around \$250 million a year in certain of those years. It had actually reached a low point of less than \$20 million during the 1930 period. So there was a great expansion in the need for mechanization because of the changing conditions and particularly because of the reduced labour force on farms.

The post war period then again was characterized by a great urban and industrial expansion which still further drained manpower from agriculture and still further increased the requirements for credit.

That is a sort of hurried summary of the background which leads into the present conditions in agriculture as we see them, creditwise. Then the question arises: what has been done to try to meet this changing need.

Sources of credit, then. First with respect to short term or seasonal credit which I spoke of earlier, the banks have been the major suppliers. They have not only financed farmers in their seasonal needs but they have also financed the agencies handling farm product—grain, feed and livestock. Marketing agencies, cooperative associations and other agencies—the wholesalers and retailers who have handled farm products—have also financed the merchants, who have extended a good deal of credit to farmers. They have financed the garages that handle the repairs and gas and oil, and so on. And until recently at least they have financed the farm machinery companies on quite a large scale.

Then there have been in recent years credit unions in quite a large way and, of course, throughout the whole period there has been a good deal of credit by individuals.

In the intermediate credit field the banks, under the Farm Improvement Loans Act, have been the principal suppliers of intermediate credit in recent years. The extension of grants under the Farm Improvement Loans Act has been a very large development as you know. Merchants selling farmers home equipment are still carrying a substantial amount of credit. Lumber companies, some farm machinery companies or truck and tractor companies are carrying a good deal of farm credit, as have been credit unions and individuals. These are the sources of funds of the intermediate type.

With respect to long-term credit, mortgage credit as it is commonly referred to, the latter half of the nineteenth century witnessed the introduction of a considerable number of agencies of the mortgage credit type, particularly in the east. These agencies later expanded to the west and to all of the provinces. After 1900 mortgage companies' loans, and trust and insurance companies' loans shifted to the west largely and their operations were on a very extensive scale.

Loan companies really began in Ontario as building societies around the time of confederation and then extended their activities. They accepted savings and deposits; they sold debentures to the public; they originally made long-term mortgage loans and—well, examples of that type of institution is the Canada Permanent Trust Company, Credit Foncier and others.

Trust companies have been a factor in the past. They have acted as executors and administrators of estates; they have accepted savings; they sell debentures, and they have loaned money on farm mortgages on the same basis as loan companies and life insurance companies.

I might say that in 1939, according to our records, the loan companies, trust companies and life insurance companies have been operating also in agreements of sale on farm loans amounting to approximately \$30 million, on farm mortgages they held, totalling \$129 million at that time. That was in 1939.

In 1955, however, these insurance agencies, trust companies and loan companies—their holdings of farm mortgages had been reduced to \$32 million and their actual loans in 1956, I believe, totalled about 3½ million.

So the point there is that there has been a great change in the volume of credit extended by these three types of agencies—mortgage companies, loan companies and trust and insurance companies.

Now, just referring for a moment or two to government participation in this field—and then I will conclude this reference at least. Provincial governments got into the farm lending field of activity at quite an early date. Nova Scotia in 1912 enacted a Lands Settlement Act; New Brunswick in the same year introduced a Farm Settlement Board which involved credit extension; British Columbia in that same period, 1915, to be exact, introduced two acts, one called the Agricultural Act, to make loans of three different types, and in 1917 introduced a Land Settlement and Development Act.

Manitoba had two types of government-sponsored loans. In 1917 the Manitoba Farm Loan Association was formed and in 1917 also legislation to establish a Rural Credit Society. Loans of this kind were supplied by private banks for the first three years. After that the banks ceased to extend credit under that scheme.

In Saskatchewan the Farm Loans Act was passed in 1917 and carried on until 1935, at which time it ceased to operate except to wind up loans.

In Alberta in 1917 the Farm Loans Act was passed and also a Cooperative Credit Act.

In Ontario an Agriculture Credit Board was established in 1921 to deal with long and short-term loans; and in Quebec in 1929 a branch of the Canadian Farm Loan Board was established.

In 1936 the Quebec Farm Credit Act was passed. Up until 1956 the facilities in Quebec had loaned up to \$134 million and had outstanding at that time about \$83 million.

Now, Mr. Chairman, that in a rather hurried way is a sort of resume of the development of the credit needs in agriculture, the changing pattern of that need and a brief reference to the facilities that have been established over the years to try to provide that kind of credit; and you will recognize at once the very significant changes.

Perhaps the most significant change is the withdrawal or the greatly reduced activities of the farm mortgage companies, trust and loan and insurance companies. Their activities in the field of agriculture are very, very limited today compared with the previous operations.

The other significant thing, perhaps, is the efforts made by provincial governments to develop the credit machinery experience those agencies had gained before the abandonment of the activities in most of the provinces. In fact at the present time Quebec is the most active province in the field of farm credit lending.

Now, I think, Mr. Chairman, that is all I should say and perhaps I have taken more time than I should have on that phase of the program. If you wish I will now indicate something of what we have done at the request of our minister last fall.

The CHAIRMAN: Is that acceptable to the committee?

Agreed to.

Mr. BOOTH: Mr. Harkness asked us last fall to give some consideration to the present credit facilities here and elsewhere and also to examine the viewpoint of the agencies that have expressed themselves to us, and so on.

With that in mind, the economics division has given some study to the matter and has prepared some material which, of course, is at the present time in a tentative form and perhaps in no sense complete.

At the request of the minister we have examined the agencies now in operation,—that is, the Canadian Farm Loan Board, the Farm Improvement Loans Administration, the Veterans Land Administration and the Central Mortgage and Housing Corporation.

Let me say at the outset by way of preface that we have not made a detailed, critical examination of these agencies. That was not within our power and certainly was not within our terms of reference. So that our review of these is essentially a review of the principal activities and the manner in which these agencies function.

Then, we have also reviewed the provincial agencies and particularly those that now are in operation, the Alberta Farm Purchase and Credit Act, the Ontario Junior Farmers Establishment Loans Act, the Quebec Farm Credit Bureau and the Nova Scotia Land Settlement Board. We have also attempted to get the information for all private lending agencies.

In the intermediate field we have spent some time with the Farm Improvement Loan people. We have also taken a look at the very limited provisions in this field in the provinces and some consideration to the limited information on lending operations of individuals.

Our report in the short-term field refers to credit unions and to banks, and to the activities of merchants and individuals. That part refers to the machinery we now have in Canada and its activity.

Then, we have reviewed the credit facilities in other countries, that is, the countries that are major agricultural countries in the export field or in

the field of competing with Canada—the United States, the United Kingdom, New Zealand, France, Germany, Denmark and the Netherlands.

Then that was followed with a review of the studies that have been made by various agencies with a view to bringing together into one place the ideas and recommendations of such agencies as various royal commissions—the royal commission on Canada's economic prospects which reported a year or so ago, the Saskatchewan Royal Commission, the royal commission of Nova Scotia and the commission that operated in Newfoundland and then the views of the Canadian Federation of Agriculture on the matter of credit needs.

Then, we have considered some possible alternatives for the expansion of farm credit.

This then is followed by a sort of comparison which gives some indication of the capital structure of Canadian agriculture today. This gives the farm indebtedness and credit requirements, at least the farm indebtedness picture and credit requirements of different types of farms.

This latter information is based upon studies that the economics division has made over the years, not particularly with respect to farm credit but more with respect to the structure of our Canadian agriculture, as to the capital investment in it and the relation of capital to efficiency in agriculture and other phases of the farm program.

We have, as I say, brought together considerable information on the actual capital in use in agriculture in different parts of Canada by type of farm—in groups perhaps I should say.

That then, Mr. Chairman, is the scope of the inquiry which we have carried on at the request of the minister.

The CHAIRMAN: Thank you, Doctor Booth. I believe now we will call on Mr. Turner and then throw the committee open for any questions which you desire to ask the witnesses.

Mr. A. H. TURNER (*Marketing Section, Economics Branch*): I don't know, Mr. Chairman, that I have to add too much other than just as a point of clarification. The Minister of Finance in speaking to the House the other day mentioned that at the present time a comprehensive study would be made of three different phases of agriculture. At the present time there is a committee of three, an inter-departmental committee headed by Mr. Abell of the Policy Division of the Department of Finance and Mr. Rutherford of the Veterans Affairs Department and myself, as the third member of the committee from the Department of Agriculture.

This committee's purpose as indicated by the Minister of Finance is a comprehensive study and review. Doctor Booth has already indicated some of the study that has already been done. The committee's job, as I see it, is largely to do what the Minister of Finance said that, we should get this material plus the views of various of these farmers' unions and others and get it into consolidated form for advice of the government within the next two or three months so that they can be in a position to make recommendations for action. I do not think I can go too much further other than to say that the committee is at present discussing and reviewing all the material available including the study mentioned by Mr. Booth; also, at the present time, the chairman is in western Canada and the other two members plan to meet him out there shortly. We will discuss, with selected representatives of the provincial governments, farm organizations, and others, matters relating to these programs which have been suggested, in addition to the technical aspects of credit such as raising the loan rates and whatever expansion might be considered.

There is also the matter as to the extent to which the guaranteeing of direct loans should be made policy. I think that a number of the briefs have recommended subsidies of administration and of interest. This is the type of general and more intensive review which is going on together with the job of giving supervisory service to the government for their own policy of action.

I just wanted to make that statement so that the committee would have it before them so that they would have a little wider clarification of the statement made by the Minister of Finance in the House the other day.

The CHAIRMAN: Thank you. Are there any questions?

Mr. HOWE: I am wondering what the significance was of the private lending institutions, insurance and trust companies, withdrawing from the field of farm credit as drastically as they did a few years ago.

Mr. BOOTH: The question is: what was the reason for that?

Mr. HOWE: Yes.

Mr. BOOTH: That is probably a field in which there would be some difference of opinion. I think probably with the conditions in the 'thirties that agriculture was very hard hit and farm incomes were reduced very appreciably.

Most credit agencies did take a substantial cut in their returns, reduced interest rates, and even compromises of various kinds in respect of loans.

Mr. HOWE: That was not only in regard to agriculture.

Mr. BOOTH: No; but I think probably a review of the private lending income structure at that time would indicate that agriculture was perhaps hit harder than most other groups in the community. In recent years the other side of that picture is the greatly increased opportunity in the urban housing field, and in other respects, for the placing of credit. These agencies have found it is easier to handle and perhaps a little less expensive to operate under the National Housing Act which has contributed to that development. I think it is a combination of at least those two things and perhaps other things.

Mr. KINDT: The Canadian Farm Loan Act, as I understand, is administered under the Department of Finance. There must be some sound reasons why this act is administered under the Department of Finance instead of under the Department of Agriculture. Is there anyone here who can shed some light on that.

The CHAIRMAN: That is a question which I, myself, have often wondered about.

Mr. KINDT: May I, in some way or other have my question answered before we proceed?

The CHAIRMAN: Mr. Chester, could you answer this question?

Mr. CHESTER: I do not think so, other than to say, as I understand it, all lending of money—and you may correct me if I am wrong—by the government is through the Department of Finance.

Mr. KINDT: Since there is no one here who has the information and the answer to that, I would like to go on record as saying, in matters so important as farm loans, we ought to put the Department of Agriculture back together and have people making decisions concerning farm loans, long-term, intermediate and short-term credit, like Doctor Booth who know something about it.

Mr. THOMAS: Possibly the question I am about to ask will have some bearing on the question asked by Mr. Kindt. Doctor Booth, who has been working in connection with agriculture for a great many years, may have some ideas on it. Also, if my question is an unfair question then you can simply say no. Why is it necessary to set up in Canada a special agency for farm loans rather than have agriculture, like any other of our industries, go into private money markets and finance themselves?

Beginning back about 1912, as Doctor Booth has pointed out, the provinces began to get into the farm loan business and gradually things have developed so that now the governments have taken up, for the most part, the farm loan business. What is the fundamental reason back of that? Why should not the

manufacturers also have special agencies set up to furnish them with credit? Perhaps they have such agencies of which I am not aware. But, what is the fundamental reason why the government has to get into the farm loan business?

Mr. FORGIE: Is it because the farm loans are more or less frozen and the trust companies, insurance companies and banks do not like this kind of credit. They have a much better opportunity to gain a higher return on their money. If the government did not step in to help the farmers, the farmers would not be able to carry on farming.

For instance, from 1939 to 1953, in Saskatchewan alone, the loans were reduced from \$37 million down to \$7 million, in the figures which I saw.

Mr. HICKS: Mr. Chairman, is there not quite a lot of activity right now in attempting to obtain a small and long-term business loans as compared to the so-called agricultural loans.

Mr. THOMAS: We have an industrial development bank set up to help small business, but the operations of this bank have been very restricted up until the present time.

Mr. FORBES: Part of the answer is that agriculture has been regarded over the years, due to the fact that they have no security, as rather a poor risk. I think that a farmer could still obtain sufficient money from insurance companies if he paid a high enough interest rate. The government, I think, got into this in order to make money available at a reasonable rate to the farmers.

Mr. BRUNSDEN: The main reason why the government is in this business would be revealed by the history of losses in respect of farm loans. Has Doctor Booth ever assembled any information in respect of foreclosure and write-off of farm loans in western Canada?

Mr. BOOTH: No, Mr. Chairman; we have not, as far as I know, collected any information on that. However, there is undoubtedly a good deal of information available under the Farmers' Creditors Arrangement Act which operated so extensively during the 'thirties. I am afraid I have no information or help on that point.

Mr. SOUTHAM: Doctor Booth has brought some light on the picture of the economic change and the necessity for loans being made to farmers and I think had it not been for the government stepping into the field and being a little more benevolent in their attitude towards these loans, that we would have found ourselves economically in a much more precarious position than we are now. I think the whole trend is that we get more liberal attitudes on the part of the lending agencies, due to the accelerated changes taking place in industry, both in longer term and increased amounts of loans.

I made the comment the other day that I would like to tie in with the loaning some sort of supervision as far as the applicant is concerned in an effort to give him more economic advice at the time he is making an application for a loan.

Mr. HALES: Has the committee studied the matter to an extent which would enable them to come up with any suggestion as to the duplication as between the provincial and federal loans, for instance the Canadian Farm Loan Act vis-a-vis the Canadian Junior Farmers' Establishment Act? I can visualize a situation where the appraiser for the Canadian Farm Loan Act drives down a concession road and perhaps meets an appraiser of the Ontario government going in the opposite direction; they are both appraising land, but there is considerable overlapping, as I see it, in a very costly operation.

Mr. BOOTH: Mr. Chairman, the committee has not given special consideration to that matter; but it is noted, for example, that the Nova Scotia royal commission draws attention to the activities of both the Federal Farm Loan

Act and the Nova Scotia agencies in that province and suggests a combination of effort which would, in their view, help to eliminate some of that. I would say that perhaps their recommendations in this respect are not related entirely to the matter of duplication of costs of the two agencies which are operating, but perhaps in a certain field it would be more logical to have the two agencies combined in some way. We have not, to date, given consideration to that.

Actually, there are only three or four provinces in which there is a duplication of effort, or competition shall we say, and in most instances it is not, in my opinion, too extensive. Therefore, I do not think I can say anything more on that. It seems to me it is a point which Mr. Abell's committee might well take a look at when visiting the provinces and it could go into the detail of the operation of these provincial agencies.

Mr. MONTGOMERY: In some of the provinces the scheme is a little more generous. In New Brunswick, for instance, a good many farmers can purchase a farm and get started under their Farm Settlement Board Act when they cannot obtain a loan from the Canadian Farm Loan Board at all. The Canadian Farm Loan Board has to keep on a sound basis in respect of their banking arrangements and they take no chances; whereas the provincial agency I would say, on the other hand, is far more generous and takes more chances.

Private individuals have simply gone out of the loaning field in respect of agriculture. If a man sells his farm he wants cash; he does not even want to take back a mortgage. If a farmer has money he prefers bonds or stocks and he will not take a farm mortgage. I think it has been probably due to the fact that—in discussions which I have heard—the government has come into the field and everybody expects the government to provide all the capital for agriculture; secondly, I think it is a risk because so often farmers get behind on their interest and their payments and the person who is loaning the money cannot depend on dividends and interest at certain times. That means that the government, I think, has to go quite a lot further now; they should be far more generous in respect of these loans. The government has got to take more risk. If the government does not, nobody else will.

I am not so sure that you can consider agricultural loaning on a sound basis too much. You have to consider which is the most important really, loaning or agriculture, and you have got to take more chances in lending money out to farmers and if there are losses they must be absorbed.

Mr. FLEMING (*Okanagan-Revelstoke*): Can even the government afford to do that?

Mr. MONTGOMERY: What is the difference between doing that and letting a farmer work out his own salvation, or the government guaranteeing subsidized prices and subsidizing this and that in order to give him enough money in order to help the few who do get help. You are going to do it in one way if not in another way.

Mr. KINDT: I do not think you had in mind a hand-out from the government but rather a combination of sound loaning and a liberal portion which would give the farmers a loaning program which would meet their needs.

I submit, Mr. Chairman, that the present Canadian Farm Loan Act does not meet the farm loan needs. I would like to ask what is being done by the Department of Agriculture, or I should say by the Department of Finance, since they administer the Canadian Farm Loan Act, to bring before the government an act which will be adequate in every respect to serve the needs of the farm people?

Mr. HENDERSON: In my part of the country, that is in the Peace River country, we have the largest credit union in Canada. It has been by far the most successful in lending money to young farmers and helping them to start up. We never hear about the Canadian Farm Loan Act up there. I met a young fellow who came along and asked about a farm and the credit union started

him up. The credit union starts up many young farmers. If a farmer needs a tractor he goes to the credit union; he would not think of going to the bank and there are seven at Dawson Creek. You might be able to get a couple of hundred dollars to buy gasoline, but that would be the limit.

This credit union has gone all out and is the largest credit union in Canada. Their losses have been nil. I have lived there all my life and I am acquainted with it. They do not have an appraiser going around, and I know that these young fellows who are starting up can get a loan in a week.

I bought a quarter section and borrowed the money in order to buy it and I had the money in five days. They have been very successful and I, myself, think that agriculture is a good risk in that country.

Mr. MILLIGAN: I did not intend to say anything today; but I think we will all have to admit the reason the government is in the lending field is because of the insecurity which there has been in agriculture. It is just impossible for a farmer to go to anyone and obtain a mortgage. I think that is borne out by the fact that we are issuing longer term loans, thirty years, and some are asking for forty years. There is not very much incentive for anyone going into the farming business when he has to take thirty or forty years to pay off a large debt.

I know a chap who bought a farm for \$8,400, but when he came to get a loan, the 65 per cent of the earning power brought the loan down to around \$5,000. It was not enough to do anything with, with the result that his father had to put up his own farm as security. It was lucky that his father was there. A man cannot go out and start up without the backing of someone else.

Mr. THOMAS: May I make the request that this fundamental question be dealt with in this report when it is prepared; that is, the reason why it is necessary for the government to get into the farm credit picture.

The CHAIRMAN: I think this committee that is set up will be able to deal with that.

Mr. KINDT: There is one additional point. I have not had answers to either of the two questions which I have asked and the answers are extremely important. There was first, the question of putting the Department of Agriculture back together and the question as to why this Canadian Farm Loan Act is administered by the Department of Finance. The second question is: what steps are being taken to bring before the government an adequate farm loan act?

We are asked here, in this bill, to increase the loaning power or to increase the funds for the Canadian Farm Loan Act. Will I have to bring this up on the floor of the house?

The CHAIRMAN: I believe that would be a question of policy. I see that the minister stated in the house on July 16 that the government is making a comprehensive study along that line. I am sure, Mr. Kindt, if you ask the Minister of Finance and the Minister of Agriculture personally that they would give you the answer.

Clause 1 agreed to.

The enacting clause agreed to.

The CHAIRMAN: Shall the title carry?

Agreed to.

The CHAIRMAN: Shall I report the bill without amendment?

Agreed to.

The CHAIRMAN: I thank you, gentlemen, and also on your behalf I wish to thank the witnesses, Mr. Chester, Doctor Booth and Mr. Turner and also the officials who are here today. We thank you very much.

The committee adjourned.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Report of the Canadian Wheat Board for Crop Year 1956-57

MONDAY, AUGUST 4, 1958

WITNESSES:

Hon. Gordon Churchill, Minister of Trade and Commerce; From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; D. H. Treleaven, Secretary, and C. E. G. Earl, Comptroller.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

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Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

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Dubois,
Dupuis,
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Revelstoke*),
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Racine,
Rapp,
Ricard,
Richard (*Kamouraska*),
Richard (*St. Maurice-
Lafèche*),
Robinson,
Rompré,
Rowe,
1. Smith (*Lincoln*),
Southam,
Speakman,
Thomas,
Thompson,
2. Thrasher,
Tucker,
Villeneuve,
Winkler,
Yacula—60.

M. Slack,
Clerk of the Committee.

1. Replaced by Mr. Pascoe on Monday, August 4.
2. Replaced Mr. Fane on Monday, August 4.

ORDER OF REFERENCE

House of Commons,
MONDAY, August 4, 1958.

Ordered,—That the name of Mr. Pascoe be substituted for that of Mr. Smith (*Lincoln*); and

That the name of Mr. Fane be substituted for that of Mr. Thrasher on the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

MONDAY, August 4, 1958.

(4)

The Standing Committee on Agriculture and Colonization met at 9.35 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Brunsdon, Cadieu, Campbell (*Lambton-Kent*), Doucett, Forbes, Gour, Hicks, Horner (*Acadia*), Jorgenson, Gundlock, McBain, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Noble, Phillips, Pugh, Rapp, Ricard, Smith (*Lincoln*), Southam, Stanton, Thomas, and Tucker. (27).

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleaven, Secretary.

On motion of Mr. Montgomery, seconded by Mr. Tucker,

Resolved,—That the Committee print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to the Annual Report of the Canadian Wheat Board for the crop year ending July 31, 1957 and the Report of the Board of Grain Commissioners for 1957.

The Chairman introduced Mr. McNamara and the Committee proceeded to the consideration of the Report of the Canadian Wheat Board for the Crop Year 1956-57.

Part I of the Board's Report was read and questions were answered by Messrs. Churchill, McNamara, Robertson and Treleaven.

The following sections of Part I of the Report were approved:

1. General Comment—Crop Year 1956-57
2. Canadian Crop Development and Supplies
3. Legislation
4. Transportation
5. Delivery Quotas
6. Shipping Policy
7. Handling Agreement
8. 1956-57 Pool Account—Wheat
9. 1956-57 Pool Account—Oats
10. 1956-57 Pool Account—Barley
11. Payment Division
12. Legal Department
13. Staff and officers
14. Advisory Committee.

At 12.30 p.m. the Committee adjourned until 3.30 p.m. this day.

STANDING COMMITTEE

AFTERNOON SITTING

(5)

The Standing Committee on Agriculture and Colonization resumed at 3.45 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Brunsdon, Cadieu, Dubois, Fane, Forbes, Gour, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Rapp, Southam, Speakman, Stanton, and Thomas. (21)

In attendance: From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleaven, Secretary.

The Committee proceeded to the consideration of the Supplementary Report of the Canadian Wheat Board on the 1956-57 Pool Accounts—Wheat, Oats and Barley.

The following Sections of the Supplementary Report were approved:

1. Receipts and disposition—1956-57 Pool Account—Wheat
2. 1956-57 Pool Account—Wheat
3. Implementing the Temporary Wheat Reserves Act
4. Surplus for Distribution to Producers
5. Comments on the 1956-57 Pool Account—Wheat.

The Committee recessed from 4.25 p.m. until 5.10 p.m. to attend a vote in the House. The division bells having sounded a second time, at 5.10 p.m., the Chairman adjourned the meeting until 9.30 a.m. Tuesday, August 5.

M. Slack,
Clerk of the Committee.

EVIDENCE

MONDAY, August 4, 1958,
9.30 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum now. We will come to order. We are fortunate in having the Canadian Wheat Board and the Board of Grain Commissioners here this morning. We do not know how long this study will last. However, I believe we will require a motion for the printing of copies. I would suggest 250 in French and 750 in English. Would that be satisfactory? Will somebody give me a motion to print the copies?

Moved by Mr. Montgomery and seconded by Mr. Tucker,

That the committee print 750 copies in English and 250 copies in French of its minutes of proceedings and evidence in relation to the annual report of the Canadian Wheat Board for the crop year ending July 31, 1957, and the report of the Board of Grain Commissioners for 1957.

All in favour?

Contrary?

Motion agreed to.

Gentlemen, we have in attendance this morning the members of the Canadian Wheat Board, Mr. McNamara, the chief commissioner, Mr. Robertson, commissioner, Mr. Earl, comptroller; Mr. Treleaven, secretary.

I believe we will, according to the procedure of our other standing committees, take the report of the Canadian Wheat Board paragraph by paragraph and when I call part 1, I think it would be appropriate for us to call on Mr. McNamara for his report. So without further comment I will call on Mr. McNamara for the report regarding the Canadian Wheat Board. Mr. McNamara is known to most of you western members.

Mr. W. C. McNamara (Chief Commissioner, Canadian Wheat Board) called:

Mr. Chairman, Mr. Minister, gentlemen, first of all I want to say how pleased I am to have this opportunity of being here with my colleagues to present to and discuss with you the report and activities of the Canadian Wheat Board. I am sorry one of our officials, Mr. Riddel, the assistant chief commissioner, is not here today. He is in England. He has been attending a meeting of the international wheat council and subsequent to that has been visiting some of our main markets in western Europe.

The new member of the board, Mr. Dallas, who comes with us in September 1, is not present today but I expect he will be with us on future occasions.

Now, gentlemen, may I introduce Mr. Earl Robertson, the other member of the board and my colleague, Mr. Treleaven, the secretary of our board and Mr. Gordon Earl, our comptroller.

Now, Mr. Chairman, we are in your hands, but as you say, if the committee would like to go over this report paragraph by paragraph, I would suggest our secretary might read it and I will be available to make any comments or answer any questions you might like to put.

Mr. D. H. TRELEAVEN (*Secretary, Canadian Wheat Board*):

PART I

1. *General Comment—Crop Year 1956-57*

World wheat production in 1956-57 followed an unusual pattern. While world production was slightly larger than in the previous crop year, crop damage was sustained in normally deficit areas in Europe and elsewhere. The result was that, in a year of substantial wheat production, world trade in wheat reached record proportions. The principal factor in this situation was the severe crop damage experienced in western Europe in the winter of 1956. Winter killing of wheat crops was most severe in an area which included Belgium, France, The Netherlands, Switzerland, Italy and Yugoslavia.

Wheat production in Asia followed the same pattern as in 1955. Moderate reductions in yields in India, Iran, Turkey and Japan were offset by increases in Iraq, Syria and Pakistan. North African wheat production was slightly larger than in the previous crop year.

Wheat production in the four chief exporting countries increased moderately in 1956. A smaller wheat crop in Australia was not sufficient to offset production gains in Canada, the United States and Argentina. Canada harvested 573 million bushels as compared with 494 million bushels in 1955. The United States wheat crop amounted to 997 million bushels as compared with 935 million bushels in the previous year. In Argentina wheat production increased sharply to 261 million bushels as compared with 193 million bushels in 1955. Australia harvested a small crop of 135 million bushels as compared with 196 million bushels in the previous crop year.

Mainly because of increased imports of wheat by Western European countries and by India and Pakistan, international trade in wheat in 1956-57 reached a record level of some 1,280 million bushels, an increase of about 240 million bushels from the trade level of 1955-56. The sharp increase in world trade in wheat in 1956-57 was largely absorbed by the United States. Exports from the United States amounted to 549 million bushels as compared with 346 million bushels in 1955-56. In exporting wheat and flour in this volume the United States accounted for about 43% of all wheat moving in international trade in 1956-57. The greater part of United States exports took place under the several forms of the United States disposal programme. Canadian exports of wheat (including flour) amounted to 263 million bushels as compared with 309 million bushels in the previous crop year. By utilizing reserve stocks of wheat Australian exports increased to 129 million bushels as compared with 102 million bushels in the previous crop year. Export from Argentina were 98 million bushels as compared with 115 million bushels in the previous crop year.

The dominant factor in international trade in wheat during 1956-57 was the United States disposal programme and the share of world trade in wheat which the United States secured as a result of this programme.

The CHAIRMAN: Are there any questions on paragraph 1 you would like to ask the witnesses?

By Mr. Rapp:

Q. Mr. Chairman, we have all the figures available for every country but Russia or countries behind the Iron Curtain. I know those figures are very hard to obtain but is there any knowledge of what amount they are exporting in wheat compared with other countries?—A. Well, Mr. Chairman, as the gentleman said it is very difficult to get statistics on production and activities in the Iron Curtain and eastern European countries. We have, however, visited them and we have some general knowledge of the movement of wheat that is taking place. In this particular year, 1956-57, the U.S.S.R. supplied a substantial

quantity of wheat to Hungary, Czechoslovakia, Poland, Roumania and some of the Middle East countries. I do not know if we have the figure on that but I should estimate that the quantity that the U.S.S.R. supplied was in the neighbourhood of 600,000 or 700,000 tons into those particular markets.

By Mr. Muir:

Q. Mr. Chairman, there is an increase in world exports of 240 million bushels. To what do you attribute Canada's drop in exports in that year from 309 down to 263?—A. There were a number of factors as we state later in the report and the details are shown on page 11. The principal obstacle or the main source of competition that we were confronted with was the extension of the United States activities in their various programs. That was the most serious obstacle in this particular crop year that is under discussion today but we have the details of their programs and the effect on our Canadian position outlined later, sir, on pages 11 and 12 and I suggest we might discuss it at that time.

The CHAIRMAN: I would ask the members of the committee to stick precisely to the different paragraphs in question because there is no use in asking questions on paragraph 8 and 10 if the information is detailed in 14.

Are there any other questions. If not, we will go on to paragraph 2.

Mr. TRELEAVEN:

2. *Canadian Crop Development and Supplies*

Significant changes in the pattern of acreages in 1956 were reported by the Dominion Bureau of Statistics. The following table shows estimates by the Bureau of acreages seeded to grains and flaxseed in the prairie provinces in 1956, along with comparative acreages for 1955:

	1956 Acreage	1955 Acreage	Percentages Change
	(thousand acres)		
Wheat	22,064	20,812	+ 6.0
Oats	8,658	7,788	+11.2
Barley	8,181	9,638	-15.1
Rye	452	707	-36.1
Flaxseed	3,010	1,809	+66.4
	<u>42,365</u>	<u>40,754</u>	<u>+ 6.3</u>

The foregoing table shows moderate increases in acreages seeded to wheat and oats in 1956. A relatively sharp decline occurred in barley and rye acreages. The most significant change was in the acreage seeded to flaxseed. Flaxseed acreage in 1956 amounted to a record 3.0 million acres.

Prairie seeding operations were delayed in the spring of 1956 as a result of cool, wet weather. With the exception of southern Alberta, very little seeding had been completed before mid-May. Toward the end of the month, however, the weather improved materially and the seeding of all grains was completed by the first week in June.

The warmer weather experienced in late May and early June was accompanied by high winds over most areas of the prairies which seriously depleted surface moisture. As a result, germination of late sown crops was poor and a serious drought condition began to develop by mid-June in Alberta and the western half of Saskatchewan. However, the drought was relieved by general heavy rains during the third week in June and from that time until the commencement of harvest all crops showed a steady improvement.

Harvesting was interrupted in early September by heavy rains but weather conditions turned favourable in late September and harvesting was virtually completed by mid-October. Yields harvested in 1956 were well above average in spite of the fact that grades of wheat were lowered by untimely frosts prior to maturity. The following table shows estimated grain production in the prairie provinces in 1956, along with comparative estimates for 1955:

	1956	1955
	(thousand bushels)	
Wheat	551,000	472,000
Oats	400,000	290,000
Barley	262,000	244,000
Rye	6,500	13,350
Flaxseed	34,100	19,450
	1,253,600	1,038,800

The prairie provinces produced 551 million bushels of wheat in 1956 as compared with 472 million bushels in 1955. The total Canadian wheat production was 573 million bushels in 1956 as compared with 494 million bushels in 1955. Prairie oats production was estimated at 400 million bushels as compared with 290 million bushels in the previous year. Barley production, in spite of reduced acreage, was moderately higher than in 1955.

In addition to quantities of grain available from the 1956 crop, total Canadian commercial supplies of wheat, oats and barley for the crop year 1956-57 also included commercial carryover from the previous year (grain in country and terminal elevators, mills and in transit, but excluding stocks on farms). The following table indicates the inward commercial carryover of wheat, oats and barley in Canada as at August 1, 1956, with comparable figures for the corresponding date of previous years:

	August 1 1956	August 1 1955	August 1 1954
	(million bushels)		
Wheat	375.4	398.9	386.8
Oats	47.9	30.5	28.5
Barley	60.5	49.2	49.1

The CHAIRMAN: Gentlemen, any comments or questions on paragraph 2? If not, we will proceed to paragraph 3.

Mr. TRELEAVEN:

3. Legislation

In 1957 Sections 23, 24 and 34 of the Canadian Wheat Board Act were amended to extend the powers of the Boards to July 31, 1962.

The Prairie Grain Producers' Interim Financing Act was amended in 1957 to provide for extension of the loaning provisions of the Act to June 1, 1958, and at the same time the maximum loan under the Act was increased from \$1,500.00 to \$3,000.00.

By Mr. Argue:

Q. Mr. Chairman, I think on the item "Legislation", I am sure all members of the committee are anxious to see the Canadian Wheat Board in a position to do their best possible job. We all recognize the importance of the board and I would say for myself that I think it would be best if the board was at full strength all of the time.

As you know, there are five positions provided under the act and could you tell the committee whether or not all of these positions are now filled?—
A. Mr. Chairman and Mr. Argue our act provides for up to five members at the discretion of the government but we have never had five members on the board. We operated for a number of years with three commissioners and about four years ago the government of the day ordered a fourth commissioner. This year when my colleague, Mr. McIvor, resigned he was replaced by Mr. Dallas so there are now four members of the board but there is provision in the act for the government if they so desire to appoint a fifth member.

Q. Mr. Chairman, it seems to me it would be wiser if the board were brought up to full strength. I think when parliament passed the amended provision for five members rather than three, it was the intention of parliament that there should be five members. Perhaps Mr. McNamara is not in a position to say since he has already said it is up to the government whether any move should be made to fill the fifth position but with the minister here, I wonder if he would care to comment as to whether or not any thought has been given to bringing the board up to strength.

Hon. Gordon CHURCHILL (*Minister of Trade and Commerce*): As Mr. McNamara said, the act states that the board may consist of up to five members. It does not specifically state that it must be five. As has been said even after that amendment was passed the intention was to keep the board at four members, leaving one vacancy. That vacancy is there at the present time.

I have given some thought to the matter and I am not in a position to state what will be done. There are advantages in having five members perhaps but the board operated with success when it had three members and success when it had four and my understanding of the activities of the board is that with four members it finds that it can manage quite effectively. Nevertheless, the other position is available if we feel that it is necessary to fill it.

By Mr. Argue:

Q. Mr. Chairman, with the record wheat surplus in the United States it would seem to me through the increased crop competition in the crop year ahead and with the necessity of developing new markets—and I refer to the China market—that without any details of the board's operations I can see some advantage in having a member of the board available to visit such countries as China and other countries to meet the increased competition that I am sure is likely to arise from this huge carry-over in the United States.

I realize members of the board have met such difficulties in the past but it would seem to me that with a fifth member it would be that much easier for the board to meet this kind of competition which will be available under the circumstances.

Mr. CHURCHILL: The assistant chief commissioner is now in Europe and after attending the international wheat conference will be visiting members of the trade in some of the countries of Europe. Last year two members of the board were in England and Europe during part of September and October. Later, during the winter and spring one member and the Executive assistant, with a representative from the flour milling industry, visited the West Indies and adjacent South American countries. Following that, Mr. Robertson made a visit to Japan, Hong Kong and the Philippines. So the board has been very active on the basis of four members and has found it quite possible to carry out its business from the main office in Winnipeg, and also have representatives make these trips.

The plan for the coming crop year is to do that type of thing again with vigor, because we realize we are facing heavy competition in the world markets. I was speaking to Mr. McNamara this morning in respect of a proposed trip of

two members of the wheat board to England and Europe in September and October this year the same as last year. It was a very productive trip last year. We also spoke about pressing on with our sales of wheat to China. As the hon. member for Assiniboia will realize, due to the fact that we started we are quite likely to carry on with a great deal of vigor.

Mr. ARGUE: "We", meaning whom?

Mr. CHURCHILL: The government and members of the wheat board.

Just a year ago in July one of the first questions I asked the deputy minister of trade and commerce was what were the prospects of engaging in the sale of wheat with China. After communicating with the wheat board and our trade commissioner in Hong Kong, Mr. Forsyth Smith, he made that memorable visit to four cities in China as a result of which, and other activities, we did succeed in selling wheat to China. Having made that good start you can count on our carrying it on.

Mr. ARGUE: Mr. Chairman, I think we all appreciate the comments of the minister and I am very pleased that he has been able to initiate certain action by the board and others which has resulted in increased sales of wheat, or which has resulted in sales of wheat to China.

Believing the minister to be an aggressive and influential member of the cabinet and a man who has the ear of the Prime Minister, I would suggest to him that he use his influence to get the Canadian government to recognize China and make it possible through recognition for his own efforts and those of the wheat board to be more productive, and also to increase general trade with China. I do not think there is anyone who has a knowledge of external affairs who would not say that trade is a matter which is made rather more difficult without diplomatic representation.

I am sure the western producers are pleased at the start which has been made in building up the Chinese market for Canadian grain.

By Mr. Horner (Acadia):

Q. While we are having this discussion on China, I would like to mention that the Alberta wheat pool, in what they call their wheat budget, had produced figures to the effect that China had produced one billion seven hundred million bushels and had an increase of 400 million in the last year. I wonder if these figures are relatively accurate?—A. It is really impossible to obtain a fair appraisal of those figures because, as in the case of all these eastern European and Communistic countries, they do not publish government statistics and it is very difficult correctly to appraise what they are doing in the grain business.

However, from conversations we have had, not only with Mr. Forsyth Smith but with others interested in trade as well, many of whom have visited China, there is no doubt that wheat production in China has materially increased. While I doubt the accuracy of the figures quoted, I am satisfied that China is one of the largest wheat producers in the world; I would think she ranks third to the United States and Russia as far as wheat production is concerned. But there are over 600 million people to feed in China. I still believe there is a market for Canadian wheat of our quality in China, and an extended market for our wheat, and you can be sure, that as a board, we intend to pursue that market very, very vigorously.

By Mr. Argue:

Q. In making sales to China, does Mr. McNamara know whether any of the grain companies can handle the sales, or whether they have to be exclusively Canadian companies? I am sure you are aware of the discussions we have had in the House of Commons in respect of this particular aspect of the

grain business, and others.—A. I do not want to give any indication that I do not want to discuss these things, but we are slightly away from the 1956-1957 report, and during that year we had no business with China. We are now in a new year. I would say that the Chinese business is done with the different companies. We have eighteen Western agents who are very active in trying to develop this business for us.

This question was raised by the representative of the China Resources Co., Hong Kong; this is the agency of the Chinese government which so far the Chinese have used as their procurement agency. They have four representatives in Canada at the present time who are here for the purpose of trying to sell Chinese goods to Canada. They raised the question with us as to the agents of the board who would be dealing with them. We immediately approached all our agents and told them of the interest expressed by the Chinese, and I am pleased to report that the great majority of the agents of the board, including international firms, have indicated that they are very anxious to deal with China. Some of the companies, for reasons of their own, have indicated that they are not offering wheat to China, but the majority of the substantial houses are interested in that business.

By Mr. Jorgenson:

Q. I have a question having to do with the situation which has developed in respect of the feed mills. Could you help me in this connection. I do not want to go past this item and not have an opportunity to raise this point.—A. This is a question which will come up fore discussion, and although it is not really in order at this time, we might as well deal with it. It raises the whole question of the administration of the Wheat Board Act.

With regard to the feed mills, I would like to preface my remarks by saying that the feed mills in western Canada have faced a difficult problem, due to the over-all surplus of wheat which has been held back on the farms, and by the desire of some farmers to sacrifice a portion of that wheat at low prices to get a few extra dollars, which they certainly have needed.

The problem was also complicated by the introduction of prepared feeds and formulae for more scientific feeding. This has created a problem for some of these feed mills who handle board grain. The board had a meeting with the feed mills and endeavoured to work out with them a program, which they admit was very beneficial, authorizing farmers to deliver grain over the quota, in exchange for prepared feeds. The feed mills agreed this decision was quite helpful to them but they still found themselves confronted with competition from dealers, such as machine dealers and garage operators, who were prepared to take wheat from the farmers at sacrifice prices in exchange for commodities they were selling. They in turn were offering these feeds to feeders within the province, which is outside our control. It has created quite serious competition for the feed mills. The board met with them to see what further action we could take within the provisions of our act which would assist them. At that time they advised us that on advice of counsel they did not think our control over their establishments within the province was legal. They had ignored our quota regulations and we felt forced to institute action against them.

That action is held up awaiting the decision of a case which is now before the Supreme Court, referred to as the Murphy case. The decision on that case will pretty well test the validity of our act.

By Mr. Pugh:

Q. Is that a British Columbia case?—A. It is a case about a person named Murphy who wanted to ship one bag of oats and feed wheat to his own farm in British Columbia.

I might say, while we appreciate the position of the feed dealer, this situation causes some concern because I think it is most unfortunate when the producers in the west are in a position where, in order to market a few extra bushels of grain, they are forced to sell it at prices substantially below our guaranteed initial price. It is not good, but the farmers are put in that position.

However, as a board, and in view of the provisions of our act, I think it is our duty to see that the grain going into commercial consumption is marketed through the board in the interest of the producers. I do not think we should be attempting to stretch the provisions of our act to make it possible for people to take grain from producers who have to deliver it at distress prices.

Fortunately, the situation in the west has improved, due to the marketings this year and the prospects of a smaller crop. I understand that now grain is not available at distress prices. My sympathy is with the producers and I would not like to see any action taken which would assist them, when they are so hard up, to dispose of grain at such low and distress prices when that grain could later be marketed to better advantage.

By Mr. Jorgenson:

Q. The situation is not one where the wheat board is competing with the feed mills. The feed mills are attempting to face competition from the appliance and implement dealers. My understanding is that the feed mills are not suggesting that wheat or grain be accepted at distress prices; they are quite prepared to pay the prices.—A. Under our act the feed mills have been designated as works for the general advantage of Canada and can buy grain only in accordance with our quota regulations. They would like to be free to deal outside the board, regardless of the quotas, in order to meet the prices these television dealers and others are offering in payment for the grain. These garages and television dealers are not works for the general advantage of Canada, and we have no control over them, although the provinces themselves have some legislation which is supposed to control that. It is up to the province to decide whether or not they want that control, and if so they should enforce it. Our control is only on the basis that they have been committing a breach of our quota regulations, and have been declared works for the general advantage of Canada.

By Mr. Thomas:

Q. On this question of feed grain, could Mr. McNamara tell us whether or not the board considers that the freight assistance on feed grain affects the operation in any way?—A. Yes. It is a fact that the consumer in eastern Canada, and British Columbia, represents one of our largest markets, not only for low-grade wheat but the most substantial markets for coarse grains, and we receive benefit from the freight assistance. It certainly helps us sell our feed grains in competition with the supplies which may be imported from elsewhere.

By Mr. Pugh:

Q. Following on the question in respect of the Murphy case, I have a number of constituents with farms in Alberta who have tried to bring their own grain into British Columbia where they have poultry farms. They cannot bring it out there under the regulations. I am wondering if there could be something brought in which would permit the cattlemen and the poultrymen of British Columbia to get the grain at a price comparable to that at which it is sold on the prairies.

I can quote you a number of examples where a man buys feed grain at \$60 a ton laid down in the interior of British Columbia. In Alberta for stock feed the farmers pay somewhere in the neighbourhood of \$20. That may be an extreme distress ceiling; it may be even \$18 or it may run as high as \$30. But in any event my point is this: we have a cattle or poultry industry where there is plenty of room for expansion, but our competition is too heavy in that we have to pay too much for our feed grain. I am wondering if the board would consider some manner of allowing feed grain to come into British Columbia, or elsewhere in Canada, for delivery to a cattleman or a poultryman, somewhere in the neighbourhood of \$30 or \$35 a ton?

The reason behind this, of course, is that first of all we are a firmly established industry; there is plenty of room for growth and also we have such a tremendous surplus of the low-grade feed grains which could be utilized in this manner.—A. Mr. Chairman, it is unfortunate that our solicitor is not here; he would be a little more competent than am I to deal with legal problems. I think the best answer is to refer you to the Canadian Wheat Board Act. We are incorporated to market grain in commercial channels to the best advantage of the producer. All the grain delivered in the provinces of Alberta, Saskatchewan and Manitoba is pooled and it is our responsibility to merchandise that grain in the best interests of the producer, which I interpret as meaning to secure the best possible price for him. In so far as coarse grains are concerned, and some substantial proportion of low-grade wheat, the domestic market in Canada represents one of our largest outlets.

The British Columbia market is very important. Ontario, Quebec and the maritime markets are also very important.

In selling coarse grains, and feed wheat into these markets, we offer them at the same price that we offer them to any other buyer. We have only one price that we sell for.

This competition you refer to within Alberta and British Columbia is again a case of excess stocks within Alberta, where the farmer has not been able to deliver, under the regulations of the Canadian Wheat Board, all his grain, and he is being encouraged to dispose of his stocks at depressed prices.

You must keep in mind that in our operations we pay an initial payment price at the time of delivery, and as we make our sales, we make supplementary, interim, and final payments.

There is naturally a difference between the price as paid by us at the time of delivery and our selling price.

These people in British Columbia are comparing the initial payment price which the producer receives with the buyer's price. There must be a margin in that price.

Q. That is quite true. I mentioned Alberta with respect to competition by our cattle men and poultry men. We have the same competition south of the line in the United States.

I know you are trying to get rid of certain grades at one fixed price and you offer it to any producer at that price. But in view of the tremendous amount of low grade grain we have at the present time, it would seem only common sense that whether by one price or otherwise we try to place it in British Columbia in the hands of bona fide producers, and to forget the competition more or less, so that they may continue to exist as producers.—A. If we were to open up and allow the movement of grain across the border into the British Columbia market, we would deprive the pool generally of a very substantial market for coarse grains and low grade wheat at our regular price.

The same would apply in eastern Canada on the movement from Manitoba into Ontario, and our Quebec friends would say that they should get the advantage of it too.

If the government in its wisdom wanted to do something in the way of a subsidy for the feeders in these provinces, they could encourage the use of western feed grains. But as a marketing agency, in the interests of the western producers, I am sure it would not be good business on our part to allow this grain to move across provincial borders, because you could not control its ultimate destination.

As I have said, it would deprive the pools of a very substantial proportion of their normal market for western feed grain.

We have the same situation across the international border in respect of many producers who reside close to the border and for whom it would be quite easy to go across. They think that that market should be reserved for them particularly.

We sell to all markets, pooling the proceeds of those sales in a common pool.

Q. This is a question which has come up in the house on many occasions, and it is one which is of great importance. There is no suggestion that anyone should go to Alberta and take part in what would not be considered a sale through the board to the detriment of the people in that Province.—A. We are doing that business every day. We are prepared to sell grain, and we do so. We are in this business with British Columbia.

Q. The price at which you send it out is different from the price which could be paid for it in Alberta. There is quite a spread.—A. There is competition between companies in Alberta which are actively competing in the British Columbia market; the margin between our asking price, and the sale price is very, very narrow.

As you pointed out earlier, there is government freight assistance of \$5.50 a ton which is allowed to cover the charges on that grain.

I would not like to give the committee the impression that we are not sympathetic to the problem. This is something we have studied very thoroughly, and I appreciate the problem and the effect, not only from the point of view of British Columbia but that of Ontario and the east as well.

I think it is a question of wrestling with these problems under the machinery as set up by parliament to merchandise the grain grown by producers in western Canada to their best advantage.

Mr. PUGH: My own constituency is concerned with fruit growing. They are selling to producers in British Columbia. As you know there is a great deal of excitement there, so they are not disinterested at the present time.

By Mr. Horner (Acadia):

Q. I have two questions I would like to ask Mr. McNamara. In British Columbia is there not something being paid by way of freight assistance on feed grain going into British Columbia?—A. Yes; it is \$5.50 a ton.

Q. I think the movement of illegal wheat is detrimental to Canada as a whole. Yet you say that the wheat situation in the prairies has improved a great deal. I think this improvement can be credited to the movement of this so-called illegal wheat. In my opinion, it has gone a long way to improve the surplus wheat situation in western Canada.—A. You mean within Saskatchewan, with respect to this distressed wheat, more has been used for feed because of the prices at which they sell it.

Q. That is true. In 1953 and 1954 there was a lot of No. 4 and No. 5 wheat grown, and in the last few years particularly a lot of wheat has moved from Saskatchewan into Alberta.

You may say it is illegal, but I am glad to see that you have not reached a final decision about it. I say it has done a lot of get rid of No. 4 and No. 5 wheat which was a burden in the hands of the farmers.

Many of them have sold it at depressed prices, but many of them have realized cash out of those sales which they probably could not have done otherwise in the last couple of years operating through the wheat board.

Moreover, dealers handled it and sold machinery and thereby kept a lot of machine agencies in business which in turn kept a lot of factories in eastern Canada in business to produce that machinery. So I say it was a benefit to Canada.

By Mr. Gour:

Q. Mr. Chairman, and Mr. McNamara; I have been a member of this committee for 30 years, and in my opinion the wheat board has performed a first class job.

To begin with, I urge you not to let the matter get out of your hands in the way of improper marketing because it would do no good to anybody. I think you had better keep control of it.

In my opinion, the people who sold their wheat cheaper did so because they thought that otherwise it would not be sold unless it was sold on the so-called "black market". I would do it myself in order to improve the market for that feed wheat.

I think that British Columbia people could buy it if there was a greater subsidy given with respect to freight. That would help you to sell more of that feed wheat.

Everybody should be served in the same way. But the "black market" is no good to anybody.

I am a dealer in implement machinery, and I believe that if we should pay more to the farmer, it would take away part of our profits, but the shipper would sell 50 per cent more. They know that we want to sell them tractors, but they have to pay more money in order to get them—not less, but more.

I am very anxious on behalf of the people in the west, because we are concerned about them in the east. What is good for them in the west is good for us in the east.

If you buy our machines, we will make more money and we will transfer part of our profits. Do not destroy that good wheat board job. As I have said, I have been a member of this committee for 30 years. I am a Canadian, not an easterner or a westerner, but a Canadian!

I think that British Columbia should have the privilege of buying it. It does not do them any good if they cannot buy that grain.

I represent the east and I am convinced that the wheat board has done a good job. I urge you to keep on with your regulations and not to let the "black market" get away with it. It is not good for anybody otherwise. I think that the government should pay more than the \$3 subsidy they are paying now, and I think that would be good for everybody.

By Mr. Hicks:

Q. My question is along the same line as that of Mr. Pugh.

Before I came down here today I received a letter from a gentleman out there who is growing a lot of poultry. He had some wheat in Saskatchewan for which he thought he might get a bootleg price of from 50 cents to 65 cents a bushel. But if that same wheat went out to him he would have to pay \$50 a ton which is about three times as much as he could sell his wheat for in Saskatchewan. He just could not see it.

Please do not think that I am opposed to the wheat board, but is there not some way of getting the prices at a little more equal level for the feeders in Alberta and the feeders in British Columbia. After all, they are both living in Canada.

It seems to me if that could be equalized, even a little bit, it would be most helpful. Some people say: "Ask the government to give a little higher freight bonus on it".

I think the freight out there is from \$6 to \$7.10 a ton depending on where it is shipped from. I do not think we should ask the government for any higher freight bonuses on feed.

Perhaps I might put it like this: here I am, a citizen living in British Columbia and I pay income tax.

I happen to have a brother living in Manitoba who is a wheat grower. I will be "darned" if he does not have more money than I have or ever expect to have.

Why should my income tax be used to help him to grow wheat?

For that reason I cannot see why the government should be asked to pay a commercial bonus on the freight of wheat going to the coast or going to the east?

By Mr. Argue:

Q. If more bonus is paid on the freight, I would suggest that the only result would be a reduction to the person buying the wheat rather than an increase in the price, even if it be to your brother. I am glad to learn that he is in good financial shape. If so, he is in a minority, or a very small minority.

One of the reasons for an increase in the price is caused by an increase in the freight. I take it that is general. I would be very satisfied to make it possible for the feeder to buy at a price more comparable to the price paid to the producer.

I would like to ask the witness what is the margin between what is paid to the producer on the prairies and what the feeder has to pay in British Columbia and Ontario? What is the operating margin of the Canadian Wheat Board?—

A. In certain cases it is very small. I would remind the committee that in our over-all oats pool operation last year, we incurred a deficit of around \$2 million.

In other words, the difference between the prices paid to producers, and the prices at which we dispose of this grain—after deducting operating costs—we think is very small.

Q. What is the operating cost per bushel of the Canadian Wheat Board? There is a belief that the wheat board costs somebody a lot of money over the years every year, and I think it would be wise to have it explained, because when people hear about the administration costs, they are very pleasantly surprised.

The CHAIRMAN: Have we any questions under administration?

By Mr. Argue:

Q. I am talking about the difference between British Columbia and the prairies.—A. We will deal with that in our financial report.

Our administration costs are around $\frac{3}{4}$ cents per bushel, which is not large.

By Mr. Muir (Lisgar):

Q. In southern Manitoba and southern Saskatchewan a very lucrative practice has grown up over the years with respect to seed cleaning.

It has been their practice to buy screenings from the farmers. They are good screenings, some of them, and for that reason the proportion that is good wheat has run into this difficulty. In some cases they go into lower grades of wheat.

My point is this: the seed cleaning establishments have been able to export those screenings. In my particular area, however, this business was shut off in some cases because they found that the wheat would go into one or two of the lower grades.

I wonder if we are getting rid of this grain to a market which probably would not be picking up anything else? Is there any reason why this particular business should be shut off?—A. This is just another means of circumventing Board Control. What happened in the case referred to was this: the screenings gradually became better and better; they were more like feed wheat, No. 4 and No. 5 wheat.

Under our act, anything which is designated as a commercial grade of wheat under the Canada grain act must be delivered to us.

We found that they were "sweetening" them up more and more and that a lot of grain was moving out and was being sold in competition with us.

We have a substantial business in feed grain with the United States at our price. We always try to get the best price. But if we allow somebody else to move in No. 5 or No. 6 wheat and offer it at a price below us, the effect is to upset the price for a great volume of our wheat. In other words, we start to compete against ourselves.

In so far as the general surplus position of feed grains, oats, and barley is concerned, it has been referred to as an abnormally heavy stock, but I would say we are out of the woods in that regard, and that the surplus position in so far as oats and barley is concerned, is over for the time being at least. But I will not say, that in future crop years, we are not again going to encounter difficulties in this regard.

By Mr. Pugh:

Q. There is only one point on which I am not clear: the feeder business is a legitimate one, and I am not suggesting that it is a good idea for it to rely solely on the "black market".

As I understand it, under the act there is full provision made for the feeder business within this area. That has nothing to do with the "black market". It is simply extending the actual movements to poultry men in British Columbia on a legitimate basis.

The CHAIRMAN: I appreciate that.

By Mr. Milligan:

Q. This is a controversial subject. I am a feeder in Ontario. I would like to get cheap grain as well as anybody else, and if there was an opportunity, I would be in the "black market" if I could.

But I think we have an orderly marketing process under the wheat board, and I think we ought to maintain it.

Just as soon as you leave any openings, you will spoil the operations of the wheat board because, if you permit people to buy outside the wheat board policy in the market, you thereby reduce the price of grain to the western farmer.

I think we want to maintain that price, but if we could buy our grain cheaper, we might produce more. What are we going to do with what we produce? We produce so much that we have difficulty in getting rid of it.

I think it would be very detrimental, not only to those in the east but in British Columbia as well and to the western provinces if we allowed inter-provincial trading in any grain outside the wheat board.

Mr. JORGENSON: Mr. Chairman, this whole thing has got away from the question I originally asked. My concern was with the feed mills. I was not concerned with the inter-provincial situation in that respect. My concern is with the feed mills within the province who have to compete with appliance dealers, implement dealers, etc. These people have tremendous investments in equipment and buildings and they find themselves standing there idle while the implement dealers are doing all the business in grain. It is that situation I should like something done about.

Mr. THOMAS: Mr. Chairman, there is one point that has not been sufficiently stressed here, I feel, and that is the position of the grain producer in eastern Canada. Now, we understand that the Wheat Board are set up primarily to promote the interest of and to obtain good prices for the western grain producers; but I think we farmers—maybe this is wandering a bit but it is right on this point of freight subsidy and other arrangements, inter-provincial trade etc.—we farmers, if we are going to be prosperous must stick together, and we should stop attempting to feed one off the other. Whenever a livestock feeder is able to buy feed at less than a fair price he is helping depress the whole industry of agriculture. The price of a finished steer or the price of a turkey or the price of a dozen eggs or a pound of butter should reflect a fair price for all the ingredients that go into that end product.

Now, if the farmers themselves are going to try to undercut each other and beat down the prices of those ingredients which go into the end product we are not doing very much for agriculture. And in connection with the freight subsidy to Ontario, there are large quantities of grain produced especially in south-western Ontario. The present freight subsidy on grain into southwestern Ontario reduces the price of wheat thereby 15 cents a bushel, the price of oats by eight and a half cents, the price of barley by 12 cents; the price of corn, since it is in direct competition with barley, must be reduced by a price of about 14 cents per bushel.

Now, before we start talking larger freight subsidies on feed grain maybe we should give some consideration to action which might be taken to compensate the grain producers in certain areas of the east for the loss which they are sustaining for the benefit of the livestock producers. If we are going to have a prosperous agriculture we must look at the whole picture, not at just a few sectional interests.

By Mr. Milligan:

Q. Could I ask a question? Could I ask Mr. McNamara does he feel if we do not have freight subsidies would we be able to get the same price for feed grain in British Columbia and eastern Canada that we are getting today?—A. I do not know whether I am competent to give an opinion on that, sir. I have always regarded that the freight subsidy was beneficial to the feeder and I had the distinct feeling that it has helped us in marketing grain in the domestic market. But whether we could sell as much or whether as much western grain would be used in Eastern Canada, I do not know. My opinion personally is that it is helpful.

By Mr. Muir (Lisgar):

Q. I would like to ask just one more question on these seed cleaning arrangements. I understand from Mr. McNamara that providing these screenings fall within the proper category, that is, if they are not in any of the commercial grades, they may be shipped freely?—A. If they do not market a commercial grade, they are permitted to be exported as screenings.

By Mr. Nasserden:

Mr. Chairman, most of these implement dealers and garage men in Saskatchewan and elsewhere who take grain in trade, are doing quite a service to the farmer during the last few years. Some of them have been cutting down the price of the grain they take in, but most of them do not cut the price because they list their machines at the full sales price and the difference is made up in the commission that they get. I know that according to my information that it is not a very great proportion of the total grain produced in a province such as Saskatchewan. I was wondering in a year like this where we may have several points or an over-all picture where the delivery is going to be a little easier than it has been, if there is not some way of cleaning up these stocks which are on their hands. We might say they have no business to take this grain, but we know they have benefited a lot of farmers at a time when they needed new machinery, and that. They are not shysters; they are good dependable implement dealers who have financed the holding of this grain; and for that reason I think something should be done to get these stocks out of their hands if there are means for doing so on a legitimate basis, instead of a basis that they have sometimes had to resort to, I imagine, in the last couple of years.—A. I think, Mr. Chairman and gentlemen, the answer to that is that up until now the storage position has been such that we have felt that the available space should be utilized by the producers themselves to deliver their grain within the regulation quotas. We have not yet had available space at any number of points that would allow us to give consideration to making arrangements to take those stocks which have come originally from the producer, but are in the dealers' hands.

As you know, there is provision in our act to take these stocks in at the initial payment price only, and the dealer will not be able to benefit from any future payments we may make on; but what the new year will bring, we do not know. It will depend on the final out-turn of our crop this year, and there may be some question of whether or not we will be in a position to accommodate other deliveries. I think we should aim at taking the grain off the farms, and we would like to see all the farm surplus in commercial positions where it is readily available. I would think our policy this year will be again directed to trying to take the grain from the producers themselves, but if we have surplus space over and above that, then we will want to consider taking grain from others than producers. We do not want wheat going bad. We want to be able to sell it to the consuming public; but I think we are getting a long way from the 1956-57 report.

Q. Would the implement dealer sell it on a permit book?—A. No; to market this wheat he cannot use any permit book. If he has brought it outright, the farmer is no longer entitled to deliver it on a permit book. We would have to issue him a special permit to enable him to ship it, and in issuing that special permit we would only pay at the initial price. Any surplus would go into the pool for the benefit of all producers.

Q. But you would give them a special permit to do that?—A. We have not in recent years. We have been confining deliveries to actual producers, plus estates, and operations of that kind. We have not yet authorized delivery privileges other than the quotas for the producers themselves.

Q. If one farmer lets another farmer use his permit book he is liable to prosecution, is he not?—A. If we found that that existed we would prosecute.

Q. What about the implement dealer who has access to a permit book and therefore who can deliver as the act will allow?

The quota this year was six or seven bushels; but say a certain farmer has only four bushels to ship on the quota he could then give the implement dealer his permit book and he could ship it as his own. I know that is illegal.—
A. Yes.

Q. I welcome the statement you have just made, that you are going to think about it if there is a possibility of doing something, because I know some of these dealers can really use that money at the present time.

The other question I have is, what are the qualifications required to secure a permit book?—A. I wonder if I can have my colleague, Mr. Robertson, deal with this—get him into this arena.

Mr. W. E. ROBERTSON (*Commissioner, Canadian Wheat Board*): Mr. Chairman and gentlemen, to obtain a permit book a man must be operating a farm; that is, he is a tenant operating a farm or he is an owner of a farm operating a farm. He applies for a permit book, If he is a tenant, he is the operator and the producer as far as our act is concerned. But interested people in that land and in that crop are entitled to have their name shown under the suffix of the permit book. So that the landlord, for sake of argument,—is entitled to his share of each quota, along with the tenant. For instance, if the quota was 300 acres, a one bushel quota would be 300 bushels and under the permit book, if the landlord has a one-third interest,—the landlord would get 100 bushels and the tenant 200 bushels out of that quota. But the man who is operating the land is the man who takes out the permit book.

Mr. NASSERDEN: What I was getting at is, a number of people have contacted me, say, where a son is staying at home with the parents and the son is 30 or 40 years of age and farming for 10 or more years. Yet the Wheat Board refuses him a permit book because he uses the same machinery as the father. It is a ridiculous situation.

Mr. ROBERTSON: That is one of the difficult and contentious problems we have in dealing with the issuance of permit books. Under our act it says a permit book shall be issued to one or more farms operated as a unit. Now then, you get down to the very difficult question of determining what is a unit. We have had some trouble over that. We have had more trouble over that than we have had selling wheat. Anyway, we have tried to get down to a definition of what comprises a unit.

The first thing is that here is a father and a son who are operators. We will say we have determined they are operating as a unit. That would mean principally they could exchange machinery. We would not look at that too seriously; but are they operating as one bank account, are they intermingling their grain, are they storing their grain in common granaries, do they pay taxes as a unit?

Now, if they come under that general qualification, they are a unit and they are only entitled to one permit book; but on the other hand if the son has his land rented or purchased and the father is operating his farm they may be exchanging machinery. One owns some machinery and the other some other machinery; they might exchange a combine or tractors between themselves. We would not consider that as a detriment to their being considered separate units.

We get questionnaires completed by the producers, and to finally reach a decision on it is most difficult; but we have tried our best to be fair on it. At the same time we know that there have been a lot of people who have chiselled on us; but you cannot prove it. That is just one of those things that you can only be efficient on up to a point,—not nearly as efficient as you would like to be.

Mr. NASSERDEN: But when a young man becomes 30 or 40 years of age and is farming, even if he is on the same farm for as long a period, he is not

a chiseller when he asks for a permit and you refuse. You have refused many of them in my constituency and I cannot see your reason. They are not chisellers; because if he was doing any other job, even if he was at home and everything else, he would still be considered as securing a separate income.

Mr. ROBERTSON: If he is renting the farm from his father, and is the operator he is entitled to a permit; or if he is living on his father's farm and is renting other land in his own name, he may be entitled to a permit book. There is a 300 bushel quota difference, and it may mean a difference of a special quota for malting barley.

Mr. NASSERDEN: In cases like that in my constituency malting barley is not a problem because they do not grow much in those cases of which I know. It is so ridiculous, the action of the board in regard to refusing these permit books that it is not even funny.

Mr. ROBERTSON: Well, just from the statement you made of the son running another farm a mile or half a mile away and he is living at home the situation is; if he is operating the farm separately, storing his grain separately even though he may be using some of the father's machinery, as long as he is a separate unit by himself, I am surprised to hear you say that he has been refused. I think there is some other circumstance that neither one of us is aware of. That often comes out of these questionnaires.

Mr. NASSERDEN: I did a lot of inquiring about it because these people were getting after me about it and I thought they were entitled to it. I know others who operate farms under the same circumstances and there were no questions asked. They have a permit book; whereas I have run into half a dozen in a close area.

Mr. ROBERTSON: The best thing I can suggest to you if you have some cases like that, is to write to the board in Winnipeg. We would be very glad to look into them, because we have files and information on these cases that come up. There are so many different circumstances I am sure we could never explain them all in one short session. If you would care to do that, we would be glad to look into it.

By Mr. Gundlock:

Q. Mr. Chairman, I would like to ask a question on permit books. Could you explain how you handle permit books to the Hutterite colonies?—A. Yes, a Hutterite colony is a unit and they get one permit book. There is the problem of a Hutterite colony and also that of the cooperative farm.

Q. I am just speaking of a Hutterite colony.—A. They both come under the same ruling. They are established as a unit and we have used the same formula with both those types. I think if there is over four or five families in the unit, we have granted additional unit quotas for the number in excess of that minimum of four or five families. The Hutterite permits have been calculated on an acreage basis. There is an acreage control comes in there. I cannot give you from memory the exact figures, but there have been *extra* units issued in some cases where in the Board's opinion there is an element of unfairness because the unit comprised a very large acreage.

Q. Do you do that to a single producer on an acreage basis?—A. No.

Q. Why should not that acreage basis apply to a single producer as well as to a colony?—A. Well, of course, if there is only a single person and he has 5,000 acres for sake of argument, it might be equal to a Hutterite colony; but he is still one person so we have to draw a line somewhere.

Q. You tie the two together.—A. You have to draw an arbitrary line on these things. Otherwise, you would not have any control.

Q. Well, it hardly seems fair to draw a line for one and not the other. If you are going to use acreage as a basis.—A. We have had complaints on it, and whatever view it is, you take away from one and you give something to another. There is only so much grain can be marketed this past year. Now, if we let one man market more grain, someone else is going to market less.

Q. If you let the single man do so, you would get it back in income tax. You do not from the Hutterites.—A. That is out of our jurisdiction.

Mr. ARGUE: The complaint we have heard in Rosthern is that you do not give these men Mr. Nasserden was talking about a permit book.

Mr. NASSERDEN: I was not referring to the Hutterites.

By Mr. Argue:

Q. Is not the argument that you take all the acreage together and call it one unit, no matter how many are working on it? You have the two policies and as between those two policies the Canadian Wheat Board is trying to draw a line?—A. We have to draw a line. It may be arbitrarily once in a while, but we have to stop some place; otherwise, there would be no way of controlling things to the benefit of the producer.

Mr. GUNDLOCK: Is it true you sometimes issue four permit books to each colony because the number varies?

Mr. ROBERTSON: No, it is a special permit under the unit quota. There is a special authorization for the unit quota with an acreage limitation, but it is still one permit book because it is one unit. You cannot distinguish one person's ownership of grain as compared with another person's within the group. It is all intermingled, and for that reason, under our act, it becomes a unit. It is an intermingling and you cannot separate ownership; it is common ownership. That is where the difficulty arises.

The CHAIRMAN: Gentlemen, shall we go on to paragraph 4?

4. Transportation

On August 1, 1956 country and terminal elevator capacity was well filled with stocks of all grains on this date amounting to 492 million bushels. Broadly speaking, it was the task of transportation agencies to move grain to forward positions as space was made available through domestic and export demand. In 1956-57 the Board continued to assume responsibility for the allocation of shipping orders as between handling companies. Throughout the crop year the Board maintained adequate shipping orders in the hands of elevator companies in order to facilitate railway operations. The various transportation movements were accomplished without major difficulties excepting for the period of a strike on Canadian Pacific Railway lines in January, 1957.

The following table shows primary receipts from producers and principal movements of western grain in 1956-57 as compared with those of the previous crop year:

	1956-57	1955-56
	(million bushels)	
Primary receipts from producers	585	567
Shipments from country elevators and platform loadings	560	540
Receipts at Pacific Coast ports	141	118
Receipts at Fort William/Port Arthur	352	334
Shipments from Fort William/Port Arthur (lake and rail)	322	348

Receipts from producers in 1956-57 were 585 million bushels as compared with 567 million bushels in the previous crop year. As shown in the above table all major movements of grain in 1956-57 exceeded the volume of 1955-56

with the exception of shipments from the Lakehead to eastern destinations. Shipments from the Lakehead reflected a smaller export movement of grain through eastern ports in the 1956-57 shipping season.

The Board wishes to express its appreciation for the co-operation received from the railways, the lake boat operators and the Board of Grain Commissioners for Canada in carrying out and facilitating a large grain shipping programme during the crop year under review.

By Mr. Rapp:

Q. Mr. Chairman, on the transportation here; are there more shipping orders going out to the Canadian National stations than to the Canadian Pacific Railway. In my constituency it is not so apparent this year because we did have six and seven bushels out there; but in 1955-56 all those shipping points on the Canadian Pacific Railway were at least one or two bushel quotas lower than on the Canadian National points. I would like to have you explain why it was done in this way.—A. The answer is no, there are not more shipping orders going to the C.N.R. than to the C.P.R. We see that all shipping points have enough orders on hand to bring the quota up to the desired level whether it is a C.P.R. or C.N.R. station. It is true that many shipping points the movement and the placing of cars throughout the season has not been as perfect as I would like to see it.

However, I do think it is only fair for me to state to this committee that during the crop year under review and during the current crop year we have had excellent cooperation from both railways. There is no doubt that they are going all out to help the producers and the board. I can only report excellent cooperation on the part of the railways, Lake shippers and the Board of Grain Commissioners. The grain movement this year has been most satisfactory, with a few minor exceptions. They have done a better job of placing cars for us than, I think, they have ever done before.

Q. That was only for 1957, and 1958. In 1956 it was definitely not so because I know that many of these C.P.R. stations were on a unit quota basis whereas others on the C.N. perhaps had a two bushel quota above. Really, it was a hardship for these producers because a bushel or so means quite a bit of income, especially in the fall. I would like to see that this is not repeated.—A. I appreciate that. There is one factor which enters into this in Saskatchewan; that is the Churchill movement. Last year we had 16 million bushels shipped out of Churchill and this year it will be better. That movement is confined to the C.N.R. It does open up space in northern Saskatchewan quicker than the C.P.R. is able to provide space in southern Saskatchewan which is dependent on the Fort William movement.

The CHAIRMAN: Are there any further comments on paragraph 5?

Mr. TRELEAVEN:

5. *Delivery Quotas*

On July 27, 1956 the Board announced the basis of the delivery quota policy for 1956-57. Effective on August 1, 1956 an initial quota consisting of 100 units of grain was established; each unit consisting of 3 bushels of wheat, or 5 bushels of barley, or 5 bushels of rye, or 8 bushels of oats, or any combination of these grains amounting to 100 units. At the same time the Board announced that the initial quota would be followed by general quotas based upon each producer's specified acreage.

A new feature of the delivery quota policy for 1956-57 was the inclusion of delivery quotas applicable to Durum Wheat and flaxseed. These quotas were established at 5 bushels per seeded acre effective on August 1, 1956. On October 19, 1956 the delivery quota on Durum Wheat was increased to 8

bushels per seeded acre, with a minimum delivery of 300 bushels. On January 25, 1957 the Durum Wheat quota was increased to 12 bushels per seeded acre, with a minimum delivery of 400 bushels. This was followed by an increase to 15 bushels per seeded acre June 14, 1957, with a minimum delivery of 500 bushels. This quota remained in effect for the balance of the crop year.

In the case of flaxseed, the delivery quota was increased to 8 bushels per seeded acre, with a minimum delivery of 300 bushels effective October 19, 1956. On November 30, 1956 and January 25, 1957 the flaxseed quota was increased to 11 bushels and 15 bushels per seeded acre, respectively; a minimum delivery of 300 bushels applying. On March 22, 1957 flaxseed was placed on an open quota basis.

The quota policy for 1956-57 included the customary provision for the over-quota delivery of one carlot of Malting, Pot or Pearling Barley on the basis of a sample accepted by the Board and for which the producer was paid a premium. On March 8, 1957 this provision was extended to a second carlot of selected barley of a Two-Row variety for shipment to the west coast.

On November 30, 1956 a supplementary quota of 3 bushels per acre was established for barley effective in Manitoba and Saskatchewan only. This supplementary quota included provision for a minimum delivery of 150 bushels. The minimum provision of this supplementary quota was extended to producers having surplus barley but having no barley acreage in 1956. On April 5, 1957 the foregoing supplementary quota was increased to 6 bushels per seeded acre.

On August 21, 1956 the Board established a supplementary quota of 5 bushels per seeded acre applicable to Soft White Spring Wheat, where such wheat had been produced under contract. On October 18, 1956 Alberta Red Winters, Alberta Winters and Soft White Springs were placed on an open quota basis.

By the end of August, 1956 the Board was in a position to commence general delivery quotas. These quotas were advanced as rapidly as elevator space at individual delivery points permitted. The following table shows the delivery quota position for the designated area, at the end of quarterly periods, during the crop year 1956-57:

	October 31	January 31	April 30	July 31
	1956	1957	1957	1957
Initial quota	897	—	—	—
1 bus. per specified acre ..	693	81	—	—
2 bus. per specified acre ..	348	1,008	63	—
3 bus. per specified acre ..	123	685	853	—
4 bus. per specified acre ..	—	278	534	—
5 bus. per specified acre ..	—	26	596	448
6 bus. per specified acre ..	—	—	—	1,602

By July 31, 1957 there was less variation in local delivery quotas than had existed at the end of immediately preceding crop years. The fact that there was some variation was due, in the main, to the policy of the Board of giving prior consideration to the shipping of grains and grades of grain required for the market.

Under delivery quotas established in 1956-57 producers delivered 585 million bushels of grain and flaxseed as compared with 567 million bushels during the preceding crop year.

PROVISION FOR SEED GRAIN

The Board's policy to encourage the use of good seed by producers was continued through the crop year, with special provision being made to assist producers in acquiring registered, certified and commercial seed.

By Mr. Argue:

Q. I would like to ask a question on the unit quota. I think that one of the purposes of the unit quota is to provide a little greater equality as between various units when it comes to marketing grain. At least initially the people who farm the best or high priced land and the land with the heaviest amount of taxes rather feel that the general acreage quota makes it more difficult for them as compared to farmers on lighter soil because the volume allowed by the acre is the same.

Farmers who farm on land of a low value, with a lower cost and a lower tax, and probably in an area where it is easier to raise cattle, feel they have a direct advantage. Most of them are in the less valuable land areas. The suggestion was made to me, and the people concerned say they are taking it through their municipal association, is that the wheat board should provide a secondary unit which would be equivalent to the taxes paid in one year on the land, taxes for shall we say school and municipal purposes. They say that if a farmer farming a high-priced quarter of land with high taxes could deliver sufficient grain to pay his taxes it would take part of the sting out of the fact that the gross income from the more expensive income land is at present at the same gross income as a farmer who farms less valuable land. Has that suggestion every been brought to the attention of the board or has that matter ever been considered by the board?—A. Mr. Chairman and gentlemen, this question of the unit quota as compared to acreage, and one or true supplementary quotas, has received a great deal of attention. This was a matter which was discussed at a very recent meeting of our advisory committee. The matter was gone into very fully and the consensus of advice was that we should continue the unit quota on the basis of the last few years. It is true that we receive suggestions from people to the effect that our unit quota is not quite fair to them because it provides for equal delivery opportunities regardless of the size of the farm, for the first hundred million bushels to be marketed. The large operators are inclined to feel that, over a five year period, the small producer has received a greater benefit, under the unit quota to the extent of one or two more bushels per acre.

Our reaction is that the unit quota is generally accepted as being fair and equitable under these conditions. Frankly we have not considered a unit quota which could be used for the purpose of paying taxes. I suggest we are supposed to be a marketing board and should not be asked to be a collector of taxes for the municipalities and have to try to average up the incomes for the producers.

As Mr. Robertson said, the unit quota takes up more time than our major operation of selling wheat. Our job is to give all farmers an opportunity to deliver as much grain as fast as space can be made available for it. I would hate to see our field extended too far, although I do understand some of the problems which these producers are up against.

Q. The objection does not turn on the fundamental idea of the suggestion, but rather on the mechanics of carrying it out?—A. Yes.

Q. I appreciate that the board should not have more work than it can do. It would be the elevator agents, acting as agents of the board, that is true, who would be doing it; but, if you will allow an interjection here, as you will remember we had many arguments in the House of Commons as to whether or not the wheat board could get in the field of cash advances and we were told by some people that that was a terrible thing and that the wheat board would resign.

Mr. CHURCHILL: By some people, you mean the Liberal party.

Mr. ARGUE: Not by you or me.

Mr. NASSERDEN: Does not the cash advance take care of the problem which Mr. Argue brings up?

Mr. ARGUE: I do not think so. I am not saying whether or not this suggestion is valid; I cannot say that. I think that there might be some room for an inquiry to see whether or not the means could be worked out to determine whether or not it is a workable suggestion. A farmer who has to pay taxes of \$500 on a quarter section of land feels he has a substantial burden as compared to the farmer who has \$100 taxes, the only reason being he has a more expensive quarter section on which he has to pay more taxes; and because of the wheat board regulations as to the quotas his gross income is precisely the same as the man on the small holding.

By Mr. Rapp:

Q. We understand there is going to be much more space available at the beginning of the new crop year. Would the board consider an increase from 3 to perhaps 4 or 5 bushels for wheat and to 6 bushels on barley and about 10 bushels on oats? What I mean is to increase the proportion for the different grains but retain the 100 bushel unit. It could be 5 bushels on wheat, 7 bushels on barley and, a chance to deliver more grain under the unit instead of opening up additional quotas per bushel.—A. It is something we would have to consider this year because an awful lot of our problems will be related to the size of the crop. Although it may be true in the constituency which you represent that there is more space now in the new crop year than in the past, that is not generally true in western Canada. Our elevators are carrying approximately the same quantity of wheat as last year and we will be faced with congestion for the next two months.

The movement to the lakehead has dropped very seriously in the last few days and our eastern terminals are congested. While I am optimistic, which one has to be in this business, I am afraid that the movement, particularly through eastern Canada, in the next few months will be particularly light.

In certain areas in Alberta it appears they will produce a good average crop and have a substantial carry-over, and in some areas of Saskatchewan where the crop has improved there is still a large volume of grain on the farms. This question of extra space being available will not generally be true in western Canada, although it will be true in some areas.

It may be that our entire quotas may be removed on certain grains some time during the crop year but it will have to be approached very carefully because if you remove a quota you can probably seriously affect other areas delivering under a quota.

Mr. MUIR (*Lisgar*): Mr. Chairman, considering the high amount of farm taxes that have been paid or are paid out now and considering the very high administrative difficulties in the matter that the hon. member for Assiniboia suggests, I would think that we could bog down in administrative details. I do not think that we should place that burden on the board.

Mr. ARGUE: Let us not say no too fast like the Liberals did.

We can always look at it.

By Mr. Brunsdon:

Q. On this question of quotas, I would like to have a further explanation in respect of this permit book business in regard to the rights of the collective farmers. I can point out an instance of a small community surrounded by Hutterites. The quotas are filled up by their extra permit books and the rest of the farmers have to wait. If you do not wish to take the time of the committee, I would appreciate if you would have a statement on this placed on the record.—A. I was going to suggest that we will be here tomorrow or

the next day and will be glad to obtain all the details of the policy in respect of the Hutterites and these co-op farms and bring it to the committee. We will have all the information here for you on that point by Wednesday.

Mr. CADIEU: Getting back to the change in the assessment, I think we would run into a great deal of difficulty because of the fact that the percentage of taxes outstanding on the higher assessed lands is far less than on the low assessed lands.

Mr. ROBERTSON: In respect of the unit quota, there are a little over 230 thousand permit holders. The average unit runs about 450 bushels, or perhaps about 500 bushels.

Mr. RAPP: On different grains?

Mr. ROBERTSON: On the three grains; so that on the unit quota with 230,000 permits and 450 or 500 bushels per permit you need a delivery of 100 million bushels or better. If we were to extend deliveries under your proposal to 125 or 140 million bushels all that would do would be to hold back the introduction of the general quota and ultimately, instead of having say a six or seven bushel general quota at the end of the year, perhaps you would end up with a five or six bushel general quota. There is only so much grain which can come in. If you let more come in under the unit quota, less comes in under the general quota.

On Mr. Argue's point, the same thing would happen. If you have a larger delivery under a unit for the man with high priced land and high taxes more grain will come in from the men who are in that category and less grain will come in under the general quota. The result is that the man who has the lower priced land will thereby market less grain under the general quota.

Mr. ARGUE: And end up with his total less—

Mr. ROBERTSON: The same general quota, but his bulk would be less because he was held back while the man with the high-priced land delivered on some tax money. You are taking something from one and adding it to another.

Mr. ARGUE: That is true.

Mr. ROBERTSON: There is the question of how necessary it is to equalize income, and the administrative difficulties which are involved. I think the administration is something which you can always figure a way out of; but I am sure we would get more complaints than we have now in respect of the unit quotas. We can do things which seem difficult or almost impossible; there is a way of doing things if the need is great enough.

Mr. ARGUE: The point which these people made to me—and they said they were going to carry it through their association—is that if there were two farmers each with a section of land and one has lower priced land and a lower cost of operation—he might live around Shaunavon, I do not know, and I do not want to get into an argument—or he might be on higher priced land where there are higher taxes as at Melfort or Tisdale, and if one man has \$1,000 in taxes, and the one on the higher priced land has \$1,500 in taxes, all that you do is give the man with the greater expense an opportunity to pay that extra \$500. That was the whole idea behind it. People who live, let us say, on the Regina plains where there is almost no opportunity to diversify, and find that their land is assessed at \$5,000 a quarter and their taxes are pretty high and they feel that it is pretty tough to try to make a living on what is supposed to be and probably still is the best grain land in Saskatchewan. Whereas the farmer who is on lower priced land, because of factors over which the Wheat Board can have little or no control it is much easier relatively for him.

By Mr. Nasserden:

Q. But to get back to Mr. Rapp's suggestion, I think the thing he was bringing out is if you sell wheat on your quota you get more income than if you sell barley on a given acreage. Many farmers have turned away from wheat to oats and barley to try to help the wheat situation because they feel it is in a surplus position. Yet these people are on land where from one edge of the quarter to the other edge it is all under cultivation. Yet when they come to sell they find because they have switched they can only sell so many dollars worth less than what their neighbour who is growing wheat can sell.

For that reason if something could be worked out along that line I know there are a lot of people who would welcome it. There are a lot of people who would not, too. But generally speaking those who have produced coarse grain—it probably would affect the board's operation, though, as far as disposal of these things go, and getting the stocks filled up with coarse grain.—A. Of course, Mr. Chairman, in setting up the unit quota with 100 units we were taking the marketing of the different grains into consideration. These 100 units are 300 bushels of wheat or 500 bushels of barley or 800 bushels of oats; but so far as the regular quotas are concerned, we must watch very carefully the commercial stocks we are selling and not allow any one grain to get out of proportion. I would suggest here in the crop year we are just considering, 1956-57, the heavy stocks of oats and barley that we hold in commercial positions are the major reason that our operation in oats resulted in a deficit. Speaking from memory, the carrying charge on oats ran to about nine cents a bushel in that particular crop year; in other words, we were taking off the farms in that particular year too large a percentage of oats and barley.

This year we have a much different market for barley. We have had to put a supplementary quota on barley because of developments in the barley market necessitating our drawing further supplies from the farms, and we did that by way of supplementary quotas. We must watch very carefully the stocks we take off the farms as related to market demand.

The CHAIRMAN: Is paragraph 5 agreed to?

Paragraph 5 agreed to.

Mr. TRELEAVEN:

6. Shipping Policy

In 1956-57 the Board continued to direct the shipping of grain from country elevators. Only by following a policy of selective shipping from country stations was it possible to make the best use of available terminal space and to provide for the movement of the grains and grades of grain required to meet domestic and export commitments. In directing the loading of grain from country points, the Board issued necessary shipping instructions from time to time throughout the crop year. These shipping instructions, in the main, determined the preference under which kinds of grain or different grades of grain could be forwarded to mills or to terminal positions both east and west. The shipping instructions primarily called for the shipment of grain to meet market requirements at different stages of the crop year and, to the extent possible, were related to delivery quota objectives.

The CHAIRMAN: Are there any comments, gentlemen? If not, we will proceed to 7.

Mr. TRELEAVEN:

7. Handling Agreement

The main terms of the 1955-56 Handling Agreement were continued in the 1956-57 Agreement. Handling margins remained at 4½ cents per bushel for

wheat and barley, and $3\frac{1}{2}$ cents per bushel for oats. The storage rate was continued at $1/35$ th of a cent per bushel per day for wheat, oats and barley in store country elevators. The Agreement was revised to provide that the Board would not be liable for storage on wheat, oats and barley in transit from country to terminal elevators. At the same time a carrying charge allowance was provided for handling companies to cover carrying charges from the time wheat, oats and barley were received at a country elevator until such purchases could be reported to the Board. Terminal storage rates were not included in the terms of the 1956-57 Handling Agreement. Instead they were subject to maximum tariffs established by the Board of Grain Commissioners for Canada and tariffs filed by handling companies. The applicable rate for 1956-57 was $1/30$ th of a cent per bushel per day.

Following negotiations between the handling companies and interior mills, diversion charges on wheat shipped to such mills were increased by one-half cent per bushel. Diversion charges applicable to interior terminals, Churchill and Prince Rupert were unchanged.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Rapp:

Q. Mr. Chairman, does the Wheat Board intend to move out some of the old wheat stored in curling rinks, hangars etc. that are not on the railroads? Do they intend to move those grains out because mostly they are all good quality wheat, No. 2, 1, and so on? Do they intend to empty out this storage space?—A. Yes, it is our intention to empty them as the opportunity presents itself. That does not mean we are going to start moving them away at the expense of wheat producers who may wish to deliver; but we are very conscious of the fact that some of the wheat in these off-site storage facilities has been carried for a considerable length of time. While I think the Board of Grain Commissioners who will be before you will be in a better position than I to discuss this particular phase of the problem, I can tell you that Mr. Milner and I have discussed it, and we hope this year, with the reduced harvest and probably a little more space becoming available, that we can start moving some of these older stocks which have been stored for five or six years, and gradually feed them into the stream without upsetting the general pattern of our crop. We are hoping we can make some real progress in emptying these off-site storage facilities this year.

By Mr. Gundlock:

Q. May I ask if you have available the average figure, shall we say, percentage-wise of costs of storing crops; in other words, is the storage one per cent or two per cent or four per cent or five per cent a year for a bushel of wheat?—A. The storage rate as reported here in 1956-57 was $1/35$ th of a cent per bushel per day. For this crop year it was increased under our agreement with the companies, and we are now paying $1/30$ th of a cent per bushel per day which works out to about one cent per bushel per month. In addition to that we pay the interest and the funds that the companies borrow. But as to our financial statement, when we get to this, Mr. Earl, our comptroller, will be in a position to give you the exact information on the storage and the interest charges the board has paid to the elevator companies in the various positions.

Q. Would it be $1/16$ th of a cent per bushel for all charges?—A. It would not average that. The total was considerably lower than that on the 360 million that we handled this year.

By Mr. Nasserden:

Q. I notice it is four and a half cents per bushel for handling charge, and the storage charge is 1/30th of a cent per bushel. Is that the actual cost that the elevator companies figure, or would their costs actually be more for the handling than four and a half cents, or less; or do they hope to pick up the income from the storage part of the program?—A. Well, the situation is, Mr. Chairman, that each year our board negotiates an agreement with the elevator companies which act as our agents for the handling of grain, and they assume the responsibility for the grading of the wheat and delivery of it to us in terminal position at an agreed charge. The charges on wheat are four and a half cents per bushel. That covers what the elevator companies secure in handling grain for account of The Canadian Wheat Board, grading wheat and delivery to us on our instructions. But prior to that, they must file with the Board of Grain Commissioners the tariffs under which they are going to operate, so that our negotiations with the companies are controlled by the maximum rate that the Board of Grain Commissioners allow, and we negotiate within that range.

I might say this charge of four and a half cents per bushel has been in effect for 20 years. There has not been an increase in this particular charge but, of course, we have been paying elevator companies substantially more money in the way of storage. Storage has been one of the biggest factors in recent years; and as to the question you ask me, I should say the country elevator companies could not operate elevators under conditions today if their only source of income was the four and a half cents referred to in the handling of grain. The two earnings must be coupled together. Their over-all earnings must be taken into consideration.

Q. Maybe this is not the place to do it, but would it not be proper to have that handling charge more in line with what costs are today, and have the storage charge in line with what storage costs are, since we are having so much grain stored?—A. I can assure you when we come to meet with the elevator companies we will be doing all we can to hold that charge to four and a half cents this year. There have been indications that the companies are going to ask for an increase in the charges; but I gather your point is that taking a long range view, the storage will no longer be the main factor in the earnings, and that it may be more realistic to adjust the handling charge figures in line with operating costs.

Q. What I mean is, we are going to have a storage problem for quite a while, and instead of paying this higher rate of storage, it would be better to pay a slightly higher rate on the handling charge and reduce storage from the standpoint of the farmer. The elevator companies might not argue that that was right.—A. Well, some of the farmers do not argue that way either, because if you increase the four and a half cents, it reduces the initial payment. If you reduce the handling charge to four cents it will not have very much effect; but if you increase it from four and a half cents a bushel to five cents it would mean the initial payment the farmer receives would be half a cent lower than it is at the present time, and we have no indication that the farmers would be anxious to have that.

By Mr. Gundlock:

Q. I wonder how much thought has been given to paying the farmers' storage?—A. This is a question that has been considered very frequently by the board over the years. There is some merit in it, but in general our recommendation not only to this government but to the previous government has been that we have been opposed to farm storage; because up until the introduction of the Temporary Wheat Reserves Act, where the government is

assuming a share of the storage, all storage had been paid by the board out of the producers pool. A large quantity still comes out of the producers pool, and if we should pay farmers for farm storage, you are paying the man who can afford to hold his grain. We do not think it would be an equitable distribution of costs to pay the man who was in that position. Some of them for personal reasons prefer holding grain for some period of time on their farms, which would have the effect of increasing our storage costs. Generally we feel that we should take off the farms all the grain we can, and get it into commercial position where it is available for ready movement to markets. And for that reason, as a board, we have not recommended to the government the adoption of the policy of farm storage.

I should point out that provision is made in our act for us to pay farm storage. We did have it at one time in the early 1940's and increased the initial payments one cent per month, but our experience was not very satisfactory, and as a board we have not recommended the adoption of that policy, although there is power under our act to do so.

By Mr. Jorgensen:

Q. You mentioned your experience was not satisfactory in the 1940's. Would you elaborate on that?—A. We felt that by carrying on that policy we were encouraging farmers to hold back grain. In some instances it was our experience, under those conditions which were quite different than now, farmers were leaving as much as they could of their crops to the end of the year, and then they would make it available to us. It was not being delivered to us at a time when we were in a position to meet our market commitments. It was the large holders who were doing it because they could keep their wheat and take advantage of the farm storage. It is possible and we have the machinery to do it, but we have not considered it advisable to recommend its adoption to the government.

Mr. GUNDLOCK: It looks like it would be a very good thing to give you an out on that huge surplus.

By Mr. Horner (Acadia):

Q. I would like to state there was some suggestion that we raise the handling charges or allow the elevator companies to raise the handling charges. I would like to suggest that the board has stated that it would encourage all elevator companies to handle the grain at the same price and I would certainly back that policy up, because practically all the wheat pools are paying a dividend on their handling. I do not think it requires any more for handling and we can take that as the chairman's view, too.—A. Well, I can assure you that will be our objective; but in fairness to the companies—and we want to be fair—their costs of operation have increased very materially. I would not want this to be any indication that we are not going to negotiate with them but they have a case to bring to us in connection with these charges. I know their costs have gone up very materially, and, of course, this has been offset by other earnings. From the look of things this year, we think that there will be enough grain to give the companies a full handling and a full storage earning this year; but we will keep your views in mind.

Mr. NASSERDEN: Mr. Chairman, I was not suggesting that we increase the handling charges and not do something to offset it. I also suggested lowering the storage charges.

Mr. HORNER (*Acadia*): Then I do not agree with you.

By Mr. Nasserden:

Q. It is just a thought; it may not be the best one, and it may make trouble for a lot of people; but I wanted to point that out.

The other question I would like to ask is whether the use of the St. Lawrence Seaway will affect the diversion charges at Churchill and other places, when bigger ships can come through?—A. I would say it will not affect the diversion charges at Churchill, or other areas. Do you mean will it affect the use of these ports, will it restrict the movement of grain through Churchill and Prince Rupert—or do you mean the one and a half cent diversion charge?

Q. The diversion charge.—A. It will not affect the diversion charge at all; and while no one is yet in a position to state what pattern will be set for the movement of grain, we are hopeful it will reduce the cost for the movement of grain. We are hopeful it will be of benefit to the producers of grain, and in the long-term that we can take advantage of the seaway for Canada. But my personal view is that unless there is a marked change in the structure of ocean freight rates, the seaway is not going to adversely affect the business we have been enjoying the last few years out of Churchill, Prince Rupert and Vancouver. I do not think the savings that will be realized as a result of the seaway will offset the operating advantages the other ports have at the present time, due to the ocean freight rates that are prevailing.

The CHAIRMAN: Gentlemen, shall we proceed to paragraph 8?

Mr. TRELEAVEN: Mr. Chairman, this is a very long paragraph. Would you like it dealt with by sub-paragraphs?

The CHAIRMAN: What is the wish of the committee? Can we take this as read?

8. 1956-1957 Pool Account—Wheat

POLICY

In accordance with the Canadian Wheat Board Act, 1935, as amended, the Board administered an annual pool for wheat delivered to the Board between August 1, 1956 and July 31, 1957.

The fixed initial price for wheat for 1956-57 was \$1.40 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. This initial price was authorized by Order in Council P.C. 1956-884, June 7, 1956. Initial prices for grades of wheat other than No. 1 Northern were established by the Board and approved by Orders in Council.

Under Order in Council P.C. 1956-884, June 7, 1956 the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold wheat for registration under the revised International Wheat Agreement. In the case of Durum grades of wheat, the Board was authorized to sell these grades for domestic use at prices in excess of its selling prices under the International Wheat Agreement.

over on farms on July 31, 1956 which would be largely No. 2 and No. 3 Northern Wheat. The predominant grades delivered to the Board in 1956-57 were No. 3 Northern, No. 4 Northern and No. 5 Wheat, these three grades accounting for 69% of all deliveries. Producers' marketings of No. 2 Northern Wheat amounted to 58.7 million bushels as compared with 214.0 million bushels of this grade delivered in the previous crop year. Deliveries of No. 5 Wheat were 75.3 million bushels as compared with 14.0 million bushels in 1955-56. In point of volume, producers' deliveries of No. 4 Northern and No. 5 Wheat for 1956-57 were comparable to the deliveries of these grades in 1951-52 when the prairie provinces experienced a very unfavourable harvesting season.

TOTAL WHEAT STOCKS—1956-57 POOL

Total wheat stocks in the 1956-57 Pool were 519,399,455.3 bushels, consisting of 361,358,564.2 bushels received from producers, 898,653.8 bushels purchased from other than producers and 157,142,237.3 bushels transferred from the 1955-56 Pool to the 1956-57 Pools as at May 3, 1957.

1956-57 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1956-57 Pool Account—Wheat for the period August 1, 1956 to July 31, 1957. Some comment should be directed to the inventory valuation of \$476,884,644.28 shown on this statement. Unsold wheat as at July 31, 1957 amounted to 366,380,500.8 bushels, and, as in the preceding year, was valued at cost. The main part of the inventory consisted of receipts from producers and others for the account of the 1956-57 Pool, and these stocks have been valued at initial prices basis \$1.40 per bushel for No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. A small portion of the inventory consisted of wheat transferred from the 1955-56 Pool to the 1956-57 Pool on May 3, 1957 and which was unsold as at July 31, 1957. These latter stocks were valued basis transfer prices. This basis of inventory valuation is used in presenting the operating position of the 1956-57 Pool Account as at July 31, 1957, even though the Board's asking prices for No. 1 Northern Wheat averaged \$1.61 $\frac{5}{8}$ per bushel basis in store Fort William/Port Arthur, and \$1.71 $\frac{1}{4}$ per bushel basis in store Vancouver for the period from August 1, 1957 to December 31, 1957.

1956-57 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1956-57 Pool Account from August 1, 1956 to July 31, 1957:

	<u>Bushels</u>	
1. Wheat acquired by the Board:		
(a) Producers' deliveries August 1, 1956 to July 31, 1957.....	361,358,564.2	
(b) Purchases from the 1955-56—Pool Account—Wheat.....	157,142,237.3	
(c) Wheat otherwise acquired ¹	893,653.8	
Total wheat acquired.....	<u>519,399,455.3</u>	
	(Value)	(Value)
2. Cost of wheat acquired.....		\$ 692,120,654.90
3. Proceeds of sales and value of unsold stocks of wheat as at July 31, 1957:		
(a) (i) Completed sales at realized prices.....	\$ 156,691,485.23	
(ii) Uncompleted sales at contract prices.....	81,886,891.83	
Total proceeds from sales.....	<u>238,578,377.06</u>	
(b) Value of unsold stocks of wheat stated at cost ²	476,884,644.28	<u>715,463,021.34</u>
4. Gross surplus as at July 31, 1957.....		23,342,366.44
5. Operating costs—August 1, 1956 to July 31, 1957:		
(a) Carrying charges on wheat stored in country elevators..	20,615,521.15	
(b) Storage on wheat stored in terminal elevators.....	3,445,241.01	
(c) Net interest paid on Agency wheat stocks.....	1,698,267.48	
	<u>25,759,029.64</u>	
Less: Carrying charges received under the Temporary Wheat Reserves Act.....	7,881,023.22	
Net carrying charges paid.....	17,878,006.42	
(d) Bank interest and exchange, etc., less net inter-account interest.....	870,398.72	
(e) Additional freight (net).....	179,945.46	
(f) Handling, stop-off and diversion charges.....	111,046.48	
(g) Drying charges.....	8,946.09	
(h) Administrative and general expenses.....	1,038,268.38	<u>20,086,611.55</u>
6. Credit balance in the 1956-57 Pool Account—Wheat, as at July 31, 1957, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver		<u>\$ 3,255,754.89</u>

¹Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

²See preceding paragraph for basis of inventory valuation.

OPERATING COSTS—1956-57 WHEAT ACCOUNT

Net operating costs applicable to the 1956-57 Pool Account amounted to \$20,086,611.55 to July 31, 1957. Carrying charges on wheat stored in country and terminal elevators amounted to \$25,759,029.64. This item was reduced by \$7,881,023.22* received from the Government of Canada under the Temporary Wheat Reserves Act and applied to the 1956-57 Pool Account to July 31, 1957. Net carrying charges were, therefore, \$17,878,006.42.

Interest and bank charges, less net inter-account interest, amounted to \$870,398.72. Net additional freight on wheat shipped from country elevators to terminal positions amounted to \$179,945.46. These charges arose mainly in the movement of wheat to the Pacific Coast from stations in western Saskatchewan from which there is a more favourable freight rate to Fort William/Port Arthur than to the Pacific Coast, and in the movement of low grade wheat to the Lakehead from Alberta stations. This item also reflects a credit of freight saved on wheat moved to Churchill. Handling, stop-off and diversion charges on wheat stored in interior terminals amounted to \$111,046.48. Drying charges were \$8,946.09. Administrative and general expenses applicable to the 1956-57 Pool were \$1,038,268.38 to July 31, 1957.

INTERNATIONAL WHEAT AGREEMENT

The crop year 1956-57 coincided with the first year of the new International Wheat Agreement which became effective on August 1, 1956. This Agreement provided for a maximum price of \$2.00 per bushel and a minimum price of \$1.50 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur, expressed in Canadian currency at the parity of the Canadian dollar determined for the purpose of the International Monetary Fund as at March 1, 1949.

A total of 42 importing countries and 6 exporting countries participated in the Agreement in 1956-57.

In 1956-57 the total guaranteed quantity under the Agreement was 293.6 million bushels, and Canada's share of this total was 99.7 million bushels. During 1956-57 total wheat sales registered under the International Wheat

*See Supplementary Report of The Canadian Wheat Board for 1955-56, Page 3. Moneys paid to the Board under the Temporary Wheat Reserves Act from August 1, 1956 to July 31, 1957 were divided between the two operating Pool Accounts as follows:

1955-56 Pool Account—Wheat	\$20,935,742.58
1956-57 Pool Account—Wheat	7,881,023.22
Total	<u>\$28,816,765.80</u>

Agreement were 213.8 million bushels. Canadian sales registered under the Agreement for the crop year were 58.0 million bushels.

In 1956-57 the Board continued to represent the Government of Canada in the Administration of the International Wheat Agreement.

GENERAL COMMENTS ON THE MARKETING OF WHEAT—1956-57
STOCKS UNDER ADMINISTRATION

The Board commenced the crop year 1956-57 with an inventory of 309.9 million bushels of wheat for the account of the 1955-56 Pool. From August 1, 1956 to July 31, 1957 deliveries to the 1956-57 Pool amounted to 362.3 million bushels; therefore during the crop year the Board had under administration 672.2 million bushels of wheat for the account of the 1955-56 and 1956-57 Pools. The two Pool Accounts were administered concurrently until May 3, 1957 when the 1955-56 Account was closed and remaining stocks in that Pool

transferred to the 1956-57 Pool. From August 1, 1956 to May 3, 1957 sales were applied to the 1955-56 Pool Account to the extent that this Pool could supply the grades required for sales contracts. Sales contracts which could not be completed from the 1955-56 Pool stocks were credited to the 1956-57 Pool Account.

THE INTERNATIONAL WHEAT MARKET—1956-57

To appraise the crop year 1956-57 it is necessary to refer briefly to a preceding development.

Western Europe experienced a very severe winter in 1956 and the winter wheat crop for harvest in the following summer suffered severe damage. This factor, along with indicated reduced wheat shipments from Argentina, caused substantial European buying of wheat in the first half of the calendar year, 1956. Buying was for both early and deferred delivery. Canada shared in the improved market for wheat at the time.

The same circumstances indicated a considerably larger European and world market for wheat in the crop year 1956-57 than in the preceding crop year. The crop year opened on an optimistic note from the standpoint of exporting countries. As far as Canada was concerned the first three months of the crop year were satisfactory. Sales and exports were in line with expectations.

By mid-November the demand for Canadian wheat had eased considerably without any significant change in the actual and potential world demand for wheat over the period of the crop year.

The factor which led to the curtailment of the demand for Canadian wheat late in 1956 was the unprecedented disposal programme being developed by the United States. This disposal programme was to encompass all methods available to United States authorities in moving surplus grain into world markets. The methods included sales for local currencies, barter and long-term credit arrangements. Their export subsidies were geared to the maximum export movement of both wheat and flour. The full impact of the United States disposal programme became evident in December, 1956 and in the first four months of 1957. In these five months United States exports of wheat (including flour) amounted to almost 250 million bushels and averaged close to 50 million bushels per month. It was in this critical period within the crop year 1956-57 that the United States made it clear that the increase in world trade in wheat for the crop year would accrue in large measure to the United States and not to any other exporting country. Export pressure from the United States eased somewhat in May, 1957 but increased in intensity in June, 1957 when wheat exports amounted to 56.8 million bushels. Only in July, 1957 did United States wheat exports return to a reasonable level but by this time the history of the crop year 1956-57 had been determined.

In the crop year 1956-57 United States exports of wheat and flour amounted to 549 million bushels. These exports represented about 43% of world trade in wheat in 1956-57 and an increase of about 200 million bushels over United States exports for the previous crop year. It was this massive United States wheat export programme, largely carried out on a non-commercial basis, which not only made it impossible for Canada to secure the advantage of a larger world market for wheat in 1956-57 but actually caused a reduction in Canadian wheat exports as compared with 1955-56.

SALES POLICY

Throughout the crop year the Board carried out an aggressive selling policy. No effort was spared to secure the greatest possible volume of sales, although in the last half of the crop year United States competition limited the results which could be attained.

An important part of Board sales policy was concerned with pricing. The policy whereby a buyer could purchase Board wheat either at its daily quoted selling prices or on a deferred price basis was continued. Under the latter arrangement a buyer had the right to declare the final price up to eight market days after the date of call on shipment from St. Lawrence or Atlantic ports, and from fifteen to twenty-two market days from date of loading from Pacific Coast ports, depending on the destination of the shipment. A similar policy was applied to Churchill, the buyer having the right to declare the final price up to nine market days after the date of call. If the deferred price basis was selected by the buyer, provision was made for an accounting price to be established at the time of sale, but this price could be adjusted finally within the time limits provided for each shipping range.

The Board continued its policy of quoting separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. This policy was designed to give greater flexibility in Board pricing and had for its objective the making of Board wheat competitive in overseas markets irrespective of the port of shipment.

During the major part of 1956-57 only minor variations occurred in Board quotations for wheat in store the Lakehead and in store Pacific Coast ports. In the final three months of the crop year it was necessary for the Board to lower its selling prices for wheat in store the Lakehead in view of the level of ocean freights and other factors which were causing wheat shipped via the eastern route to be non-competitive in European markets. By July 31, 1957 the Board's quoted price for No. 1 Northern Wheat in store the Lakehead was 5 cents per bushel lower than in store Pacific Coast ports. Throughout the crop year the Board's quoted prices basis in store Churchill were 11 cents per bushel higher than quoted prices in store Fort William/Port Arthur.

Board pricing policies in 1956-57 should be examined from two viewpoints; namely, the trend of quoted prices for No. 1 Northern Wheat and developments in respect to Board pricing of grades other than No. 1 Northern Wheat. In the following paragraphs both elements in Board pricing are dealt with.

The following table shows monthly average Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur, in store Vancouver and in store Churchill:

Monthly Average of Board Asking Prices I.W.A. and Class II Quotations Basis No. 1 Northern Wheat

	In Store Fort William/ Port Arthur	In Store Vancouver	In Store Churchill
	(cents per bushel)		
August, 1956.....	173 $\frac{1}{2}$	173 $\frac{1}{2}$	184 $\frac{1}{2}$
September.....	172 $\frac{1}{2}$	172 $\frac{1}{2}$	183 $\frac{1}{2}$
October.....	171 $\frac{1}{2}$	171 $\frac{1}{2}$	182 $\frac{1}{2}$
November.....	169	170 $\frac{1}{2}$	180 $\frac{1}{2}$
December.....	169	171 $\frac{1}{2}$	180
January, 1957.....	169	171	180
February.....	168	168 $\frac{1}{2}$	179
March.....	168 $\frac{1}{2}$	168 $\frac{1}{2}$	179 $\frac{1}{2}$
April.....	167	167 $\frac{1}{2}$	178 $\frac{1}{2}$
May.....	163	168	174
June.....	162	167 $\frac{1}{2}$	173
July.....	162 $\frac{1}{2}$	167 $\frac{1}{2}$	173 $\frac{1}{2}$

It will be noted from the foregoing table that Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur and in store Churchill declined steadily throughout the crop year. The July, 1957 average of Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur

and in store Churchill was $11\frac{1}{2}$ cents per bushel lower than the average asking price for August, 1956. In the case of asking prices for wheat in store Vancouver, the decline was $6\frac{1}{2}$ cents per bushel.

The extent of the adjustment in Board asking prices can be indicated by the fact that the highest price recorded within the crop year for No. 1 Northern Wheat in store the Lakehead was \$1.73 $\frac{3}{4}$ per bushel during August, 1956. The lowest price recorded in the crop year for the same grade of wheat in the same position was \$1.61 $\frac{5}{8}$ per bushel in July, 1957. Corresponding high asking prices and low asking prices for No. 1 Northern Wheat basis in store Vancouver were \$1.73 $\frac{3}{4}$ per bushel in August, 1956 and \$1.66 $\frac{5}{8}$ per bushel in July, 1957. For No. 1 Northern Wheat in store Churchill the range in Board asking prices extended from \$1.84 $\frac{3}{4}$ per bushel in August, 1956 to \$1.72 $\frac{5}{8}$ per bushel in July, 1957.

An important factor in establishing the level of Board asking prices in 1956-57 was the exchange value of the Canadian dollar. On August 1, 1956 the Canadian dollar was quoted at a premium of 1 27/32% in relation to the United States dollar. Premiums on the Canadian dollar increased steadily throughout the crop year reaching 5 15/32% on July 31, 1957. The effect of the exchange position during the crop year 1956-57 may be indicated. Between August 1, 1956 and July 31, 1957 Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur declined by $11\frac{3}{4}$ cents per bushel. Of this decline $5\frac{1}{4}$ cents was due to the increase in the premium on the Canadian dollar and $6\frac{1}{2}$ cents was due to market factors. The decline in Board asking prices for wheat in store Vancouver was less drastic, amounting to $6\frac{3}{4}$ cents per bushel. This decline was due, in the main, to exchange. During the crop year 1956-57 prevailing premiums on the Canadian dollar had the effect of materially lowering the proceeds of Board sales of wheat and the income of the pool accounts under administration during the crop year.

The second important phase of pricing policy is the adjustment of asking prices for grades of wheat other than No. 1 Northern. At the start of the crop year 1956-57 discounts applicable to the grades No. 3 Northern, No. 4 Northern, No. 5, No. 6 and Feed Wheat were relatively wide. The widening of discounts of these grades of wheat had been an important phase of Board pricing in the crop year 1955-56. During 1956-57 a further widening of spreads occurred. The following table shows discounts under No. 1 Northern for other principal grades of wheat on August 1, 1956 and July 31, 1957 (basis Fort William/Port Arthur):

	No. 2 Northern	No. 3 Northern	No. 4 Northern	No. 5 Wheat	No. 6 Wheat	Feed Wheat
	(cents per bushel)					
August 1, 1956	-3	-12	-17	-32	-36	-40
July 31, 1957	-4	-11	-23	-38	-43	-44

The foregoing table shows the applicable discounts at the beginning and the end of the crop year 1956-57. Within the crop year, grade spreads were widened or narrowed to meet particular market situations as they arose. In the case of No. 3 Northern (Lakehead basis) the discount was narrowed to 8 cents per bushel during November, widened to 9 cents in February and 12 cents in March, narrowed to 8 cents in April, and widened to 10 cents in May and 11 cents in June. The discount for No. 4 Northern (Lakehead basis) was narrowed to 16 cents per bushel in October, 14 cents in November, widened to 18 cents in March, narrowed to 16 cents in April, widened to 18 cents in May, 19 cents in June and 23 cents by the end of the crop year. In the case of No. 5 Wheat (Lakehead basis) the discount was narrowed to 27 cents per bushel in August, 25 cents in November and 24 cents in January, and later widened

to 29 cents in March. By mid-April the spread for No. 5 Wheat was 30 cents per bushel and narrowed to 28 cents by the end of April. In late May the spread was increased to 29 cents per bushel, and in June and July widened to 35 cents and to 38 cents. Prices for lower grades of wheat must be kept under constant review because these grades are subject to intensive competition from similar qualities from other sources. Also, low grade wheat for feeding purposes is subject to competition from corn, sorghums and other feed stuffs.

These changing discounts within the crop year reflected market conditions—the demand for, and the availability of, particular grades of wheat at particular times.

Owing to the steady demand for the principal grades of wheat from Pacific Coast ports throughout 1956-57, the Board was able to maintain somewhat narrower grade spreads in quoting prices in store Vancouver.

Early in 1957 it became apparent that export markets for Canadian flour were being curtailed through severe price competition, particularly from subsidized flour exports from the United States. Part of the marketing difficulties in respect to flour was due to the fact that certain wheat exporting countries (particularly the United States) were differentiating between the relative price at which wheat and wheat flour were made available in seaboard positions for export. Since the movement of Canadian flour into export positions was substantially the same as in other exporting countries, the Board decided to adjust in a similar manner the position as between wheat for export and flour for export, the adjustment applying to countries that imported mainly flour. The flour adjustment policy did not apply on exports to the United Kingdom, other European countries or the United States.

The policy provided that the amount of the export flour adjustment rate would be announced by the Board each market day at 3:00 p.m. A provision was made for separate rates to be established for the various export outlets for Canadian flour. On March 1, 1957 the first export flour adjustment rates were announced. These were $4\frac{1}{2}$ cents per bushel for flour exported from Canadian Atlantic or U.S. Atlantic ports, 3 cents per bushel for flour exported via St. Lawrence ports and Churchill and 8 cents per bushel for flour exported via Canadian Pacific or U.S. Pacific Coast ports. Between March 1, 1957 and July 31, 1957 flour adjustment rates were increased to $8\frac{1}{2}$ cents per bushel via Canadian Atlantic or U.S. Atlantic ports, 8 cents per bushel via St. Lawrence ports and Churchill and 10 cents per bushel via Canadian Pacific or U.S. Pacific Coast ports.

In announcing the revised policy in respect to flour exports, the Board pointed out that the policy was subject to cancellation at any time.

Throughout the greater part of 1956-57 the ocean freight rate structure created difficult marketing conditions. The Suez crisis in the fall of 1956 had the effect of tightening ocean freight markets. Ocean freight rates from Pacific Coast ports to Western Europe practically doubled, increasing from about 31 cents per bushel early in the crop year to 59 cents per bushel by the end of 1956. Ocean freight rates from St. Lawrence ports to European destinations increased from about 28 cents per bushel early in the crop year to 44 cents per bushel during the latter stages of navigation in the St. Lawrence. Early in 1957, with the easing of tension in the Middle East, the international freight market declined sharply. Lack of confidence in the freight market reacted unfavourably upon the commodity movements in the first half of 1957 and created special problems in the marketing of Canadian wheat. The decline in ocean freight rates from Pacific Coast ports to European destinations was drastic. By the end of the crop year ocean freight could be purchased from Pacific Coast ports to European destinations for about 23 cents per bushel as compared with 59 cents per bushel in late December, 1956. Ocean freight rates

from St. Lawrence ports declined from a level of 44 cents per bushel in November, 1956 to a level of about 15 cents per bushel in July, 1957. The difference in ocean transportation costs from Pacific Coast ports and from St. Lawrence ports was such that the laid down costs of wheat from the West Coast were less than the laid down costs from St. Lawrence ports. It was this situation which caused the Board to adjust its selling prices for wheat basis in store Fort William/Port Arthur in an effort to achieve a reasonable volume of shipments via the eastern route. There is no way in which grain from the eastern of Saskatchewan and Manitoba can be moved to consuming markets other than the limited movement through Churchill, and a substantial movement through the Lakehead and eastern Canadian ports. The Board widened the differential between its asking prices in store Fort William/Port Arthur and Vancouver to the extent considered advisable, bearing in mind the current demand for wheat from Pacific Coast ports. This problem carried over into the crop year 1957-58 when additional adjustments in Board asking prices for wheat in store Fort William/Port Arthur were required.

In April, 1957 an arrangement was completed with Poland whereby the latter country purchased a substantial quantity of wheat for shipment prior to July 31, 1957 and a further quantity for shipment in 1957-58. The sale was implemented through a credit arrangement under the Export Credits Insurance Act.

SALES—1956-57

During the crop year 1956-57 Board sales of wheat were as follows:

	Total Sales
	(bushels)
Domestic Sales	69,384,401.2
Export sales at Class II prices	179,279,718.4
Export sales under the terms of the International Wheat Agreement	57,039,000.9
Wheat losses in transit and in drying	7,625.5
TOTAL	305,710,746.0

Board sales of wheat during the crop year 1956-57 amounted to 305,710,746.0 bushels, of which 152,691,791.5 bushels were applied to the 1955-56 Pool Account and 153,018,954.5 bushels were applied to the 1956-57 Pool Account.

The annual reports covering Board operations for the previous two crop years have reviewed in general terms United States surplus disposal programmes. These programmes were intensified during the 1956-57 crop year and for this reason it is desirable to outline briefly the policies which were followed.

Surplus agricultural commodities, including grains, are disposed of in export markets under three types of programmes:

(1) *Disposal of Grains for Local currencies:*

Title I—Public Law 480 and Section 402 of Public Law 665. Under these laws surplus agricultural commodities are sold abroad for the currencies of the importing country, and the funds so acquired are utilized by the United States in that country for market development, purchase of strategic materials, military procurement, purchase of goods for other countries under mutual assistance programmes, grants for multi-lateral trade

and economic development, loans for economic development within recipient countries and international educational exchange. In some instances sales under these programmes have involved credit arrangements up to forty years, with the bulk of the funds left with the contracting government for economic development in the recipient country.

To the beginning of the 1956-57 crop year a total of \$1.5 billion had been appropriated by Congress for activities under Title I of Public Law 480. A further \$1½ billion was appropriated for use during 1956-57 and virtually all of this amount was allocated under contracts signed with foreign governments. As at June 30, 1957 one hundred agreements had been entered into with thirty-four countries, twenty-four of which involved the disposal of wheat and/or flour, and twelve the disposal of surplus feed grains. Since the inception of the programme 454 million bushels of wheat or flour and 75 million bushels of feed grains have been disposed of. The recipient countries were Austria, Bolivia, Brazil, Chile, Colombia, Ecuador, Egypt, Finland, Greece, Iceland, India, Indonesia, Iran, Israel, Italy, Japan, Korea, Pakistan, Paraguay, Peru, Portugal, Spain, Turkey and Yugoslavia.

During the crop year 1956-57, 195 million bushels of wheat or flour were exported under Title I of Public Law 480 and Congress approved a further \$1 billion to continue the programme to June 30, 1958.

Sales for local currencies under the provisions of Section 402 of Public Law 665 amounted to \$164 million for good grains and feed grains during 1956-57. A minimum appropriation of \$250 million annually is earmarked for surplus disposal activities. In general, the foreign currencies are utilized for the same purposes as under Title I of Public Law 480. The commodity details of sales made under this programme are not available by country and, consequently, the amount of grain disposal in specific countries is not known.

(2) *Disposal of Grain for Famine and Disaster Relief:*

Title II—Public Law 480. Under this disposal plan surplus agricultural commodities are donated to relieve famine and disaster.

During 1956-57 a further appropriation of \$200 million was granted, bringing the total funds appropriated to \$500 million. Included is a provision whereby ocean freight costs may be paid on shipments under the programme and on donations of surplus foods through voluntary agencies and inter-governmental organizations in the United States. Wheat and flour donations during the 1956-57 crop year amounted to \$63 million exclusive of transportation costs, and feed grain donations totalled \$9 million. Donations of cereals have been made to the following twenty-six countries: Austria, Hungary, Yugoslavia, Afghanistan, Pakistan, Bolivia, Haiti, Italy, Libya, India, Turkey, British Honduras, Honduras, Germany (Federal Republic), Germany (Soviet Occupied), Morocco, Iran, Japan, Costa Rica, Mexico, Tunisia, Nepal, Vietnam, Guatemala, Peru and Czechoslovakia.

During the crop year a further \$300 million was approved for expenditure under this programme to continue its operation until June 30, 1958.

(3) *Disposal of Grains under Barter Arrangements:*

Title III—Public Law 480. Under this law surplus agricultural commodities may be exchanged for strategic materials entailing less risk of loss through deterioration, or substantially less storage costs; or materials, goods or equipment required in connection with foreign economic and military aid and assistance; or materials or equipment required for off-shore construction.

During 1956-57 a total of 80 million bushels of wheat and 67.6 million bushels of feed grains were exported from the United States under this provision.

Under the original programme barter contracts provided for the delivery of specified materials to the Commodity Credit Corporation with payment in surplus agricultural commodities which were exported by the contractor. The origin of materials and the destination of agricultural commodities were limited to friendly countries but were not required to be identical.

During the early part of the crop year there was keen interest in this programme by traders because of the favourable terms granted under barter contracts. It became apparent, however, that barter activities were displacing normal commercial exports of the United States and, as a result, the terms and conditions of sale under barter contracts were modified and activities under this programme restricted. The contracting countries were separated into two groups:

- (a) Countries where United States commercial trade in wheat, feed grains or cotton is negligible, and where shipments of these products under the barter programme could be assumed to represent additional marketings;
- (b) Countries considered to be dollar markets for United States agricultural products, to which shipments under barter contracts could be made only if such shipments represented net additions to United States exports. A written statement to this effect must be submitted to the Commodity Credit Corporation by a responsible official of the importing country before a contract is validated. The Commodity Credit Corporation must be fully assured that exports under the programme do not, in fact, displace normal commercial marketing of the United States.

Operations were further restricted by the Commodity Credit Corporation designating the commodities available for exchange by requiring that interest must be paid by the shipper for any time lag between delivery by the Corporation of the surplus commodity and delivery to the Corporation of the bartered material; by preventing trans-shipments from the contracting country; and by limiting the bartered materials to goods not processed or produced in the United States.

A total of forty-one countries have received surplus agricultural commodities under this programme, but the details by country of destination have not been made public.

In addition to disposal of surplus materials under these formal programmes, the Commodity Credit Corporation throughout the year sold grains for export shipment on a bid basis. This procedure had the effect of depressing markets (for feed grains in particular) and interfering with normal commercial exports of such grains from Canada.

EXPORTS

The following table shows exports of wheat (including flour) by months for the crop year 1956-57:*

	Million Bushels	
August, 1956	29.3	
September	27.8	
October	24.0	
November	24.4	
December	21.3	
January, 1957	17.4	144.2
February	14.8	
March	16.8	
April	15.2	
May	23.3	
June	25.0	
July	22.4	117.5
TOTAL		<u>261.7</u>

Total wheat exports, including flour, amounted to 261.8 million bushels in the crop year 1956-57 as compared with exports of 309.8 million bushels in 1955-56.

Some comment should be directed to the seasonal aspect of wheat exports in 1956-57. In the first half of the crop year (August, 1956 to January, 1957 inclusive) exports amounted to 144.2 million bushels. This level of exports in the first half of the crop year was considered to be satisfactory especially in view of the fact that exports during the first half of the crop year 1955-56 had amounted to 116.4 million bushels.

For reasons which have been stated, exports declined sharply in the second half of the crop year. For the period from February through July exports of wheat (including flour) were 117.5 million bushels as compared with near record exports of 193.4 million bushels during the corresponding period in 1955-56.

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat.

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEARS 1956-57 AND 1955-56

Continental Areas and Countries

Crop Year 1956-57

Crop Year
1955-56

	Wheat	Flour (Wheat Equivalent)	Total	Total
	(bushels)			
EUROPE:				
United Kingdom.....	79,629,421	10,806,097	90,435,518	109,446,122
Germany.....	36,286,718	4,253	36,290,971	29,569,806
Belgium.....	16,038,771	548,000	16,586,771	16,652,244
Netherlands.....	11,189,926	3,703	11,193,629	8,748,585
Switzerland.....	10,754,029	414	10,754,443	6,554,700
Poland.....	9,523,546	—	9,523,546	14,007,000
France.....	4,024,686	—	4,024,686	1,736,572
Norway.....	3,602,797	—	3,602,797	4,563,597
Ireland.....	2,641,147	322	2,641,469	3,149,710
Italy.....	2,415,661	2,300	2,417,961	6,644,543
Austria.....	2,126,693	—	2,126,693	2,662,461
Malta.....	1,550,267	—	1,550,267	1,213,893
Denmark.....	353,397	11,247	364,644	5,028
Gibraltar.....	—	89,270	89,270	84,946
Portugal.....	—	53,417	53,417	38,449
Iceland.....	—	9,343	9,343	19,506
Sweden.....	—	7,296	7,296	—
Greece.....	—	1,824	1,824	58,815
Yugoslavia.....	—	2,702	2,702	7,013
U.S.S.R.....	—	—	—	14,790,447
Czechoslovakia.....	—	—	—	12,800,390
East Germany.....	—	—	—	2,037,100
Hungary.....	—	—	—	1,129,807
Finland.....	—	—	—	735,678
TOTAL.....	180,137,059	11,540,188	191,677,247	236,656,412
ASIA AND OCEANIA:				
Japan.....	34,407,170	693,434	35,100,604	29,439,868
Philippine Islands.....	—	5,353,108	5,353,108	6,353,460
Israel.....	1,668,800	—	1,668,800	724,266
Pakistan.....	975,533	3,156	978,689	—
Hong Kong.....	297,836	550,347	848,183	1,209,840
Ceylon.....	—	440,496	440,496	618,275
Thailand.....	—	408,232	408,232	346,628
Malaya and Singapore.....	—	401,416	401,416	484,734
Cyprus.....	371,000	—	371,000	343,467
Lebanon.....	—	254,744	254,744	103,067
Okinawa.....	189,243	—	189,243	—
Portuguese Asia.....	—	205,854	205,854	253,863
Arabia.....	18,660	29,447	48,107	46,017
French Oceania.....	—	31,825	31,825	57,132
Guam.....	—	17,135	17,135	39,501
Other Countries.....	—	1,512	1,512	3,591
TOTAL.....	37,928,242	8,390,706	46,318,948	40,023,709
CENTRAL AMERICA AND THE CARIBBEAN AREA:				
Trinidad and Tobago.....	—	1,463,196	1,463,196	2,264,743
Jamaica.....	7,633	1,398,692	1,406,325	1,498,276
Leeward and Windward Islands.....	—	915,747	915,747	1,095,130
Costa Rica.....	—	475,530	475,530	564,955
Dominican Republic.....	—	390,110	390,110	461,821
El Salvador.....	64,007	249,037	313,044	292,625
Nicaragua.....	—	257,841	257,841	311,982
Haiti.....	—	246,976	246,976	477,382
Barbados.....	833	244,147	244,980	394,518
Bahamas.....	—	244,311	244,311	252,632
Cuba.....	1,916	240,884	242,800	596,877
Guatemala.....	123,104	117,454	240,558	345,027
Panama.....	—	209,703	209,703	254,809
Netherlands Antilles.....	—	142,614	142,614	202,609
Bermuda.....	—	112,318	112,318	116,660
Honduras.....	—	65,357	65,357	74,468
British Honduras.....	—	17,358	17,358	31,624
Other Countries.....	—	21,509	21,509	6,446
TOTAL.....	197,493	6,812,784	7,010,277	9,242,584

EXPORTS OF WHEAT AND WHEAT FLOUR*—Concluded

CROP YEARS 1956-57 AND 1955-56

Continental Areas and Countries

	Crop Year 1956-57			Crop Year 1955-56 Total
	Wheat	Flour (Wheat Equivalent)	Total	
	(bushels)			
SOUTH AMERICA:				
Venezuela.....	28,307	2,931,656	2,959,963	3,535,198
Peru.....	2,805,600	24,610	2,830,210	1,145,447
Ecuador.....	322,446	—	322,446	1,415,305
British Guiana.....	—	216,069	216,069	243,992
Surinam.....	—	165,266	165,266	194,050
Colombia.....	—	115,962	115,962	209,353
Other Countries.....	—	115	115	7,429
TOTAL.....	3,156,353	3,453,678	6,610,031	6,750,774
AFRICA:				
Ghana.....	—	716,409	716,409	717,021
British South Africa.....	473,872	—	473,872	—
Belgian Congo.....	—	336,237	336,237	749,435
Rhodesia.....	302,774	6,044	308,818	477,546
Nigeria.....	—	242,310	242,310	290,912
Sierra Leone.....	—	215,733	215,733	319,415
Portuguese East Africa.....	189,840	17,549	207,389	190,268
Portuguese West Africa.....	—	34,252	34,252	59,920
Azores and Madeira.....	—	19,883	19,883	50,203
Other British West Africa.....	—	19,320	19,320	—
Morocco.....	—	15,433	15,433	21,360
Liberia.....	—	11,868	11,868	—
Gambia.....	—	9,248	9,248	37,183
Other Countries.....	—	3,758	3,758	46,127
Union of South Africa.....	—	—	—	5,240,705
TOTAL.....	966,486	1,648,044	2,614,530	8,200,095
NORTH AMERICA:				
United States.....	—	1,676,608	1,676,608	—
Milling in Bond.....	1,114,084	—	1,114,084	562,395
Domestic Use.....	4,757,417	—	4,757,417	7,693,553
Other Countries.....	—	17,583	17,583	51,023
TOTAL.....	5,871,501	1,694,191	7,565,692	8,306,971
All Other Countries.....	—	—	—	920
GRAND TOTAL.....	228,257,134	33,539,591	261,796,725	309,181,465

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat.

During the crop year Europe provided the largest regional market for Canadian wheat and flour. Exports to Europe amounted to 191.7 million bushels as compared with 236.7 million bushels in the previous crop year. The decline in Canadian exports to Europe resulted, in the main, from a reduction in the quantity of wheat exported to Poland and the fact that the U.S.S.R., Czechoslovakia, East Germany, Hungary and Finland did not purchase Canadian wheat in the crop year 1956-57. In February, 1956 the U.S.S.R. signed an agreement with Canada providing for the purchase of from 400,000 to 500,000 tons of wheat in each of the three years covered by the agreement. The U.S.S.R. had until February, 1958 to purchase wheat in the second year of the agreement and purchases were made subsequent to August 1, 1957. It so happened that Russian purchases of Canadian wheat under the agreement did not fall within the crop year 1956-57.

Exports to European countries outside of Eastern Europe were 9 million bushels less than in the previous crop year. Exports to the United Kingdom declined by 19 million bushels, the decline being due to larger British imports

from the United States of low grade wheat or wheat with guaranteed protein which was available in the last half of the crop year in volume and at relatively low prices. Exports to countries in Continental Western Europe exceeded exports of the previous crop year. Exports to Germany, The Netherlands, Switzerland and France were substantially higher than in 1955-56, and Canadian exports to Belgium were fully maintained. Slightly smaller exports were made to Norway, Ireland and Austria. Italian purchases were limited by the substantial crop harvested in Italy in 1956.

In Asia exports of Canadian wheat and flour were higher than in the previous crop year, the improvement being represented by increased exports to Japan, Israel and Pakistan.

Exports to Central America and the Caribbean Area are largely in the form of flour and were moderately smaller in 1956-57 than in the previous crop year.

Exports to South America were fully maintained in 1956-57. Smaller purchases by Venezuela and Ecuador were offset by larger exports to Peru.

In Africa the decline in exports was largely due to the fact that in 1955-56 the Union of South Africa had purchased 5.2 million bushels of wheat from Canada. Improved production in 1956 made it unnecessary for the Union of South Africa to import Canadian wheat in 1956-57.

United States imports of Canadian wheat for consumption (mainly wheat for feed) amounted to 4.8 million bushels as compared with 7.7 million bushels in the previous crop year. This decline reflected the adequacy of the feed grain supply of the United States. Reduced exports of wheat for consumption in the United States were partially offset by exports of Canadian flour to the extent of 1.7 million bushels.

WHEAT EXPORTS BY PORTS*

Exports of wheat (including Ontario Winter Wheat) through Eastern Canadian ports in 1956-57 amounted to 101.5 million bushels, of which 82.7 million bushels were shipped through St. Lawrence ports. Wheat shipments through Atlantic winter ports were 18.8 million bushels.

Pacific Coast clearances amounted to 104.1 million bushels for 1956-57 and a record shipping programme was again established at the Port of Churchill, with clearances reaching 16.3 million bushels. Exports of wheat to destinations in the United States were 5.9 million bushels, while .5 million bushels were exported to other countries through the United States Atlantic seaboard.

UTILIZATION OF SPECIAL ACCOUNT

Section 29A of the Canadian Wheat Board Act provides that unclaimed balances in the hands of the Board which are six years old or more may, with the approval of Governor in Council, be transferred to a Special Account. The Act specifically sets forth that these funds shall be used "for such purposes as the Governor in Council upon the recommendation of the Board may deem to be for the benefit of producers."

During the summer and fall of 1957 the Board arranged for five visiting missions from important grain importing countries. The purpose of the missions was to see at first hand the methods of handling and marketing of western grain. In most cases it was possible for the visiting missions to see the 1957 harvesting, in addition to observing and studying Canadian handling and merchandising methods in Winnipeg and other parts of Canada.

In mid-May a mission representing the barley trade of the United Kingdom visited Canada to study the handling, grading and merchandising of

*Source: Board of Grain Commissioners for Canada.

Canadian barley. The second mission came to Canada in June and consisted of the leading cereal chemists of Belgium, The Netherlands and Switzerland. The itinerary and programme for this group was arranged by Dr. J. A. Anderson, Chief Chemist, Board of Grain Commissioners for Canada.

In August the third mission was from Austria and this visit was directed towards the handling, grading and merchandising of Canadian wheat. In late August a fourth mission representing Cooperative Wholesale Society Limited, United Kingdom, arrived in Canada to inspect and study grain handling facilities and methods. The final mission of the year was one representing the milling industry of the Federal Republic of Germany. This group was given every opportunity of observing the production, marketing and processing of Canadian wheat.

In arranging the work and programme for visiting missions the grain trade in Winnipeg and elsewhere, and other interests in Canada, cooperated generously. The Board would like to acknowledge especially the help of the following in connection with the 1957 missions; The Board of Grain Commissioners for Canada, including the Grain Inspection Branch and the Research Laboratory; the Dominion Laboratory of Plant Pathology, Winnipeg; the Dominion Laboratory of Cereal Breeding, Winnipeg; the Plant Products Division, Production Services, Department of Agriculture, Winnipeg; the Saskatchewan Wheat Pool, Regina; the Manitoba Pool Elevators, Winnipeg; the United Grain Growers Limited, Winnipeg; the Experimental Farm Services, Department of Agriculture, Ottawa; the Department of Trade and Commerce, Ottawa; Toronto Elevators Limited, Toronto; the Quaker Oats Company, Peterborough; the National Harbours Board, Montreal and Churchill; the shippers and exporters of Vancouver, Winnipeg and Montreal; and the milling industry of Canada.

SALES PROMOTION

During the crop year the Board received effective co-operation from grain shippers and exporters and the Canadian milling industry in their capacity as agents of The Canadian Wheat Board.

Members and officials of the Board continued close contact with overseas wheat and flour markets. In 1956 members of the Board visited the United Kingdom, The Netherlands, Belgium, Austria, Italy, Germany, Switzerland, France, Denmark, the U.S.S.R., Hungary, Czechoslovakia, Poland, Japan, Hong Kong and the Philippines. The London and Rotterdam offices of the Board maintained close liaison with all importing countries in Western Europe.

The Board, in co-operation with the Board of Grain Commissioners for Canada, arranged for A. W. Alcock and G. N. Irvine, Cereal Chemists, to visit Japan to discuss milling and baking procedures with interested individuals and trade associations. The visit was useful from the standpoint of utilization of Canadian wheat in the Japanese market.

The Canadian Wheat Board film entitled "Canadian Wheat" is circulating in practically all importing countries and is now available in the French, German, Portuguese, Italian, Polish and Japanese languages.

The Board wishes to acknowledge the assistance which it received throughout the crop year from the Grain Division, Department of Trade and Commerce, Ottawa; the Canadian Trade Commissioners' Service and the Board of Grain Commissioners for Canada. These agencies were very helpful in facilitating the marketing of Canadian wheat and flour.

The CHAIRMAN: Any questions on paragraph 8?

Mr. McNAMARA: It is a long paragraph dealing not only with the pool accounts, the international wheat agreement, the general marketing situation, our sales policy and the American policies that were referred to previously.

Mr. THOMAS: I would suggest, Mr. Chairman, if we just go through it by sub-headings. For instance, there is a question or two I would like to ask in connection with the international wheat agreement.

The CHAIRMAN: Regarding policy, any questions?

Board receipts?

Grade pattern?

By Mr. Horner (Acadia):

Q. Another question I had in mind would be under grade pattern or board receipts. What grade of wheat and so forth is used in determining the initial payment and final payment. In 1956-57 the final payment on No. 4 wheat was 2.7 cents, or something, and that was determined by the amount of grain grown. I wonder if a separate pool is kept under each grade?—A. Yes, a separate pool is operated, but that statement should be qualified by pointing out that that does not mean that the price at which we sell the 4 northern at a particular time just goes into that pool. We maintain, through a system of accounting, a general level, but the spread that the 4 northern is sold at under the level of 1 northern is reflected—we might say four northern at the present time under the initial payment price had a 15 cent discount under No. 1 northern, but the market spread has been as much as 22 cents, I think it was up to 24 cents a bushel under No. 1 northern. That is the spread that this 4 northern sold at as related to the basic level; and the sales in the pool are reflected in the final payment. The fact is that the wheat purchased, the 4 northern, in the 1956-57 crop year and in this last crop year was at a discount or at a narrower spread related to 1 northern. But we could not merchandise it at that spread, and that has led to a lower final payment.

Q. When it reaches this figure for No. 4 wheat, you spoke of some difference of, say, 22 cents, I think you referred to, under No. 1 wheat; the abundance of No. 4 wheat had some influence on whether you sold it. You did sell it cheaper because you had more of it?—A. Yes, that is it. You see, we have a level on No. 1 northern of \$1.70, and we can sell it at that level; but if 4 northern is in heavy supply as it has been, and is not moving freely into consumption we will sell this grade at a discount of 16 cents, 17 cents, 18 cents, 20 cents under No. 1 which is the level at which we can move it. And it is this spread under the level of 1 northern that determines the amount of the final payment paid to the producer of the 4 northern. These spreads may fluctuate or vary very freely for the various grades to a level at which the various grades can be moved.

Q. The reason I asked that question was that looking into the next year, 1957-58, one cannot assume that No. 4 northern would be again subsidized to the extent of 15 cents under what it might sell for—15 cents below No. 1 wheat in the next crop pool?—A. It may, but I am not that optimistic, because we are carrying in the 1957-58 pool large deliveries which have just been completed, and we have a heavy, heavy stock of 4 northern. That is a very slow-moving grade at the present time. In fact, if it was not for assistance we received this year from various programs under the Colombo Plan and so on, that produced arrangements for the movement of No. 4 northern wheat, we would be in a serious position with regard to our 4 northern. Our 4 northern, as Dr. Anderson and Mr. Milner will be explaining to you, is not one of the premium wheats in the world market. There are other wheats that can compete favourably with 4 northern, whereas in the high grades we have a quality which other countries have difficulty matching. When you get into 4 northern you run into difficulty from our friends to the south and other countries.

Q. Another question in your report, I see the percentage of No. 1 northern was .43 per cent. Would you say wheat was deteriorating to that extent? The farmers in the west think that No. 1 northern is a forgotten grade, that there is no such thing. They feel they are still growing as good wheat, but they are

just not getting grades. Would you say they are not growing No. 1 northern any longer and that the wheat is not as good?—A. I would suggest that you ask Mr. Milner that question, I will be an interested listener.

By Mr. Forbes:

Q. Do all the grain companies in Canada act as agents for the Wheat Board?—A. Not all in Canada, no, because there are some dealers in eastern Canada that are not interested in the movement of western grain. But generally speaking all the companies that operate elevators within our designated areas act as agents. Also, all the international houses as well as the Canadian houses engaged in export business do become agents of our board and act for us.

Q. They would sell principally class 2 wheat?—A. Well, actually there is no difference for class 2. The price for wheat sold under International Wheat Agreement is the same price as the price to all other buyers. Even though the board as such negotiates some of the business, or whether it is the heads of government or purchasing agents in the various countries that arranges the purchase it is the Canadian grain trade that finalizes the transaction and moves the grain forward and completes the transaction. They are a very, very valuable arm of our organization. I would not want to minimize the assistance we get from the grain trade generally in selling and handling our grain and in our efforts to merchandise it.

Q. Would you accept an offer on a quantity of wheat or have you a set price they must pay?—A. We will accept an offer. Usually when you talk about somebody accepting an offer you think of accepting it at a bargain price; but I should not say we would do that. Of course, the trade are in touch with us constantly during the marketing period, and have various transactions on which they are working. On occasions they come in and make us an offer which may be below our asking price for that particular grade. If in the opinion of the board it is a price we would be well advised to accept, we will accept that offer. When we do, we lower our price to all the other customers. We only have one price to all customers in effect at the same time. So if we accept an offer below our asking price, that automatically becomes the new price to other buyers.

Q. Do signatories to the International Wheat Agreement have the same opportunity to make an offer as those parties who buy class 2?—A. Yes, the International Wheat Agreement is just an agreement between countries in which if the importing countries ask the government to make wheat available at the maximum price, the exporters must do so. Conversely the floor on international wheat is the minimum at which the exporting members have the right to merchandise wheat. It has the advantage that we can go to someone and say, "Now, live up to your obligation, we want you to take this wheat at \$1.50 per bushel".

The only obligations under the agreement are at the ceiling and at the floor. But the market is trading, as it has traded the last few years, within the range of the wheat agreement prices. We are recording various transactions and reducing the exporters' or importers' obligations by the amount of purchases which are made within the agreement. But in the general trade we handle it exactly the same way whether it is an I.W.A. country or whether it is outside the I.W.A.

With some countries we are doing more business outside the wheat agreement than we are within, but if they ask us to record it under the wheat agreement we do so. They ask us to record a sale as I.W.A. and we record the transaction against their obligation in the books of I.W.A.

By Mr. Muir (Lisgar):

Q. I think I will ask a further question on this grade pattern. Do you have the percentage of the total on one northern?—A. No, we can easily get it. I think you will find the Board of Grain Commissioners will be in a position to give you that information. It deals with the grading, and we have nothing to do with the grading.

Q. I am just wondering whether in connection with our new stocks of wheat, whether it is because of the wheat we are growing now or because of the weather or other factors, but there has been a great decrease in the amount of No. 1 northern grown on the prairies.—A. I appreciate that, and I think Mr. Milner will be able to give you full particulars regarding that.

The CHAIRMAN: Total wheat stocks—1956-57 pool.

1956-57 pool account—wheat.

Operating costs.

International Wheat Agreement.

By Mr. Thomas:

Q. I would like an opinion from the chairman of the board as to whether they feel that this international agreement is serving a good purpose as far as Canada is concerned. I do not want to get you into any expression of policy, sir, but can you tell us how the Wheat Board feels about it?—A. Well, I would be very glad to. I think it probably should be more of a personal opinion than the consolidated views of the Canadian Wheat Board as such, although I have every reason to feel that my colleagues share to a degree, my views about the International Wheat Agreement.

I have had the opportunity of representing Canada, I think, in all the discussions that led up to the adoption of this agreement. I am personally a very, very strong believer in international cooperation, and in international cooperation in so far as wheat is concerned. I believe that the agreement has been a distinct advantage to Canada, to the exporting and importing countries, and I am hoping that it will be renewed when it is up for renewal in this coming year.

Now, sir, if you ask me to set out in black and white the direct benefits that we secure from the International Wheat Agreement it would be difficult, because, as the critics of the agreement point out, countries are trading within the maximum and minimum and the agreement is not being implemented. I do know there are many, many intangibles that we as exporters realize that the International Wheat Agreement provides. We have a number of meetings of buyers, the representatives of all the importing countries, and we have discussions on problems. It certainly gives us an opportunity of meeting with the people who are using and buying Canadian wheat.

In so far as the prices are concerned, even though the prices have not been effective since the days under the agreement when wheat was called at the ceiling, I am satisfied with the fact that there is an agreement, with the fact that producers recognize the necessity of a maximum price on wheat when wheat is in short supply. The consumers, through the agreement, recognize there is a fair price on wheat when wheat is in surplus supply; they accept the fact that this international agreement exists, that it has been of material assistance to Canada and the other exporting countries in maintaining the price levels we have enjoyed, notwithstanding the enormous surpluses that we have had in the world. I would go further and say I believe that the fact that there is an International Wheat Agreement to which the major exporters are members, and the major importers except the United

Kingdom are members, has enabled Canada along with the United States, Australia and the other exporting countries to cooperate more closely in maintaining price levels, regardless of the surplus position. That is why, sir, we hope that this agreement will be renewed. I am very pleased that our government has seen fit to indicate at this time without commitment, of course, that Canada will again be prepared to sit around the table with the other nations of the world and see if an arrangement can be made to renegotiate the agreement.

It may be a different type of agreement. Probably there are some changes which are desirable. Personally, I would hate to see less international cooperation in wheat than has been the case under an international wheat agreement.

By Mr. Rapp:

Q. I would like to ask a question which would take us back a few years. It concerns the five cents which kept the United Kingdom out of the international wheat agreement. Would that not have a detrimental effect on our trade policy?—A. I believe that was dealt with quite a few years ago.

Q. I do not wish to ask you to answer it then.

The CHAIRMAN: It is not a matter which is before us here today.

By Mr. Gundlock:

Q. I would like to go back a couple of paragraphs. There is an item under "total wheat stocks, 1956-57 pool", and the 898,653.8 bushels which were purchased from others than producers.—A. There is a footnote there. It reads:

Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William, Port Arthur, or Vancouver.

The point is that in the weigh-up of these terminals, if there is an overage, they cannot sell it for their own account. There is provision whereby we buy at the initial payment price the overage, but they do not participate in any additional future payments we make.

In the year we are discussing, that grain would show up in "other than from producers".

Q. I had in mind some of the older farmers who were retired and selling out, and who had stocks of wheat on hand.—A. No. Their grain would come in as producer's grain.

In the last two months we have made substantial progress in being able to relieve some of the cases of people in their sixties and seventies who have retired.

When we reach the six bushel level and we are going on to seven, we endeavour, as far as possible, to take in all these older folk grain. This situation has improved very considerably in the last few months.

By Mr. Muir (Lisgar):

Q. How long does that wheat agreement have to run?—A. One more year. A preliminary conference will be held in October or November of this year to discuss under the auspices of the United Nations, the possibility of renewing it, and if it is decided to go ahead, a conference will be held in January.

The CHAIRMAN: Are there any general comments on "Stocks under administration", or "The international wheat market—1956-57"? Or "Sales policy"?

By Mr. Muir (Lisgar):

Q. I think this would be the proper place to put the question that I raised earlier in the meeting in regard to why our sales for that particular year have dropped from 309 to 266 while the total sales rose by 240? I know there is an answer to that question which I think might be interesting to the committee.—A. As I indicated earlier, the major factor of the disappointing realization of 1956-1957 as compared to the previous year and particularly as compared to the extension of the movements into international trade that year, can be directly attributed to the activities of our friends below the border.

As indicated in our report, Europe had suffered a lower crop than normally, due to the frost.

France, instead of being an exporter, was becoming an importer, and there was a demand for wheat that exceeded the demand in previous years.

But unfortunately due to the competition that developed particularly with regard to some of the American policies, Canada did not enjoy the increase in the demand that we normally would have expected or that I think we were entitled to enjoy.

This was the year when the Americans extended their various types of disposal programs. We have outlined in our annual report the various programs under which their grain was disposed of.

I think the most serious competition with which we were confronted, a competition that we did not have any tools to match, was the barter program that the government of the United States developed.

Speaking from memory I think it was about 80 million bushels of wheat that was sold by the Americans in competition with Canadian wheat in our main markets of Europe under Barter.

Substantial quantities were merchandized in the British Isles regardless of the Canadian preference as well as in France and in other countries.

It was competition that we found we could not compete with because it was related to strategic materials being bartered by American firms handling this business for them.

It was not just a case of our lowering the price to meet competition, because that would not have produced results.

I am happy to say that as a result of representations made by our government to Washington, there is a realization by our friends in Washington that these barter sales do obstruct Canada's as well as America's commercial marketings and the situation is not now as critical as it was in the previous twelve months. But I can say that competition was particularly vicious during 1956-57 which is the crop year that we are considering today.

Q. During that period our government did not deliver any grain to the Colombo countries?—A. Oh yes; we had a Colombo plan program that year, but not as extensive a program as the one which has been in operation during the past crop year.

Q. There has been some grain moved?—A. Yes, but in limited quantity.

By Mr. Horner (Acadia):

Q. Under this same sales policy, there are no terms set out by the government in the payment to extend credit in the case of one country on sales of wheat.—A. Yes. Generally parliament does not "fund" the board. We have no funds of our own for the purpose of extending credit because we require the funds to pay the producers. Most of our operations are done through loans from the bank. If we extended credit, we would have to be prepared to borrow money, and it would delay the closing out of the various pools.

This question of selling on credit is a very complex one. I think I am on safe ground in saying that as a board—although we realize fully that under

conditions which exist today, we must face up to selling wheat on credit—that we have not found it particularly advantageous in developing marketing policies or in dealing with various customers.

Wheat is a commodity which is consumed almost as rapidly as it is procured. With some of these countries with whom we have dealt on credit we find that when the time for repayment comes around in two or three years, if they require further wheat, their first approach is to have the terms or the provision of credit extended, or to re-negotiate more favourable terms; and in some cases, unfortunately, we find that they tend to look to new sources of supply for their next requirements.

So it is not business which a country like Canada,—which should be a permanent exporter of grain, and which should have a long range sales policy before it—should embark upon.

A large percentage of our business is done with our traditional customers, the United Kingdom and western European countries.

If we were to extend credit provisions to certain countries, it would immediately raise the question in the minds of our traditional customers: are we discriminating against them?

In a year like the past year money was tight, and the bank rate in England was seven per cent. A buyer would become interested in the possibility of getting Canadian grain on credit if it could be financed easier in Canada or in North America.

It was with this in mind that we suggested to the government that we recognize credit as being necessary under these conditions, but that it should be approached very carefully, and if possibly confined to countries such as eastern European countries where the western world recognizes communistic competition and where we are trying to help them.

The British buyer does not think that because we deal on credit with Poland, that he should be given the same terms, nor does he object when we make special arrangements for Colombo plan countries, or with under-developed countries.

But as far as Canada is concerned, when we have 300 million bushels of wheat a year to dispose of, the question of extending credit raises very serious problems for the government.

My first view is—and it is shared by my colleagues on the board—that the matter of credit sales should be approached very carefully.

We think it is better to keep the Canadian Wheat Board out of it. Then we cannot be accused of playing favourites.

In so far as the government is concerned, if it is a matter of negotiation between the governments of two countries, particularly when guaranteed by the government, the chances of repayment are much better than if handled on a purely commercial basis. I think the approach of the government on the matter of credit has been very sound.

By Mr. Gundlock:

Q. I would like to ask just what figure the board considers a surplus quantity figure?—A. That was recognized by parliament in the Temporary Wheat Reserves Act: that a surplus quantity of wheat over and above 178 million bushels, would be considered as an abnormal surplus.

The government pays the carrying charges on that quantity, over 178 million bushels.

Speaking personally, I would be alarmed to see our grain stocks depleted to that extent. We have a surplus problem and we are all glad to see our wheat disposed of. But we can service our customers more efficiently if we have on hand stocks of the various grades and are always in a position to meet their requirements.

In some years when we were sold out of certain grades we lost some sales which would not have been the case if we had had adequate supplies in position.

I think, roughly speaking, that from 200 million to 250 million bushels in commercial position is a normal reserve for a country like Canada which is trying to export 300 million bushels a year.

By Mr. Thomas:

Q. I know that some of the farm organizations have been talking for several years about a special two-price system. Would the chairman of the board care to comment on the difficulties of such system as applied to Canada, or is that a subject which should not be discussed here.—A. I think that is really a question of government policy and a decision of parliament with regard to it.

However, I must admit that I would like to see the western producers get the benefit of the increased money that would come to the board as a result of a higher domestic price. But I can see some complications in our operations particularly in our dealings with countries like the United States and other countries which are subsidizing, and which have a two-price system in effect.

We are continually pressing them; that they should not be upsetting normal commercial business.

One of the arguments would be removed if the government decided to put into effect a special domestic price for Canada. It would have a bearing on our general trade policy as a nation, but that is not my responsibility, and I welcome the returns to our pools which would be of benefit to our producers.

Personally I have never been able to recommend to the government that it would be advantageous to adopt a two-price system. That is a personal feeling of my own, and I give it to you for what it is worth.

Of course, there are two sides to this problem. You must remember that the quantity of wheat that you are talking about is not a large quantity as compared to our overall turnover.

I would estimate that only 40 million bushels of wheat would be involved in a two-price system out of the 360 million bushels we handle in a year.

I am going outside of my province when I speak of these things, but I do like to answer your questions. However, I think it is government policy.

By Mr. Rapp:

Q. Going back to 1956-57, you mentioned 40 million bushels for domestic consumption. Here you have domestic sales for 69 million bushels?—A. That includes the lower grades used for feeding purposes. I do not think it would be possible to have a two-price system applied for feeding grains, because they have to be sold in competition with oats, barley and other feeding stuffs.

By Mr. Jorgenson:

Q. I do not suppose it is possible to get accurate figures of the amount of grain moved into consumption, particularly in view of the amounts that have been dealt with by appliance dealers and the like? You have no records in that regard?—A. We know the quantity that goes in for human consumption through statistics which are available from the mill grind. We do not know the exact quantity that goes into animal consumption on farms at all. We have no figures covering that.

It has been pointed out to me, that in regard to farm utilization we have an estimated figure.

Mr. TRELEAVEN: In table 4 on page 4 of the appendix at the back there are estimates for farm disappearance in Canada. These figures would include feed and seed.

Those figures are built up on the basis of total supply that has gone into commercial positions, and are estimates of what is left on the farms at the end of the crop year.

Generally these are estimates of our domestic requirements for all purposes, and it is about 160 million bushels per year.

The CHAIRMAN: Gentlemen, we will now move to a consideration of the item headed, "Disposal of grains for local currencies".

By Mr. Horner (Acadia):

Q. Has there been any of this disposal of grain for local currencies done by Canada?—A. No, not in Canada.

Q. That would be a government policy?—A. Yes, it would be government policy. As you know, our friends to the south have been disposing of a lot of wheat for local currency. They are in a better position to use that local currency. As far as the wheat board is concerned, we need cash dollars to pay producers, and we are not interested in yen in Japan.

The position of our government is such that we are not in the position to utilize these local funds in local countries to the extent that the Americans are with their large military establishments and other commitments that they have made to these various nations.

As a matter of fact, they are having some difficulty in utilizing all the local currency that they are accumulating around the world.

You will find that eventually it becomes a gift because you either have to give away the funds or spend them for some particular project in the country itself, and therefore this amounts almost to a gift.

The CHAIRMAN: We will now consider the item headed, "Disposal of grain for famine and disaster relief".

If there are no questions in that regard we will consider the paragraph on the "Disposal of grains under barter agreements".

By Mr. Muir:

Q. Canada has not disposed of grains under barter arrangements?—A. No. We have had proposals put to us from time to time by the international grain trade. Of course, when you barter, you have to have a market for the goods that the other country wants to dispose of in your country and it becomes a form of bilateral trading whereas Canada has a trade policy of multi-lateral trade.

Our experience with barterers show that there is usually a sharp reduction in the price at which we make wheat available, and that brings in its wake the question of discrimination against our regular customers who also want to sell their goods to Canada.

I must say that in regard to any of the barter transactions, which have been referred to us, none of them have proved attractive in so far as merchandising wheat for Canada is concerned.

The CHAIRMAN: Are there any questions in regard to exports?

We will deal with the item on "Exports of wheat and wheat flour". Are there any questions in that regard?

Are there any questions in regard to the item covering "Wheat exports by ports"?

Are there any questions in regard to "Utilization of special account"?

Are there any questions in regard to "Sales promotion" appearing on page 16?

By Mr. Muir:

Q. Do you have sales representatives in all importing countries that are directly responsible to the wheat board?—A. Not as a board. We have an office in London and an office in Rotterdam but they are information offices, which make information available to the trade generally.

Of course, the Department of Trade and Commerce have trade commissioners in all our important markets and they are very valuable to the wheat board in promoting sales of grain.

I could not allow this opportunity to pass without paying tribute to the work that they are doing for us.

In addition to that, as I mentioned before, the international grain trade work as agents of the board and have connections all over the world and they are very, very helpful to us in developing our business.

I think the reputation of Canadian wheat is well known and is constantly kept before all the buyers all over the world by these representatives of the board, but not by board officers directly.

By Mr. Thomas:

Q. Could you say something about the competition between eastern winter wheat and western spring wheat?—A. You mean Ontario wheat?

Q. Yes.—A. Of course, this is soft wheat used for pastry flour. It does not come into direct competition in the export markets with the bulk of our wheat from the west.

Some of our Alberta red winter wheats are comparable, I understand, and can be used, but generally there is no competition really, in exporting, between Ontario wheat and western wheat.

You might decide to ask that question of the Board of Grain Commissioner. They are much more competent than I am to answer it, but my general opinion is that we do not compete in the merchandising of Ontario wheat in the export markets.

Q. From your experience, sir, could you set a comparable value? Of course, if there are two different commodities, this is difficult, but would you say if eastern winter wheat is as valuable on world markets as western spring wheat?—A. No, I would say that in merchandising Ontario wheat you experience more competition with other wheats of other countries in the world. I think in so far as our western wheat, is concerned, and especially our northern wheat, we have a quality that other people find difficult to match.

There is a market for that type of wheat, for blending with other wheat. The quality needed in this regard is not found in wheat such as Ontario wheat.

At the present time I think Ontario wheat is competing directly with some of the American wheats which are quite similar in quality, but there is no fixed ratio that you can set between these wheats. This depends on supply and demand, and the competition that exists.

The CHAIRMAN: Are there any questions in regard to "1956-57 pool account—oats"?

POLICY

9. 1956-57 Pool Account—Oats

By authority of Order in Council P.C. 1956-884, June 7, 1956 Parts III and IV of the Canadian Wheat Board Act were extended to oats for the crop year 1956-57. By the same authority the initial price for oats for 1956-57 was established at 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur.

STANDING COMMITTEE

BOARD RECEIPTS

The following table shows Board receipts from producers, by months, from August 1, 1956 to July 31, 1957:

	Bushels
August, 1956	1,768,993.7
September	7,671,398.9
October	14,281,146.8
November	5,283,225.8
December	2,738,612.9
January, 1957	2,890,909.6
February	2,341,872.8
March	2,987,099.2
April	2,870,584.6
May	4,441,626.7
June	6,753,817.9
July	15,019,984.7
TOTAL	<u>69,049,273.6</u>

Producers delivered 69.0 million bushels of oats to the 1956-57 Pool as compared with 71.4 million bushels to the previous Pool. Deliveries were on a modest scale throughout the crop year. The largest delivery months were September-October, 1956 and June-July, 1957.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows Board receipts of oats from producers by principal grades, along with the percentage of total receipts of each grade:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W.	179,736.5	.26
No. 3 C.W.	11,535,706.9	16.71
Extra No. 1 Feed	16,721,058.4	24.22
No. 1 Feed	38,010,870.4	55.05
No. 2 Feed	2,025,450.0	2.93
No. 3 Feed	183,361.7	.27
Other grades	393,089.7	.56
TOTAL	<u>69,049,273.6</u>	<u>100.00</u>

The grade pattern of oats deliveries in 1956-57 was very similar to the previous crop year. The principal grade was No. 1 Feed, with receipts of 38.0 million bushels, or 55% of total receipts.

1956-57 Pool Account—Oats

The following table shows the operating position of the 1956-57 Oats Pool from August 1, 1956 to July 31, 1957:

	Bushels		
1. Oats acquired by the Board:			
(a) Producers' deliveries August 1, 1956 to July 31, 1957.....	69,049,273.6		
(b) Oats otherwise acquired ¹	61.5		
(c) Purchased from 1955-56 Pool Account—Oats.....	10,523,170.3		
Total oats acquired.....	<u>79,572,505.4</u>		
		(Value)	(Value)
2. Cost of oats acquired.....			\$49,382,898.53
3. Proceeds of sales and value of unsold stocks of oats as at July 31, 1957:			
(a) (i) Completed sales at realized prices.....	\$22,578,814.36		
(ii) Uncompleted sales at contract prices.....	242,415.33		
Total proceeds from sales.....	<u>22,821,229.69</u>		
(b) Value of unsold stocks of oats stated at cost.....	28,519,262.02		51,340,491.71
4. Gross surplus as at July 31, 1957.....			1,957,593.18
5. Operating costs—August 1, 1956 to July 31, 1957:			
(a) Carrying charges including terminal storage.....	3,826,327.35		
(b) Interest and bank charges.....	91,249.12		
(c) Freight recovered on export oats.....	(441.33)		
(d) Drying charges.....	134.34		
(e) Brokerage and Clearing Association charges.....	7,495.77		
(f) Administrative and general expenses.....	221,028.73		4,145,793.98
6. Debit balance in the 1956-57 Pool Account—Oats, as at July 31, 1957, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....			<u>\$ 2,188,200.80</u>

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

GENERAL COMMENT ON THE MARKETING OF OATS—1956-57

On August 1, 1956 commercial supplies of oats in Canada were 47.9 million bushels, and stocks of western oats carried over on farms were well above normal. Growing conditions were favourable for the 1956 oats crop in the prairie provinces, and 1956 production was estimated at 400 million bushels as compared with 290 million bushels harvested in 1955. Oats were in plentiful or adequate supply in all positions throughout the crop year.

Producers' deliveries of oats in 1956-57 amounted to 69.0 million bushels. These deliveries were made by producers under initial and general quotas as established throughout the crop year.

The supply position may be summarized as follows:

	Million bushels
Commercial carryover—July 31, 1956	47.9
Producers' deliveries—August 1, 1956 to July 31, 1957 ..	69.0
Total	<u>116.9</u>

Commercial supplies of oats of 116.9 million bushels were greatly in excess of markets available to the Board in 1956-57. Demand for oats was limited and did not vary significantly from the levels of demand experienced in the

two preceding crop years. The domestic market was the principal outlet for oats during the crop year. Throughout the crop year selling prices declined steadily. Under the circumstances which prevailed, relatively large stocks of oats were carried in elevators during the crop year which added materially to the operating costs of the 1956-57 Pool Account.

The table on the preceding page sets forth the operating position of the 1956-57 Oats Pool from August 1, 1956 to July 31, 1957. The Pool totalled 79.6 million bushels consisting of 69.0 million bushels received from producers, 10.5 million bushels transferred from the 1955-56 Pool Account and a small quantity of oats otherwise acquired.

The 1955-56 Pool was closed on November 16, 1956. This meant that Board sales of oats between August 1, 1956 and November 16, 1956 were largely credited to the 1955-56 Pool and that selling operations in respect to the 1956-57 Pool Account commenced on November 19, 1956. By mid-November oats for fall shipment to the United States and for part of the winter feeding market in Canada had been sold. This restricted the sales of oats which could be made from the 1956-57 Pool Account to the early part of the winter of 1956-57. By July 31, 1957 completed sales of oats credited to the 1956-57 Pool Account were 32.4 million bushels, and uncompleted sales of cash oats were .4 million bushels. The inventory in the 1956-57 Oats Pool as at July 31st was 46.8 million bushels. This inventory was valued at cost.

Operating costs charged to the 1956-57 Pool to July 31, 1957 were \$4,145,-793.98. The principal item in these costs was carrying charges on oats stored in country and terminal elevators. These costs amounted to \$3,826,327.35 and were the equivalent of 5.54 cents per bushel on producers' deliveries to the Pool. These costs reflected the relatively large volume of oats on carrying charges throughout the crop year. Interest and bank charges amounted to \$91,249.12. Drying charges were \$134.34. Brokerage and Clearing Association charges amounted to \$7,495.77, and administrative and general expenses charged to the 1956-57 Oats Pool were \$221,028.73. Freight recoveries on export oats resulted in a credit item of \$441.33.

After crediting the 1956-57 Pool Account with the proceeds of sales to July 31, 1957, valuing the inventory as at July 31, 1957 at cost and allowing for operating costs to July 31, 1957, the 1956-57 Pool Account showed a debit balance of \$2,188,200.80 as at July 31st.

The following table shows Canadian exports of oats during 1956-57 by principal countries of destination, along with comparable statistics for the previous crop year:*

	1956-57	1955-56
	(million bushels)	
United States	17.6	1.9
Belgium .....	.5	.8
United Kingdom .....	.1	.4
Netherlands	—	.3
Others .....	.1	.2
Total	<u>18.3</u>	<u>3.6</u>

Exports of oats in 1956-57 amounted to 18.3 million bushels as compared with 3.6 million bushels in the previous crop year. Exports to the United States were 17.6 million bushels as compared with 1.9 million bushels in the preceding crop year. Exports to other countries were in small volume.

*Source: Board of Grain Commissioners for Canada.

The following table shows the monthly average quotations for No. 1 Feed Oats, along with high and low prices recorded in each month from August 1, 1956 to July 31, 1957. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(cents per bushel)		
August, 1956	80½	76	78¼
September	79¼	76½	77¾
October	79	75¾	77⅝
November	78¾	76½	78⅞
December	76½	71¼	73⅜
January, 1957	74	71¾	73¼
February	71¾	70	70⅞
March	70½	66¼	68⅞
April	67¼	65¼	66⅝
May	67	65	66⅞
June	66¼	64¾	65⅝
July	66	65	65½

During the August-November period 1956 Board selling prices for No. 1 Feed Oats basis in store Fort William/Port Arthur were relatively steady and ranged from a high of 80½ cents per bushel to a low of 75¾ cents per bushel. A sharp decline in Board quotations for No. 1 Feed Oats was registered in December, 1956 when prices dropped to a low of 71¼ cents per bushel. Selling prices remained at about this level during January and February, 1957, but a sharp drop occurred again in March. During the final five months of the crop year the Board's quoted prices for No. 1 Feed Oats fluctuated narrowly around the 65 cents per bushel level.

On June 13, 1957 Order in Council P. C. 1957-820 established initial prices for the ensuing crop year. The initial price for oats was reduced from 65 cents per bushel to 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur effective on August 1, 1957.

To facilitate the distribution of Feed Oats in Eastern Canada the Board again agreed to make Feed Oats available to shippers prior to the close of navigation for storage in eastern positions on a provisional price basis. A total of 3,269,990.6 bushels were moved into eastern positions under this provision. This movement was, of course, in addition to supplies purchased in store at the Lakehead moved into Eastern Canada through trade channels.

By Mr. Muir:

Q. You mentioned that we now had the quantities of barley and oats down to reasonable proportions. At least, that is what I understood your intention was. Do you consider that we can handle those particular grains within a reasonably short time?—A. This particular report that we are dealing with, of course, gives a very pessimistic position with regard to oats and barley, and particularly oats.

The supplementary report, which has been prepared since that time, and which covers the operations of these two pools, shows that the final payment on barley was disappointingly small and, of course, in so far as oats are concerned, resulted in a deficit that will have to be paid to the board by the treasury.

During the last six months the demand for our oats and barley has improved considerably. Our exports have picked up substantially in both oats and barley with the result that the current pools—we are now selling the 1957-58 coarse grain—are in much better shape for this time of the year than the previous year pools.

We still have relatively heavy commercial stocks, but farm stocks have been materially reduced. Estimates of the new crop are such that I do not think the new supplies will be nearly as large as the supplies available last year.

I feel that in so far as both oats and barley are concerned, we may not be out of the woods yet, but we can certainly see the light.

There is a distinct possibility that if the demand which exists at the present time for these grains will continue for another four or five months we can end the next crop year with really no surplus at all of these grains in commercial position and practically no stocks that farmers would like to market left on the farms. The outlook is very favourable for the future.

You would think that this means that we could look forward to a sharp advance in the prices. The United States is now harvesting its second largest wheat crop in history. They have large stocks of corn and sorgums, and other feed grains that we compete with, and the fact that our supplies of feed are easing up will not necessarily be a major factor in increasing world price levels for these feed grains.

I do feel that at current prices there will be a market which will enable us to get over the hump as far as surplus coarse grains are concerned during the next 12 months.

POLICY

10. 1956-57 Pool Account—Barley

In accordance with Order in Council P.C. 1956-884, June 7, 1956 Parts III and IV of the Canadian Wheat Board Act were extended to barley for the crop year 1956-57. The same Order in Council provided for an initial price for barley of 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Initial payments for all other grades of barley were established by the Board and approved by Order in Council.

BOARD RECEIPTS

The following table shows receipts of barley from producers, by months, from August 1, 1956 to July 31, 1957:

	Bushels
August, 1956	1,602,044.0
September	7,841,559.5
October	20,779,578.2
November	13,096,878.7
December	11,217,691.8
January, 1957	10,984,690.2
February	7,370,968.5
March	6,122,756.7
April	7,100,464.9
May	8,872,397.8
June	10,482,056.6
July	15,100,178.1
Total	<u>120,571,265.0</u>

Producers delivered 10.6 million bushels of barley to the Board in 1956-57 as compared with 113.9 million bushels in the previous crop year. Deliveries were relatively heavy following the 1956 harvest, reflecting, in part, the large volume of barley which was accepted by shippers and exporters as suitable for malting. Deliveries were steady throughout the winter months, increasing in volume in the final two months of the crop year.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows the principal grades of barley delivered by producers in 1956-57:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W. Six-Row	2,124,875.6	1.76
No. 3 C.W. Six-Row	37,287,904.8	30.92
No. 4 C.W. Six-Row	2,927,610.7	2.43
No. 2 C.W. Two-Row	518,423.9	.43
No. 3 C.W. Two-Row	8,889,544.6	7.37
No. 1 Feed	50,087,319.1	41.54
Extra No. 2 Feed	1,406,309.9	1.17
No. 2 Feed	14,197,433.3	11.78
No. 3 Feed	2,940,018.7	2.44
Other grades	191,824.4	.16
Total	120,571,265.0	100.00

Producers' marketings in 1956-57 were concentrated in four principal grades. These were No. 3 C.W. Six-Row, No. 3 C.W. Two-Row, No. 1 Feed and No. 2 Feed. Deliveries of No. 3 C.W. Six-Row (a malting grade) were somewhat heavier than in the previous crop year and constituted 30.9% of producers' marketings for the crop year. The predominate grade was No. 1 Feed with receipts of 50.1 million bushels, or 41.5% of total sales.

1956-57 POOL ACCOUNT—BARLEY

The following table shows the operating position of the 1956-57 Barley Pool from August 1, 1956 to July 31, 1957:

	Bushels	(Value)	(Value)
1. Barley acquired by the Board:			
(a) Producers deliveries August 1, 1956 to July 31, 1957.....	120,571,265.0		
(b) Barley otherwise acquired ¹	7,379.1		
(c) Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6		
Total barley acquired.....	135,271,773.7		
2. Cost of barley acquired.....			\$ 122,143,738.25
3. Proceeds of sales and value of unsold stocks of barley as at July 31, 1957:			
(a) (i) Completed sales at realized prices.....	\$ 89,856,848.14		
(ii) Uncompleted sales at contract prices.....	3,975,530.53		
Total proceeds from sales.....	93,832,378.67		
(b) Value of unsold stocks of barley stated at cost.....	40,961,977.63		134,794,356.30
4. Gross surplus as at July 31, 1957.....			12,650,618.05
5. Operating costs—August, 1 1956 to July 31, 1957:			
(a) Carrying charges including terminal storage.....	3,613,740.60		
(b) Interest and bank charges.....	46,980.59		
(c) Freight recovered on export barley.....	(543,129.75)		
(d) Diversion charges on export barley.....	98,645.98		
(e) Drying charges.....	17,311.55		
(f) Brokerage and Clearing Association charges.....	3,541.91		
(g) Administrative and general expenses.....	432,808.83		3,669,799.71
6. Credit balance in the 1956-57 Pool Account—Barley, as at July 31, 1957, after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur.....			\$ 8,980,718.34

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

GENERAL COMMENT ON THE MARKETING OF BARLEY—1956-57

The crop year was an active period in the marketing of barley. The commercial disappearance of barley stocks amounted to about 120 million bushels as compared with about 104 million bushels in the previous crop year. An active export demand was supplemented by an improved domestic demand. The table on the preceding page shows the operating position of the 1956-57 Barley Pool to July 31, 1957.

The 1956-57 Barley Pool consisted of 135,271,773.7 million bushels; of this quantity 120,571,265.0 million bushels were delivered by producers, 14,693,129.6 million bushels were transferred from the 1955-56 Pool, and a relatively small amount of barley was acquired from others than producers. The 1955-56 Pool Account was closed on November 2, 1956; therefore part of Board sales during the crop year were credited to this account.

It should be observed that it has been the practice of the Board to credit sales of barley accepted for malting, or other industrial uses, to the crop account to which such barley was delivered by producers. Therefore, grades of barley delivered by producers in 1956-57 and accepted for malting were credited to the 1956-57 Pool Account even though these sales were made prior to the closing of the 1955-56 Pool Account.

From August 1, 1956 to July 31, 1957 completed sales of barley for the account of the 1956-57 Pool were 84,545,283.5 million bushels. In addition, the Board had uncompleted sales of cash barley on its books as at July 31, 1957 in the amount of 3,867,910.4 million bushels. The inventory in the 1956-57 Pool Account as at July 31, 1957 was 46,847,977.4 million bushels. This inventory was valued at cost.

In respect to the 1956-57 Pool Account to July 31, 1957, operating costs amounted to \$3,669,899.71. These costs consisted principally of carrying charges on barley stored in country and terminal elevators. These charges amounted to \$3,613,740.60. Interest and bank charges were \$46,980.59. Freight recoveries on shipments of barley to Pacific Coast ports for export provided a credit item of \$543,129.75. Diversion charges on barley shipped to the Pacific Coast for export were \$98,645.98. Drying charges and brokerage and Clearance Association charges were \$17,311.55 and \$3,541.91, respectively. Administrative and general expenses to July 31, 1957 were \$432,808.83.

After applying the proceeds of sales to July 31, 1957, valuing the inventory at the same date at cost and allowing for operating costs which have been described, the 1956-57 Barley Account shows a credit balance of \$8,980,718.34 as at July 31, 1957.

Barley prices fluctuated within narrow limits during the first five months of the crop year. Board asking prices for No. 1 Feed Barley ranged from a high of \$1.07 $\frac{1}{4}$ per bushel in November to a low of 99 cents per bushel in December. Monthly average prices ranged from \$1.05 per bushel in September to \$1.01 $\frac{1}{2}$ in December. In the period from January, 1957 to July, 1957 prices followed a downward trend, the decline bringing Board asking prices for No. 1 Feed Barley to a level of 93 cents per bushel in the final three months of the crop year.

During the fall of 1956 the Board arranged for stocks of barley to be placed in eastern positions on a provisional sale basis. This action was taken to stimulate the movement of feed barley into Eastern Canada prior to the close of navigation. Stocks moved on this basis amounted to 2,494,831.4 million bushels.

Throughout the crop year there was a sustained movement of barley into consumption in Canada and into exports markets. Overseas shipments were particularly large in the period August, 1956 through January, 1957; were

well maintained during February, March and April, and increased in volume in the final three months of the crop year. Exports of malting grades to the United States were heaviest prior to the close of navigation on the Great Lakes and again following the opening of the 1957 season of navigation.

The following table shows exports of barley for 1956-57, along with comparative figures for the previous crop year:

	1956-57	1955-56
	(million bushels)	
United States	21.6	28.9
United Kingdom	32.4	22.7
Japan	12.2	7.0
Germany	9.2	3.2
Belgium .....	.7	.2
Netherlands .....	.4	.2
Switzerland .....	.2	—
Ireland .....	.1	—
Czechoslovakia	—	1.4
Norway	—	.4
Poland	—	.2
Others .....	.1	.1
TOTAL	<u>76.9</u>	<u>64.3</u>

Exports of barley amounted to 76.9 million bushels as compared with 64.3 million bushels in the previous year. The United Kingdom was the largest purchaser of Canadian barley during the crop year, exports to the United Kingdom amounting to 32.4 million bushels. The United States was the second largest market. Exports to that country amounted to 21.6 million bushels. Japan and Germany were the third and fourth largest markets for barley, taking 12.2 and 9.2 million bushels, respectively. Belgium, The Netherlands, Switzerland and Ireland purchased barley in smaller amounts.

The following table shows monthly average Board quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1956 to July 31, 1957 (all prices basis in store Fort William/Port Arthur):

	High	Low	Average
	(cents per bushel)		
August, 1956	106	101½	104¾
September	106	103½	105
October	105¼	100½	103¼
November	107¼	102¼	104½
December	105	99	101⅞
January, 1957	102	99¼	100⅞
February	99½	95¾	97⅞
March	97½	93	94¾
April	93¾	93	93
May	93	93	93
June	93	93	93
July	93	93	93

11. PAYMENT DIVISION

The following table shows the major payments completed during the crop year 1956-57:

	Date First Cheques Mailed	Date Completed	Number of Cheques Issued	Total value of Cheques Issued
1955-56 Pool Account—Wheat:				
Interim Payment.....	Feb. 18, 1957	Mar. 12, 1957	318,858	\$ 37,339,123.87
Final Payment.....	May 21, 1957	May 31, 1957	318,825	41,953,923.81
1955-56 Pool Account—Oats:				
Final Payment.....	Nov. 30, 1956	Dec. 7, 1956	111,694	8,169,672.90
1955-56 Pool Account—Barley:				
Final Payment.....	Nov. 16, 1956	Nov. 26, 1956	157,063	15,217,219.17
			906,440	\$ 102,679,939.75

The Payment Department also issued 80 cheques (value \$4,182.73) applicable to the 1940, 1941, 1942, 1943 and 1944 Wheat Accounts; and 159 cheques (value \$19,410.71) covering Adjustment Payments and the Final Payment applicable to the 1945-49 Pool Account—Wheat.

12. Legal Department

The Legal Department dealt with all matters of a legal nature affecting the operations of the Board.

The Department continued to assist the Payment Department in connection with payments to the estates of deceased persons.

During the crop year 402 individuals were prosecuted in connection with breaches of the Act and the Regulations as compared with 37 individuals prosecuted during the 1955-56 crop year.

13. Staff and Officers

The following table shows the number of employees of the Board on July 31, 1957 and July 31, 1956:

	July 31 1957	July 31 1956
Winnipeg	646	661
Calgary	34	35
Vancouver	17	18
Montreal	5	5
London, England	3	3
Rotterdam, Netherlands	2	1
Total	707	723

On July 31, 1957 the Board had 707 employees as compared with 723 on July 31, 1956. The decline was mainly in clerical staff in the Head Office of the Board in Winnipeg.

14. Advisory Committee

The Advisory Committee continued to render valuable service to the Board. In 1956-57 three meetings of the Committee were held.

The members of the Advisory Committee are: Mr. J. H. Wesson, Regina, Saskatchewan; Mr. J. E. Brownlee, Q.C., Winnipeg, Manitoba; Mr. C. P. Hansen, Saskatoon, Saskatchewan; Mr. R. C. Marler, Edmonton, Alberta; Dr. W. J. Parker, Winnipeg, Manitoba; and Mr. Ben Plumer, Calgary, Alberta.

The CHAIRMAN: Are there any questions in regard to paragraph 11, "Payment division"?

Are there any questions in regard to paragraph 12, "The legal department"?

Are there any questions in regard to paragraph 13, "Staff and officers"?

Are there any questions in regard to paragraph 14, "Advisory committee"?

By Mr. Jorgenson:

Q. Has there been any change in that regard?—A. Yes. Mr. Plumer, who was president of the Alberta pool has resigned; Mr. Hansen who was president of the Saskatchewan farmers' union has resigned; Mr. Marler, who was previously associated with the Alberta Federation of Agriculture has resigned. The government has replaced these three producer representatives by Mr. Gordon Harrold, the new president of the Alberta wheat pool; Mr. Alf Gleave, the new president of the Saskatchewan farmers' union and Mr. Platt, the new president of the Alberta Farmers union.

The committee at the present time consists of Dr. W. J. Parker, the president of the Manitoba wheat pool; Mr. J. H. Wesson, president of the Saskatchewan wheat pool; Mr. Gordon L. Harrold, president of the Alberta wheat pool; Mr. J. E. Brownlee, president of the united grain growers; Mr. Platt, president of the Alberta Farm Union; and Mr. Alf Gleave, president of the Saskatchewan farmers' union.

The CHAIRMAN: Are there any further comments you wish to make gentlemen?

At this time we will adjourn. I wish to thank you for the progress which we have made during this session this morning.

We will meet again this afternoon at three-thirty o'clock in this room.

The CHAIRMAN: We have a quorum, so we will proceed. The committee was requesting information with regard to the Hutterite colonies. We have none of those in our community so we do not know much about them. Mr. Robertson, is that information available now?

Mr. ROBERTSON: Yes. Mr. Chairman and gentlemen—

"Quota policy—Hutterite colonies".

Early in the 1956-57 crop year representations were made to the Canadian Wheat Board to grant additional delivery privileges to Hutterite colonies, who were, at the time, under the unit quota, restricted to a maximum of 300 bushels of wheat and under a single permit issued to each colony.

It was the feeling of the board in view of the large number of people covered by a single permit in such instances, and the restricted delivery privilege they enjoyed under the initial unit quota, that some special delivery privilege was justified.

Accordingly, the following policy was adopted. For each 100 specified acres shown in the permit book in excess of 1,000 acres, an additional 10 units was granted, and for each 100 additional units so granted, one additional carlot of selected malting barley was authorized.

For example, for each 1,000 specified acres over the first 1,000 acres shown in the permit book, an additional 100 units was authorized on the initial quota, plus one extra carlot of selected malting barley.

This policy was in effect during the 1956-57 crop year only, and was not renewed for the 1957-58 crop year.

Are there any questions?

Mr. GUNDLOCK: Does that mean that you are not going to renew it?

Mr. ROBERTSON: It was for the 1957-58 crop year which is the year that ended on July 31, and as far as the 1958-59 crop year is concerned, the matter has not come up. We have not had representations about it and I cannot say what would be done if there are representations.

Mr. GUNDLOCK: It has reverted then back to the single issue as it was before?

Mr. ROBERTSON: Yes.

Mr. GUNDLOCK: At the moment.

Mr. ROBERTSON: For the past crop year it was back to the single permit.

Mr. GUNDLOCK: Might I ask you to consider the point I brought up this morning in regard to the small communities that are surrounded by that situation.

Mr. ROBERTSON: Well now, could you clarify that because I am at a loss to understand how the Hutterite colonies come in and monopolize the space on the other people.

Mr. GUNDLOCK: In the small community I have in mind, by name New Dayton in southern Alberta, it is surrounded by seven, eight or nine colonies, and by and through their cooperative effort at that delivery point they can very quickly fill the available space, which is rather small, and of course any additional consideration to their permit books makes it that much better.

Mr. ROBERTSON: If this special authorization was not renewed in the current year, that would pretty well minimize your problem.

Mr. GUNDLOCK: In that particular instance, yes. Not only that, but when there is a shortage of box cars when the special permits come for the barley, it is the same thing again and that affects the whole community of southern Alberta. It is peculiar to that area because those colonies were there before any restrictions were placed and they predominate in that particular part of the country.

Mr. ROBERTSON: What we try to do as soon as we can—in raising the quota at Dayton or any other place we would not raise the quota until there was some surplus space over what was required for the current quota, and we had in mind in doing so that it would give people who might not be able to get in at the early part the chance to get in at the tail end before the new quota came in.

Mr. GUNDLOCK: I realize that, but along with the box car situation and everything else it puts a hardship on the community.

Mr. ROBERTSON: Yes. In fact, it is probably one of the worst spots.

Mr. GUNDLOCK: Probably the worst.

Mr. ROBERTSON: Yes, I would think so. However, there are four other points in the immediate area that are concerned nearly as much; but that is the focal point of that hub.

Mr. HORNER (*Acadia*): I have a question relating to the overages on wheat, oats and barley. I notice in your final pool account the overages on wheat are over a million, 1,014,000, and the overages on oats are 5,000 and barley about 13,000. I wonder in view of the overage on wheat in 1956-57 if that was a particularly bad year in which the elevators accumulated quite an overage or is it customary for the overage on wheat to be that high. I am taking this out of the supplementary report.

Mr. McNAMARA: You are in the supplementary report?

Mr. HORNER (*Acadia*): Yes, it is nearly as high as in the other report.

The CHAIRMAN: If this discussion in regard to the Hutterites is concluded, we will go on to the supplementary report. Mr. McNamara has informed me

this financial statement and the annual report of the wheat board is just an interim report, and the final report is in the supplementary and covers all of that. So, if we go on with the supplementary report it will save duplication.

Mr. McNAMARA: In regard to that question of Mr. Horner's, the previous year, the quantity was 993,000; so far as these two years are concerned, it is about constant and the bushels in the pool were about the same also. We will get you that information, but I think it is fairly constant. We can give you the detail on that, the breakdown. The overages amounted to 1,393,000 and the shortages amounted to 393,000. Government inspection samples amounted to 13,455; wrecked cars, 95 bushels and special board permits 1,559. The special board permits to which I referred would be in regard to wheat we acquired from other than producers.

By Mr. Forbes:

Q. Would you explain how you divide the overages; is that pro rated among those in the pool?—A. No, we are not responsible for the operation of elevators. When there is an overage they must sell it to us and we only pay them the initial payment price. We merchandise the overage with all our regular grain and it comes back to the over-all pool and is reflected to the benefit of the producers at large.

By Mr. Horner (Acadia):

Q. The 1956-57 year was a customary overage.—A. Yes, I would think so.

The CHAIRMAN: Gentlemen, we are now starting with the supplementary report, item 1.

Mr. McNAMARA: Would you like us to read it?

Mr. TRELEAVEN: I will commence at paragraph 1

1. *Receipts and Disposition—1956-57*

Pool Account—Wheat

RECEIPTS

Receipts of wheat in the 1956-57 Pool were 519,515,015.8 bushels.* This total included 361,357,938.3 bushels delivered by producers between August 1, 1956 and July 31, 1957; an additional 1,014,840.2 bushels acquired from other than producers; and 157,142,237.3 bushels of priced open sales contracts and unsold stocks transferred from the 1955-56 Pool as at May 3, 1957.

DISPOSITION OF STOCKS

The disposition of stocks of wheat in the 1956-57 Pool, including completed sales, weight losses in transit and in drying, and stocks transferred from the 1956-57 Pool to the 1957-58 Pool as at May 9, 1958, is shown in the following table:

SALES	Bushels
Domestic Sales	70,527,765.6
Export sales on a Class II basis	237,819,585.4
Export sales under the terms of the International Wheat Agreement	75,416,725.2
Weight losses in transit and in drying	11,690.5
<hr/>	
Total disposition	383,775,766.7
Transfer to the 1957-58 Pool Account—	
Wheat	135,739,249.1
<hr/>	
Total	519,515,015.8

Export and domestic sales (including weight losses) from the 1956-57 Pool amounted to 383,775,766.7 bushels. Domestic sales were 70,527,765.6 bushels. Export sales were 313,236,310.6 bushels. Of these export sales, 75,416,725.2 bushels were sold under the terms of the International Wheat Agreement.

Priced open sales contracts and unsold stocks in the pool as at May 9, 1958 were transferred to the 1957-58 Pool Account. The transfer was authorized by Order in Council P.C. 1958-803, June 5, 1958.

The following table shows the principal grades of wheat transferred to the 1957-58 Pool as at May 9, 1958:

GRADES (Including Toughs and Damps)	Bushels
No. 1 Northern	577,586.0
No. 2 Northern	37,362,250.9
No. 3 Northern	36,789,726.0
No. 4 Northern	43,100,550.3
No. 5 Wheat	11,813,436.8
Other grades	6,095,699.1
Total	135,739,249.1

Stocks transferred from the 1956-57 Pool to the 1957-58 Pool were 135,739,249.1 bushels. Of these stocks, 49,142,880.7 bushels were covered by priced open sales contracts and were transferred to the 1957-58 Pool at contract prices. The remaining 86,596,368.4 bushels of unsold stocks (including unpriced open sales contracts) were transferred to the 1957-58 Pool at the Board's quoted prices as at the close of business on May 9, 1958. In pricing unsold stocks of wheat the Board estimated the volume of these stocks which would be sold basis (a) Board quoted prices in store Fort William/Port Arthur and (b) Board quoted prices in store Vancouver. Unsold stocks of wheat for shipment via the Lakehead were priced at \$1.61 $\frac{5}{8}$ per bushel basis No. 1 Northern Wheat. Unsold stocks for shipment via Vancouver were priced at \$1.73 $\frac{5}{8}$ per bushel basis No. 1 Northern Wheat. In view of the relatively large volume of priced open contracts included in the transfer, the immediate sales outlook and current market prices, it was not considered necessary to provide for subsequent market risk.

Carrying charges subsequent to the date of transfer were provided from funds allocated to the 1957-58 Pool under the Temporary Wheat Reserves Act.

The CHAIRMAN: Are there any questions?

By Mr. Jorgenson:

Q. I wonder if the board has any information as to the average price of wheat for the crop year and how that compares with the previous crop year.—

A. If you refer to paragraph 5, we give the monthly average.

The CHAIRMAN: We can take that up when we come to that item.

By Mr. Horner (Acadia):

Q. On page 1 of the supplementary estimates for 1956-57 it shows the carry-over at 135 million and on the following page for 1955-56 the carry-over of 157 million bushels. Would it be right to assume that the carry-over from one pool to the next is less going into the 1957-58 pool?—A. That was contained in the previous report. We will give that to you.

*Pool receipts were adjusted upward by 115,560.5 bushels as compared with receipts shown on Page 6 of the Annual Report of The Canadian Wheat Board for 1956-57.

By Mr. Pascoe:

Q. Mr. Chairman, I was not here this morning and perhaps I may be asking some questions which have been brought up. On this page 1, domestic sales were 70 million-odd. Is that all for human consumption?—A. That includes feed grain. The figure for human consumption is about 40 million bushels.

Q. That is about the average over the years?—A. Yes.

By Mr. Horner (Acadia):

Q. That 70 million bushels would include feed grain which went through the wheat board?—A. Yes. It was commercial feed which we handled within the domestic market.

By Mr. Thomas:

Q. Could you make an estimate on the total wheat consumption through the board?—A. You mean within Canada?

Q. Yes.—A. I think, including farm disappearance feed and seed it is about 160 million.

In our 1955-56 supplementary report the 157 million bushels transferred into 1956-57 is made up of: 4,107,893 bushels of No. 1 Northern, 95,850,781 bushels of No. 2 Northern, 42,111,426 bushels of No. 3 Northern, 10,805,932 bushels of No. 4 Northern, the other grades amounted to 4,266,202, or a total of 157,142,237.3 bushels.

The CHAIRMAN: We will go on to item 2. Shall we take it as read?

Agreed.

2. 1956-57 Pool Account—Wheat

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

	Bushels	
1. Wheat acquired by the Board:		
(a) Producers' deliveries, August 1, 1956 to July 31, 1957	361,357,938.3	
(b) Purchases from 1955-56 Pool Account—Wheat	157,142,237.3	
(c) Wheat otherwise acquired ¹ ...	1,014,840.2	
Total wheat acquired	<u>519,515,015.8</u>	
2. Cost of wheat acquired		\$692,245,287.81
3. Proceeds of sales—August 1, 1956 to May 9, 1958		\$581,109,595.00
Sales value of stocks transferred to 1957-58 Pool Account as at May 9, 1958 ²	<u>203,962,890.57</u>	<u>785,072,485.57</u>
4. Gross surplus as at May 9, 1958		92,827,197.76
5. Operating costs—August 1, 1956 to May 9, 1958:		
(a) Carrying charges on wheat stored in country elevators ..	36,831,441.14	
(b) Storage on wheat stored in terminal elevators	12,825,556.77	

(c) Net interest paid on Agency wheat stocks	4,812,442.85	
	<u>54,469,440.76</u>	
Less: Carrying charges received under the Temporary Wheat Reserves Act ...	33,137,106.47	
Net carrying charges paid ...	<u>21,332,334.29</u>	
(d) Bank interest and exchange, etc., plus net inter-account interest	3,509,905.28	
(e) Additional freight (net)	558,603.31	
(f) Handling, stop-off and diversion charges	462,286.10	
(g) Drying charges	16,249.01	
(h) Administrative and general ex- penses	<u>2,023,181.80</u>	<u>27,902,559.79</u>

6. Surplus on operations of the Board on
1956-57 Pool Account—Wheat, for the
period August 1, 1956 to May 9, 1958 \$ 64,924,637.97

Mr. TRELEAVEN:

3. Implementing of the Temporary Wheat Reserves Act

In each crop year during the effective period of the legislation, the Government of Canada provides funds for carrying charge purposes to the extent that the quantity of wheat upon which the Board is paying carrying charges on August 1st of each crop year is in excess of 178 million bushels on the basis of the carrying charge rates in effect immediately prior to August 1st of each crop year. On August 1, 1957 the quantity of wheat upon which the Board was paying carrying charges was 407,679,021.4 bushels.¹ This figure exceeded the basic stocks of 178 million bushels by 229,679,021.4 bushels. Therefore, during the crop year 1957-58 the Government of Canada paid carrying charges on the latter amount of wheat. The rate of carrying charges paid was .04241 cent per bushel per day. Funds paid or to be paid to the Board under the Temporary Wheat Reserves Act during the crop year 1957-58 amounted to \$35,553,508.64. The Board recommended and Governor in Council approved (Order in Council P.C. 1958-760, May 30, 1958) the following allocation of these funds between the two operating pool accounts:

1956-57 Pool Account—Wheat.....	\$ 25,256,083.25
1957-58 Pool Account—Wheat	10,297,425.39
Total	<u>\$ 35,553,508.64</u>

The allocation of funds in 1957-58 was made on the same basis as in the previous crop year. Since stocks of wheat in the 1956-57 Pool remained in excess of 229,679,021.4 bushels from August 1, 1957 to January 30, 1958, all funds accrued under the Temporary Wheat Reserves Act were applied to the 1956-57 Pool Account between these dates. From January 31, 1958 to the date of the closing of the 1956-57 Pool Account on May 9, 1958, funds were allocated to the 1956-57 Pool on the basis of its average wheat stocks for this period in relation to the total wheat stocks upon which carrying charges

were paid under the Act. Subsequent to May 9, 1958 and up to July 31, 1958 all funds received under the Act are for the account of the 1957-58 Pool Account.

The 1956-57 Wheat Account received the following allocations under the Temporary Wheat Reserves Act:

Crop year 1956-57.....	\$ 7,881,023.22
Crop year 1957-58.....	25,256,083.25
	<hr/>
Total	\$ 33,137,106.47
	<hr/> <hr/>

From August 1, 1955 to July 31, 1958 funds provided under the Temporary Wheat Reserves Act have been allocated to crop accounts as follows:

1954-55 Pool Account—Wheat.....	\$ 23,230,623.04
1955-56 Pool Account—Wheat.....	29,191,306.19
1956-57 Pool Account—Wheat.....	33,137,106.47
1957-58 Pool Account—Wheat.....	10,297,425.39
	<hr/>
Total	\$ 95,856,461.09
	<hr/> <hr/>

The CHAIRMAN: Are there any comments or any questions? If not, we will continue on to item four.

4. *Surplus for Distribution to Producers*

As shown in the operating statement on Page 2, the surplus on the 1956-57 Pool Account—Wheat, as at May 9, 1958 was \$64,924,637.97 before providing for the interim payment authorized by Order in Council P.C. 1958-213, February 7, 1958.

This interim payment involved the distribution of \$39,160,395.34 and was in the amount of 10 cents per bushel on all grades of wheat, except the milling grades of Durum Wheat upon which the interim payment was 25 cents per bushel.

After allowing for the interim payment, the Prairie Farm Assistance Act levy on the interim and final payments, the cost of issuing the final payment, and after adding estimated interest earnings subsequent to May 9, 1958, the final net surplus for distribution to producers was \$25,083,690.12 as shown in the following table:

Surplus on operations of the Board as at May 9,		
1958		\$64,924,637.97
Deduct: Interim payment		39,160,395.34
		<hr/>
		25,764,242.63
Deduct: Prairie Farm Assistance Act levy.	\$648,930.15	
Cost of issuing final payment	141,738.03	790,668.18
	<hr/>	<hr/>
		24,973,574.45
Add: Estimated additional interest earned from May 9, 1958 to date of distribu- tion		110,115.67
		<hr/>
Balance for final distribution to producers		\$25,083,690.12
		<hr/> <hr/>

As shown by the above table the final surplus for distribution to producers was \$25,083,690.12. On producers' deliveries of 361,357,938.3 bushels the average final payment was 6.9415 cents per bushel. The distribution of final payment cheques to producers was authorized by Order in Council P.C. 1958-804, June 5, 1958.

The CHAIRMAN: Are there any questions?

By Mr. Brunsdon:

Q. It might be useful if we could have a figure comparable to that of the surplus distribution of the 25 million this year?—A. This is the last distribution we have made. This was since May 9. This closed out the 1956-57 pool. We will not be closing out the 1957-58 pool until probably next May or June.

Q. I would like to go back one year.—A. The previous year?

Mr. TRELEAVEN: For the 1955-56 crop year the surplus on operations of the board as at May 3, 1957, which was the date of closing, was \$80,070,997.26. From this there was an interim payment of \$37,339,123.87. There were further deductions for the Prairie Farm Assistance Act levy of \$800,939.87 and the cost of issuing the final payment of \$159,644.57, which left \$41,771,288.95, to which was added estimated additional interest accruing from May 3, 1957 to date of distribution of \$182,634.86. The balance for final distribution to producers was \$41,953,923.81.

Mr. FORBES: How did the Prairie Farm Assistance Act reduce those overages?

Mr. EARL: The Prairie Farm Assistance Act levy only applies to purchasers from producers.

Mr. FORBES: If you stole some from the farmer he would not have to pay off the Prairie Farm Assistance Act.

By Mr. Gundlock:

Q. Mr. Chairman, this morning we had a figure of five-eighths of a cent, I think it was, for administration costs and then I see, a further cost, or is it an inclusive cost, of issuing final payment?—A. That is a further cost, I believe.

Mr. EARL: That is in addition to administrative costs.

By Mr. Gundlock:

Q. This figure for Prairie Farm Assistance Act levy, that does not represent the total for the year 1957-58?—A. No, that is just what the board deducts when we make out interim and our final payments. On the initial delivery to the country elevator, the country elevator deducts the P.F.A.A. levy and they pay the Board of Grain Commissioners; but in other cases we deduct it and send it on to the Board of Grain Commissioners.

By Mr. Horner (Acadia):

Q. It says the average payment was 6.9 cents per bushel. Is that in the 1956-57 crop year?—A. Yes.

Q. Could it not have averaged out a little higher than that particular average? Would it not have been better to pay 6.9 cents per bushel on wheat from one to five or six?—A. That brings up the point that I think you raised this morning that we keep each grade in a separate pool; in other words, if we are finding that four northern is not moving freely and we have to lower the price as compared with one northern, then the man who is producing and

delivering four northern gets a lower price than the man who produces one northern and which we are able to sell to better advantage. It is a matter of pooling, keeping the price separate the way we do.

The CHAIRMAN: Item 5.

Mr. TRELEAVEN:

5. *Comments on the 1956-57 Pool Account—Wheat*

Operating costs incurred by the Board in the period August 1, 1956 to May 9, 1958 applicable to the 1956-57 Pool were \$27,902,559.79 after crediting funds paid to the Board by the Government of Canada under the Temporary Wheat Reserves Act. Operating costs consisted of the following:

(a) *Carrying Charges—\$21,332,334.29*

Total carrying charges incurred by the Board, including storage and interest charges on wheat carried in country elevators and storage charges on wheat held in terminal and mill positions, were \$54,469,440.76. Carrying charges amounted to 15.073 cents per bushel on producers' marketings of 361,357,938.3 bushels. Of the funds received from the Government of Canada under the Temporary Wheat Reserves Act, the sum of \$33,137,106.47 was allocated to the 1956-57 Pool Account, or an average of 9.170 cents per bushel on producers' deliveries to the pool. After applying these funds the actual carrying charges paid by the Board for producers' account amounted to 5.903 cents per bushel.

(b) *Net Interest, Exchange and Bank Charges—\$3,509,905.28*

This item comprises bank interest, exchange and bank charges plus net interest on other Board accounts.

(c) *Additional Freight (Net)—\$558,603.31*

This item consists chiefly of additional freight paid on wheat shipped from Saskatchewan stations to the Pacific Coast against Fort William/Port Arthur freight differential and on low grade wheat shipped from Alberta stations to the Lakehead. The item also includes freight credits on wheat shipped to Churchill.

(d) *Handling, Stop-off and Diversion Charges—\$462,286.10*

These charges were incurred in shipping wheat to interior terminals for storage and in diverting wheat for shipment to Churchill and Prince Rupert.

(e) *Drying Charges—\$16,249.01*

This covers the cost of drying of Board grain.

(f) *Administrative and General Expenses—\$2,023,181.80*

Administrative and general expenses of the Board applicable to the 1956-57 Pool Account amounted to .5599 cent per bushel on handlings of 361,357,938.3 bushels.

By Mr. Pascoe:

In regard to additional freight, the item also includes freight on grades of wheat shipped through Churchill. How do you work out the price?—A. Under the Crownsnest Pass tariffs that are in effect there are rates set up for Churchill the same as there are for Fort William and Vancouver, and there are certain stations, mainly in northern Saskatchewan, on the Canadian National Railways where there is a saving in freight haul for shipments to Churchill as compared with shipments to Fort William. So to the extent that

we can move Churchill stocks from these preferential areas the pool benefits by freight savings that we obtain on wheat, because we bought the wheat at the Fort William rate.

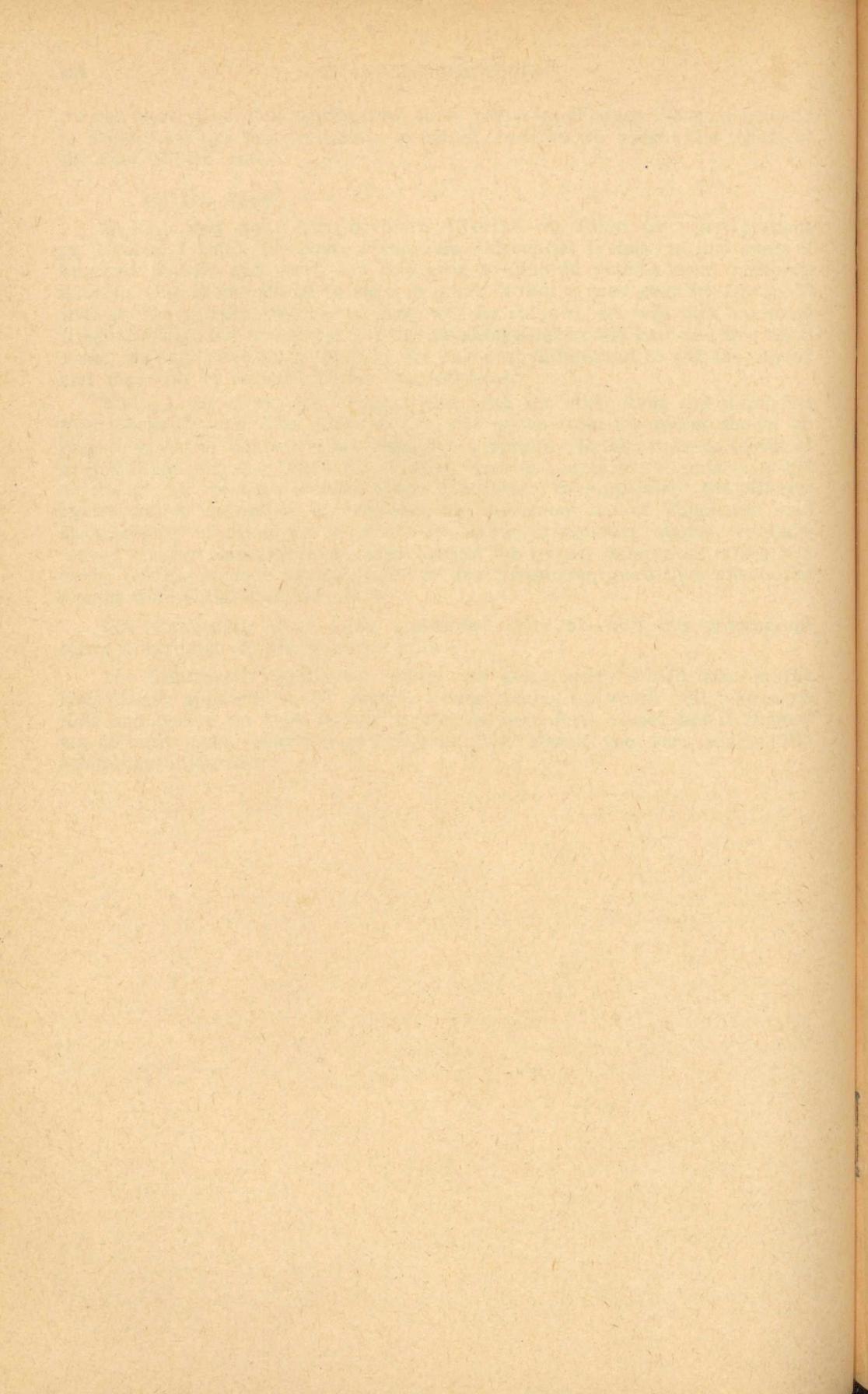
By Mr. Rapp:

Q. Does that apply from northern Alberta?—A. There are a few stations in Alberta. I think the most favourable differential is four to five cents a hundred pounds and some are one cent a hundred pounds from northern Alberta. One of the things to keep in mind, is that a good year for Churchill such as the current year, 17 million will be shipped, we will pick up some freight saving; but we cannot get the advantage out of the four and five cents areas, we will have to go back to the one cent differential to get the saving and that will be secured to the over-all pool.

While I am on my feet I might deal with the other item, the shipments from Saskatchewan. This year, as you will notice from the prices shown on page 5, wheat at Vancouver has been at a premium over the price of wheat at Fort William and the board has realized from ten cents to 12 cents a bushel on the grades we have shipped from Vancouver. To supplement the Alberta stocks and to endeavour to maximize the movement out of Vancouver, and also keeping in mind the necessity of trying to equalize quotas we have moved western Saskatchewan stocks against the freight differential which is a debit; but the extra price we realize on the transaction more than offsets the freight differential that we incur.

The CHAIRMAN: Any other questions? Item 6?—and the proceedings being interrupted by the division bells—

The CHAIRMAN: Gentlemen, things are going every which way in the house today apparently, and there is a vote coming up which will take some time and before the vote is over it will be near 6:00 o'clock and I suggest we adjourn until tomorrow morning at 9.30. Thank you very much—The committee adjourned.



HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

INCLUDING FOURTH REPORT TO THE HOUSE

Respecting

Report of the Canadian Wheat Board for Crop Year 1956-57 and
Report of the Board of Grain Commissioners for Canada, 1957.

TUESDAY, AUGUST 5, 1958



WITNESSES:

Hon. Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; D. H. Treleaven, Secretary and C. E. G. Earl, Comptroller; *From the Board of Grain Commissioners:* Messrs. R. W. Milner, Chief Commissioner; W. J. MacLeod, Secretary; M. J. Conacher, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist; and E. E. Baxter, Chief Statistician.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: Hayden Stanton, Esq.,

Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Argue,
Barrington,
Boivin,
Boulanger,
Brunsdon,
Cadieu,
Campbell
(*Lambton-Kent*),
Doucett,
Dubois,
Dupuis,
Fane,
Fleming (*Okanagan-
Revelstoke*),
Forbes,
Forgie,
Godin,
Gour,
Grills,
Hales,
Hardie,

Gundlock,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
Kindt,
¹Knowles,
Latour,
Leduc,
Létourneau,
McBain,
McMillan,
Michaud,
Milligan,
Montgomery,
Morissette,
Muir (*Lisgar*),
Nasserden,
Noble,
Pascoe,

Peters,
Phillips,
Pugh,
Racine,
Rapp,
²Ricard,
Richard (*Kamouraska*),
Richard (*St. Maurice-
Lafleche*),
Robinson,
Rompré,
Rowe,
Southam,
Speakman,
Thomas,
Thompson,
Tucker,
Villeneuve,
Winkler,
Yacula—60.

M. Slack,
Clerk of the Committee.

¹Replaced by Mr. Cooper, Tuesday, August 5.

²Replaced by Mr. McIntosh, Tuesday, August 5.

ORDER OF REFERENCE
HOUSE OF COMMONS,

TUESDAY, August 5, 1958.

Ordered,—That the name of Mr. Cooper be substituted for that of Mr. Knowles; and

That the name of Mr. McIntosh be substituted for that of Mr. Ricard on the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

FRIDAY, August 8, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

FOURTH REPORT

On July 19, 1958, the House of Commons referred to this Committee the Report of the Canadian Wheat Board for the Crop Year 1956-57. The Annual Report of the Board of Grain Commissioners of Canada for the year 1957 was also referred to this Committee at the same time.

Your Committee carefully examined and approved the operations of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Your Committee also studied the Supplementary Report of the Canadian Wheat Board for the 1956-57 Pool Accounts.

Your Committee recommends:

1. That consideration be given to the provision of more satisfactory public storage for grain which should be encouraged and assisted by the government;
2. That consideration be given to classifying rape-seed and soya beans as grain for the purpose of freight rates;
3. That consideration be given to amending the Canada Grain Act by inserting a provision to compensate producers for cracked rape-seed taken as dockage in the marketing of rape-seed.
4. That the government give consideration to the advisability of Seaway grain tolls being set at minimum levels.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, August 5, 1958.

(6)

The Standing Committee on Agriculture and Colonization met at 9.35 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boivin, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Fleming (*Okanagan-Revelstoke*), Forbes, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Latour, Milligan, Morissette, Muir (*Lisgar*), Nasserden, Noble, Pascoe, Rapp, Ricard, Rowe, Southam, Speakman, Stanton, Thomas, Tucker, and Winkler—30.

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller; and D. H. Treleaven, Secretary.

From the Board of Grain Commissioners: Messrs. R. W. Milner, Chief Commissioner; S. Loptson, Commissioner; G. McConnell, Commissioner; W. J. MacLeod, Secretary; Dr. J. A. Anderson, Chief Chemist; M. J. Conacher, Chief Grain Inspector, and E. E. Baxter, Chief Statistician.

The Committee resumed consideration of the Supplementary Report of the Canadian Wheat Board on the 1956-57 Pool Account—Wheat, Oats and Barley.

The following Sections of the Supplementary Report were approved:

6. Realized Prices
7. Board Quoted Prices—1956-57 Pool
8. Exports
9. General Comments
10. Statement of operations including Auditors' Report

The Committee then reverted to consideration of the Report of the Canadian Wheat Board for Crop Year 1956-57.

Part II of the Report—Financial Statement, (including Exhibits I to VII) was approved.

Part III—Auditors' Report was approved.

The Addenda to the Annual Report, containing statistical tables I to XXIII, was approved.

The Chairman extended a vote of thanks to Mr. McNamara and his officials for their co-operation and assistance to the Committee.

The officials of the Canadian Wheat Board were permitted to retire.

The Committee proceeded to the consideration of the 1957 Report of the Board of Grain Commissioners for Canada. Mr. Milner, having been introduced to the members of the Committee, was questioned and supplied additional information thereon, assisted by other officials of the Board.

The following Sections of the Report were approved:

1. Grain Supplies and Disposition—Crop Year 1956-57
2. Marketings
3. Country Elevator Shipments
4. Terminal Handlings
5. Exports
6. Domestic Usage
7. Carryover
8. Licensing and Bonding
9. Assistant Commissioners
10. Prosecutions
11. Shortages and Overages, Country Elevators
12. Regulations and Orders
13. Committees on Grain Standards
14. Inspection of Grain
15. Research
16. Weighing of Grain
17. Weighover of Stocks, Terminal and Eastern Elevators
18. Terminal and Eastern Complaints

At 12.30 p.m. the Committee adjourned until 3.30 p.m. this day.

AFTERNOON SITTING

(7)

The Standing Committee on Agriculture and Colonization resumed at 3.35 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Argue, Barrington, Boivin, Cadieu, Dubois, Fane, Forbes, Forgie, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Kindt, MacIntosh, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Peters, Rapp, Southam, Speakman, Stanton, and Thomas.—(24)

In attendance: From the Board of Grain Commissioners: Messrs. R. W. Milner, Chief Commissioner; S. Loptson, Commissioner; G. McConnell, Commissioner; W. J. MacLeod, Secretary; J. A. Anderson, Chief Chemist; M. J. Conacher, Chief Grain Inspector and E. E. Baxter, Chief Statistician.

The Committee resumed consideration of the Report of the Board of Grain Commissioners for Canada for the year 1957.

The following sections of the Report were approved:

19. Complaints on Export Shipments
20. Statistics
21. Information Program
22. Canadian Government Elevators
23. Lake Freight Rates
24. Prairie Farm Assistance Act
25. Organization and Personnel
26. Expenditure and Revenue
27. Appendices "A" to "K" inclusive and related Tables were approved.

The Chairman thanked the Committee for their co-operation, and extended to Mr. Milner and his colleagues the appreciation of the Committee for their assistance.

At 5.05 p.m., the Committee adjourned until 9.30 a.m. Wednesday, August 6, to consider *in camera* the Committee's "Report to the House".

WEDNESDAY, August 6, 1958.

(8)

The Standing Committee on Agriculture and Colonization met *in camera* at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boivin, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Forbes, Forgie, Gour, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kindt, Latour, Milligan, McIntosh, Muir (*Lisgar*), Nasserden, Noble, Pascoe, Peters, Phillips, Pugh, Rapp, Southam, Speakman, Stanton, Thomas, Thompson, Tucker, Villeneuve, and Winkler.—(34)

The Committee proceeded to the preparation of a "Report to the House" respecting the Reports of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Various suggestions and recommendations were proposed by members of the Committee.

Agreed.—That the recommendations be referred to the Steering Committee for further study.

At 10.30 a.m. the Committee adjourned until 9.30 a.m. Thursday, August 7.

THURSDAY, August 7, 1958.

(9)

The Standing Committee on Agriculture and Colonization met *in camera* at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Barrington, Brunsdon, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Fleming (*Okanagan-Revelstoke*), Forgie, Gour, Gundlock, Hicks, Horner (*Acadia*), Howe, Jorgenson, Latour, Létourneau, McIntosh, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Pugh, Rapp, Southam, Speakman, Stanton, Thomas, Tucker, Villeneuve, and Winkler.—(33)

The Chairman, on behalf of the Steering Committee, presented a draft "Report to the House."

The Committee proceeded to the consideration of the draft "Report to the House" which was amended and adopted as amended; and the Chairman was ordered to present it as the Committee's "Fourth Report to the House."

At 10.30 a.m. the Committee adjourned to the call of the Chair.

M. SLACK,
Clerk of the Committee.

1885

TUESDAY, August 5, 1958.
9:30 a.m.

EVIDENCE

The CHAIRMAN: We were at paragraph six of the supplementary report of the Canadian Wheat Board.

D. H. TRELEAVEN (*Secretary, Canadian Wheat Board*):

6. Realized Prices

The following table shows initial payments, interim payments, final payments and total prices realized by producers for the principal grades of wheat delivered to the 1956-57 Pool Account basis in store Fort William/Port Arthur or Vancouver, after deduction of net operating costs, including carrying charges, interest and administrative expenses:

Initial Payment	Interim* Payment	Final* Payment	Realized* Price
(dollars per bushel)			
1.40	.10	.08838	1.58838
1.36	.10	.08892	1.54892
1.32	.10	.05978	1.47978
1.25	.10	.02880	1.37880
1.08	.10	.07521	1.25521
1.02	.10	.05871	1.17871
Initial Payment	Interim* Payment	Final* Payment	Realized* Price
(dollars per bushel)			
1.50	.25	.19804	1.94804
1.47	.25	.22054	1.94054
1.40	.25	.24204	1.89204
1.34	.25	.27365	1.86365
1.31	.25	.18895	1.74895
1.13	.10	.02869	1.25869
1.07	.10	.01153	1.18153

* Prices and payments prior to deduction for Prairie Farm Assistance Act levy.

The CHAIRMAN: Are there any comments or remarks?

By Mr. Jorgenson:

Q. I wonder, Mr. Chairman, if Mr. McNamara would answer the question I asked yesterday with regard to average prices?

Mr. W. C. McNamara (*Chief Commissioner, Canadian Wheat Board*), called:

A. Mr. Chairman, Mr. Jorgenson was kind enough last night to give notice of this question and as I understand it he would like us to give him the average price per bushel, regardless of the grade which the producer received for the 1956-57 pool account. The average works out to \$1.41.44 per bushel basis in store Fort William/Port Arthur.

To get it back to an average station in the west using a freight rate of 22 cents per hundredweight, and including the elevator handling charge of 4.5 cents per bushel, this would work out to an average return to the western farmer, regardless of grade, of \$1.23.7 cents per bushel.

Q. And this is compared to what price of last year, Mr. McNamara?

A. The average for the previous year, basis in store Fort William, worked out to \$1.55.09 cents per bushel. I should point out that in this last pool account there was a much larger percentage of low grade wheat than in the previous year. So actually the average return regardless of grade is substantially lower.

By Mr. Horner (Acadia):

Q. Along that same line the price for No. 1 wheat was lower—and it goes pretty well right down the grades—was lower in 1956-57 than it was in 1955-56. Would the reason for that be that it had to be lower in order to sell it?—A. No, the reason is there was some reduction due to the competition in the international market; but the major reduction is accounted for by the premium on the Canadian dollar for this period. As the Canadian dollar rose over the American dollar we had to keep adjusting our prices to keep them in line with the American prices. The major factor was that during this period the dollar was at a substantial premium.

Q. That would account for three cents a bushel?—A. I speak from memory but I should say at the present time our prices are down five cents or six cents a bushel as compared with a situation where the Canadian dollar was at par with the United States dollar.

By Mr. Argue:

Q. I think the producer generally was quite disappointed with the final payment in the crop year under review. I know sufficient about the wheat board's operations that I have no criticism to make of the wheat board's operations, and would not suggest that the wheat board itself was responsible for this happening. I think the great interest now is to do something to get the prices up because if these prices keep on going down, with costs of production still going up, it will not be very long until the grain industry faces complete bankruptcy.

I am wondering if the board has given any thought or has any statistics on how an increase in the domestic price for wheat consumed in Canada for human consumption—how an increase in the price for that quantity of wheat would affect the price to the producer. I want to make my question more specific: if the wheat board or the government, whoever it is who makes this kind of policy—I take it it is the government—decides to adopt the two-price system, if wheat made into flour was increased by \$1 a bushel, how would it affect the final price for the average year?—A. If the domestic price were increased by \$1 a bushel? There are about 40 million bushels of wheat used for human consumption that would be affected by such an increase. That would return to us an extra \$40 million. On a handling of 362 million it would work out to about 11 cents per bushel in the overall return.

Q. Has the board done any work as to how such an increase would affect the cost of bread?—A. No, we have not. We have considered this matter as it has been referred to us by the government, but we have not endeavoured to analyze the effect such an increase would have on the price of bread.

Q. Did you inquire as to how it would affect the cost of flour, not necessarily the price; they are often two different things.—A. No, we have never made an analysis of that kind. Of course, it would increase the price of wheat to the miller by \$1 a bushel; but in the consultations we have had with the government regarding this matter there was no suggested increased price of a set

amount. They asked us to indicate to them what a series of increases in price would mean in so far as the producer is concerned, but we have not information in regard to what it would mean to the increased price of bread.

Q. The Saskatchewan wheat pool, I think, has done something in this field. I have seen reports by them and by the Canadian Federation of Agriculture to the effect that it would take a 60 cent per bushel increase in the price to affect the cost of production of a loaf of bread by one cent. I wonder if Mr. McNamara could give any indication if those figures would be out of line?

—A. No, I am not in a position or competent to comment on it. I too have seen those statements made by the pool organization. They, of course, operate a mill, so they should have some basis for the statistics they are making available; but I do not think I, or any of my colleagues, are competent to comment on your question.

Q. I have seen various observations to the effect that any person in Canada, or any group of people who work in any given industry, should be entitled to a fair return for their labour, and while I cannot speak as an authority I feel that the Canadian Labour Congress would support a domestic parity price for flour going into consumption in Canada. I have not discussed it but I have heard them from different places in the parliament buildings advocate higher returns to the producers of western Canada. I would hope that the minister might want to consider the possibility of a domestic parity price.

Hon. Mr. CHURCHILL (*Minister of Trade and Commerce*): How do you define domestic parity price?

Mr. ARGUE: Well, the wheat pool organizations have said there should be this two-price system, or the farmers' unions have said there should be a two-price system which would provide a domestic parity price for wheat going into the production of flour to be used in this country. Now, the minister says "How do you define it?". There have been statistics worked out as to what a parity price is. The farmers' unions or the Federation of Agriculture or the wheat pool organizations may not agree on all statistics, but I think that they all have statistics amongst themselves on which they are agreed. Those figures, from all I have seen, have ranged from \$2.25 to \$2.50 a bushel.

The CHAIRMAN: Any further questions on this paragraph, if not we will proceed to paragraph 7.

Mr. TRELEAVEN:

7. Board Quoted Prices—1956-57 Pool

The 1955-56 Pool Account was closed on May 3, 1957 and the 1956-57 Pool Account was closed on May 9, 1958; therefore the selling operations relative to the 1956-57 Pool Account occurred between the foregoing dates. During this selling period Board asking prices for wheat (except Durums) were the same for domestic use, for registration under the International Wheat Agreement and for sales on a Class II basis.

The Board continued to quote separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. The following table shows monthly average Board asking prices for No. 1 Northern Wheat basis in store the aforementioned positions for the selling period of the 1956-57 Pool:

Monthly Average Asking Prices

No. 1 Northern

	Ft. Wm./Pt. Ar.	Vancouver	Churchill
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(dollars per bushel)

May 4-31, 1957	1.63 $\frac{3}{4}$	1.68	1.74 $\frac{3}{4}$
June	1.62 $\frac{5}{8}$	1.67 $\frac{5}{8}$	1.73 $\frac{5}{8}$
July	1.62 $\frac{1}{8}$	1.67 $\frac{1}{8}$	1.73 $\frac{1}{8}$
August	1.61 $\frac{1}{2}$	1.66 $\frac{5}{8}$	1.72 $\frac{1}{2}$
September	1.61 $\frac{7}{8}$	1.70 $\frac{5}{8}$	1.72 $\frac{7}{8}$
October	1.61 $\frac{1}{8}$	1.72	1.72 $\frac{1}{8}$
November	1.60 $\frac{1}{2}$	1.72	1.71 $\frac{1}{2}$
December	1.63 $\frac{3}{8}$	1.75 $\frac{3}{8}$	1.74 $\frac{3}{8}$
January, 1958	1.65	1.77	1.76
February	1.64 $\frac{1}{8}$	1.76 $\frac{1}{8}$	1.75 $\frac{1}{8}$
March	1.63 $\frac{3}{8}$	1.75 $\frac{3}{8}$	1.74 $\frac{3}{8}$
April	1.62 $\frac{1}{8}$	1.74 $\frac{1}{8}$	1.73 $\frac{1}{8}$
May 1-9	1.61 $\frac{5}{8}$	1.73 $\frac{5}{8}$	1.72 $\frac{5}{8}$

Some comment should be directed toward Board pricing during the selling period of the 1956-57 Wheat Account. Distinction must be made between Board pricing for wheat basis in store Fort William/Port Arthur and in store Vancouver. Throughout the period Board quotations for No. 1 Northern Wheat basis in store Fort William/Port Arthur fluctuated within relatively narrow limits and ranged considerably lower than Board quotations for wheat in store Vancouver. The pricing of wheat basis in store Fort William/Port Arthur took into account forwarding costs involved in making Lakehead wheat available at competitive prices in overseas markets. This involved pricing at a lower level than for other available shipping routes.

In the main, variations in Board asking prices for wheat in store the Lakehead followed changes in the exchange value of the Canadian dollar. Price changes reflected the strength of the Canadian dollar in the months May through September and the decline in the exchange value of the dollar which occurred late in 1957 and early in 1958, followed by strengthening of the dollar in the final 90 days of the selling period. At times other minor price adjustments were made for competitive reasons.

A different situation prevailed in respect to Board pricing of wheat in store Vancouver. Through the period there was a broad demand for wheat for shipment via the western route based upon demand for wheat in Asia and favourable forwarding costs to world markets, including the United Kingdom and Western Europe. This demand added buoyancy to selling prices for wheat in store Vancouver. At the start of the selling period of the 1956-57 Pool, Board quotations for No. 1 Northern Wheat were 5 cents per bushel higher basis in store Vancouver than in store the Lakehead. Vancouver quotations for No. 1 Northern Wheat strengthened rather sharply in the period September through February, reaching a level of 12 cents per bushel higher than Board quotations for the same grade of wheat in store Fort William/Port Arthur. Vancouver quotations continued on this basis until the closing of the pool on May 9, 1958, although some decline in the level of asking prices occurred as a result of exchange fluctuations. The level of Vancouver prices for No. 1 Northern was reflected in Board asking prices for other grades. In summary, Board quotations for No. 1 Northern Wheat in store Vancouver reflected not only variations in the value of the Canadian dollar on exchange markets but also the strong and continuous demand for wheat for shipment through Pacific Coast ports.

During the active selling period for wheat for shipment via Churchill in the 1958 season; i.e., January through May, Board quotations for wheat in store Churchill were 11 cents per bushel higher than Lakehead asking prices.

In addition to the changes made in Board quotations for No. 1 Northern, discounts applicable to No. 3 Northern, No. 4 Northern and No. 5 Wheat were varied throughout the selling period of the 1956-57 Pool Account. On May 4, 1957, No. 3 Northern was quoted at 8 cents per bushel under No. 1 Northern basis in store the Lakehead. This discount was increased to 10 cents per bushel, later to 11 cents per bushel and finally to 12 cents per bushel. The discount on No. 4 Northern in store the Lakehead was 16 cents per bushel on May 4, 1957. This discount was increased to 25 cents per bushel and narrowed to 20 cents per bushel early in 1957, reflecting increased sales of this grade. No. 4 Northern was one of the principal grades delivered to the 1956-57 Pool (81.7 million bushels) and the necessary widening of the selling spread on this grade was reflected in a lower final payment to producers. On May 4, 1957, No. 5 Wheat in store the Lakehead was quoted at 28 cents per bushel under No. 1 Northern. By the end of July this discount had increased to 38 cents per bushel and was gradually narrowed to 34 cents per bushel at the time of the closing of the 1956-57 Pool Account. Grade discounts on No. 3 Northern, No. 4 Northern and No. 5 Wheat applicable to Vancouver were slightly less than the discounts prevailing for the same grades in store the Lakehead.

In the early part of the selling period of the 1956-57 Pool the Board sold milling grades of Durum Wheat on a Class II basis as well as under the terms of the International Wheat Agreement. Board quotations for milling grades of Durum Wheat under the International Wheat Agreement were based on the maximum price under the Agreement.

On May 4, 1957 the Board's quoted price for No. 1 C. W. Amber Durum on a Class II basis was \$2.37 $\frac{3}{4}$. Class II prices remained at about this level until the end of the crop year. Under the influence of strong international competition and prospects for a large Durum yield in 1957, the Board reduced its Class II selling prices sharply to an average of \$2.08 $\frac{3}{4}$ per bushel in August, 1957, and \$2.02 per bushel in September, 1957. By October 25, 1957 the Board's quoted Class II price for No. 1 C. W. Amber Durum had declined to the I.W.A. level and so remained until the closing of the 1956-57 Pool Account. Producers delivered 20.0 million bushels of milling grades of Durum to the 1956-57 Pool Account. Over half of these deliveries consisted of No. 4 C. W. Amber Durum and the remaining deliveries were largely No. 3 C. W. Amber Durum and Extra No. 4 C. W. Amber Durum. In general, deliveries of Durum Wheat in 1956-57 were of lower grade and quality as compared with the Durum deliveries in the previous crop year. As a result, Board selling spreads for No. 3 C. W. Amber Durum, Extra No. 4 C. W. Amber Durum and No. 4 Amber Durum were widened considerably commencing in August, 1957.

It was necessary for the Board to reduce its quoted prices for No. 5 and No. 6 C. W. Amber Durum to the level of asking prices for No. 5 and No. 6 Red Spring Wheat. Only limited quantities of low grade Durums were delivered to the 1956-57 Pool.

By Mr. Muir (Lisgar):

Q. Mr. Chairman, what percentage of the various grades were taken by the Asiatic countries? Did you have those figures?—A. I can get the details of that but I think in general, Mr. Muir, I can give you the information you want. In so far as Japan is concerned they are mainly interested in two and three northern; they are a quality market and prefer our two and three northern wheat to the lower grades.

Recently, however, a demand for feed has developed in Japan and we are now selling them limited quantities of five and six wheat that they are using for feeding purposes. But normally Japan is a high quality market.

In so far as our shipments to other Asian countries are concerned, mainly to India and Pakistan, most of those shipments, as you know, were under the provisions of the Colombo Plan. Canada was making this wheat available to them on very favourable terms, and in our negotiations with them we were able to persuade them that it would be in their interests, and certainly in our interests, if they would accept mainly four northern wheat, a grade that has been in very heavy supply. The arrangements which have been made to provide wheat to these countries have been very helpful to them and have been of material assistance to the board in moving into position for export for northern wheat that had been moving very, very slowly.

By Mr. Argue:

Q. Mr. Chairman, with respect to the part of this section dealing with the difference in price between Vancouver and Fort William-Port Arthur, I am sure that the producers are anxious that the price at Fort William-Port Arthur should be increased if at all possible. You say you are narrowing the spread. I am sure they would far rather narrow it by increasing the Fort William-Port Arthur price than by decreasing the Vancouver price. I wonder whether the new seaway operating fully would make it possible for the board to increase these Fort William-Port Arthur prices? It would seem to me that if there is a substantial saving by using the seaway it would be in the interests of Canadians if as much of this advantage as possible could be passed on to Canadians, and in this instance passed on to the wheat producers. I am wondering if the board feels they will be able to increase the Fort William-Port Arthur price as compared with Vancouver when the seaway is fully in operation?—A. Well, Mr. Chairman, and Mr. Argue, we certainly hope that that will be the position and we, like you, are hoping that the benefits of the seaway will be Canadian benefits and we will be able to pass the benefits, in so far as grain is concerned, back to our producers. Of course, whether we can increase the price will depend on the level of the market for international trade in wheat, as our price must be competitive in the country of destination. Whether it will mean that we will have to lower Vancouver or increase Fort William I do not know, but the point is we must make the wheat out of these two outlets comparable at destination.

Now, I do not intend to dwell too much on this point but I think the committee would be interested in the unusual situation that is prevailing in so far as ocean freight rates are concerned. It has always been more or less normal for the Vancouver price to fluctuate in the matter of freight rates over and above the Fort William price, depending on the season of the year. The situation that has now prevailed for about 18 months is most unusual. I have never, in my experience, seen it continue for such a period. I just want to give the committee one or two figures. These are based on our comparative costs at July 25.

Mr. CHURCHILL: You are speaking of ocean rates when you speak of freight rates?

The WITNESS: Yes.

Taking 2 Northern wheat out of the St. Lawrence ports, basis July 25, to C.I.F.U.K. ports, our in store price at Fort William on that date was \$1.59½ per bushel. It costs us to move that wheat to the St. Lawrence, at an average of the lake and rail, and all water movement, 22½ cents a bushel. So that our price f.o.b. Montreal works out, for 2 Northern, to \$1.81½ per bushel.

Taking all the other charges into consideration, including ocean freight which was 14.4 cents a bushel out of Montreal, the price of our 2 Northern coming out of Fort William on that date was \$1.9735 per bushel basis C.I.F. United Kingdom. On the same day for 2 Northern at Vancouver our asking price was 11 cents per bushel higher than at Fort William, or \$1.70 $\frac{1}{4}$ per bushel. In the U.K. that wheat could be landed for \$1.93313 per bushel, or approximately 4 cents per bushel cheaper than the wheat out of the St. Lawrence notwithstanding the fact that we had an 11 cents premium on Vancouver. That spread is not quite so acute as far as other European ports such as Antwerp and Rotterdam are concerned. It works out about 1 cent in favour of Vancouver as compared to the St. Lawrence. It costs us an average of 22 $\frac{1}{4}$ cents per bushel to move wheat at present to Montreal and the ocean freight rate from Montreal is 14.4 cents, but from Vancouver—and wheat at Vancouver costs us the same as at Fort William because of the internal freight rate structure in Canada—the freight rate was 18 cents per bushel or 3 $\frac{1}{2}$ cents more than from the St. Lawrence to the U.K. That is the problem with which we are confronted.

I do not think I am in a position to comment on just what the seaway will mean. We hope it will mean a substantial reduction in the cost of moving wheat to Montreal; but unless there is a change in these ocean freight rate structures I do not think the opening of the seaway will correct the situation. I think that wheat out of Vancouver and Churchill will still be at a premium over the price of wheat at Fort William.

By Mr. Argue:

Q. Do you know whether or not the saving might be in the neighbourhood of 4 or 5 cents a bushel?—A. No. I think that is anybody's guess. I will be pleasantly surprised if it results in a saving of 4 cents per bushel for our producers.

By Mr. Southam:

Q. Coming back to Durum wheat has there been an appreciable change in the demand for Durum wheat in the world markets in the last seven years? Has there been an increase or a decrease.—A. The demand has decreased very substantially. Unfortunately the Durum wheat produced two years ago, and last year, contained a large percentage of 4 c.w. Amber Durum which is not a quality Durum wheat compared to Durum exported by other countries. We are finding difficulty in merchandising the 4 c.w. which we have available.

In so far as Durum wheat is concerned, I would say we have the heaviest surplus condition of any grain in Canada. The production has been substantially increasing over the years and we have a more serious problem in marketing it than we have in marketing any other grain which we are handling at the present time.

By Mr. Gundlock:

Q. I would like to ask Mr. McNamara this question: say, for example, that the elevator companies buy 50 million bushels of No. 2; how many bushels do they sell?—A. We come out even on that. I think your point is, when the elevator companies take the wheat they grade it. We only take it from the elevator companies, basis in store Fort William, at the grade established by the Board of Grain Commissioners. Any difference in grade between what the farmer receives and what is delivered to the Board is the responsibility of the elevator companies. We are not involved in that at all.

Q. That is what I was trying to get at. I was wondering what kind of business the elevators were doing in that respect. Are they maintaining grades, or are there any figures on that?—A. We have no figures on that.

By Mr. Jorgenson:

Q. Would not that question be more appropriately asked of the Board of Grain Commissioners?—A. Yes.

By Mr. Horner (Acadia):

Q. I was wondering about the St. Lawrence Seaway. When the St. Lawrence seaway comes into operation will the grain ships be able to go right to Fort William and not stop at Montreal?—A. Yes. I understand it will be possible for ocean going boats to proceed to Fort William. However, I do not anticipate the bulk of our grain will be delivered to ocean-going boats at Fort William. It is my opinion that the bulk of our grain will still be moved in the large lake boats to Montreal and made available to the ocean-going vessels at Montreal.

Q. Would it not be more economical for the ocean going boats to go right up to Fort William?—A. With the seaway it will be possible for our large lake boats to proceed right to Montreal without having to unload at the transfer points and put the grain into the canallers. That should result in a considerable saving. It is hoped that there will be two-way traffic for them, bringing back ore, and that this will put them in a position to compete favourably with the ocean going vessels.

By Mr. Argue:

Q. Could Mr. McNamara give us the figures as to the quantity of wheat sold through Pacific ports and the quantity sold through Fort William and Port Arthur?—A. For this particular crop year?

Q. Yes; or generally?—A. I have in mind that this year, for the year ending July 31 last, we enjoyed a record movement out of Vancouver. The over-all quantity of grain that was shipped, including wheat, barley, oats, flax, rye and rapeseed, is about 170 million bushels as compared to 150 million bushels the previous year, both of which are, of course, records. This is by far the largest movement out of our west coast ports, and that includes Prince Rupert and Victoria.

Q. What about Port Arthur and Fort William last year?—A. This is for the crop year: for the Pacific seaboard—and this is just wheat, oats, barley, flax and rye, and it is up until July 16—it was 162.5 million bushels as compared to 133.3 million bushels for the same period the year before; Churchill, 16.7 million bushels as compared to 16.3 million bushels the previous year; the St. Lawrence ports, 117.3 million bushels as compared to 114.2 million bushels the previous year; Atlantic seaboard ports, Halifax and Saint John, 30.9 million bushels as compared to 28.5 million bushels the previous year; shipments to the United States, including our malting barley and wheat going over in bond, 52.9 million bushels as compared to 47.3 million bushels the previous year. That gives a total export including exports of wheat in the form of flour, from August 1 last until July 16, of 417.8 million bushels as compared to 371.8 million bushels the previous year.

Q. A majority of the grain still moves east?—A. Yes.

Q. Taking it as a narrow majority?—A. Yes. It is getting pretty close.

Q. Is the quantity which is going to the Pacific ports limited more by the facilities available or by the boats? I take it it is not because of the demand since the price differential is so great.—A. No. Of course, when we are breaking new records every year it is hard to say what the limitation of a port is; but I am inclined to think, with our over-all grain shipments of 170 million bushels, we are getting pretty close to the capacity of the present terminals and berths available and the general port facilities, plus the ability of the

railways to move the grain and to spot the cars at the terminals with the equipment and yards available. We are, I would think, getting pretty close to the maximum at 170 million bushels.

Q. Since there is the price advantage at Vancouver of 12 cents, and since, Mr. McNamara said that a saving by way of the seaway of 4 or 5 cents a bushel would make him pleasantly surprised, does he feel there is any point in expanding facilities through the western ports so that perhaps even a larger quantity of grain could go that way? I know that there has been some demand, from Vancouver, for increased facilities. I am trying to look at this thing through the eyes of the western wheat producer, and also through the eyes of the Canadian Wheat Board and am wondering whether or not there would be any advantage to Canada in increasing those facilities?—A. If we were sure that the present ocean freight rate situation would prevail, I would definitely say that we ought to greatly expand our facilities at the west coast because it is much more profitable to sell our grain from that port area. Our experience is when ocean rates are depressed, the boats are prepared to take the longer trip and the Vancouver situation is more favourable. When ocean freight is in tight supply they are more interested in shorter hauls and that favours the St. Lawrence route.

Certainly, if the present situation is to be a permanent situation, I would strongly recommend that we ought to increase our facilities at the west coast.

I am pleased to note that the government, through the National Harbours Board, have made arrangements to increase the capacity of one of the terminals which they own out there.

Mr. ARGUE: I am wholeheartedly in agreement with the statement made by Mr. McNamara and I think it is particularly necessary now when we face such acute competition from the United States and from other countries. If this condition is something of a permanent condition I would hope that the government would continue to increase those facilities so that the producer may obtain the largest part of the eleven or twelve cent advantage that may be possible.

Mr. CHURCHILL: You cannot be sure it is permanent. The situation in the Pacific, in respect of ocean freight, was changed at the time of the Suez crisis and greater world shipping. You recall it was then that the shipments from the west coast ports increased.

Mr. ARGUE: I think the price differential existed before the Suez crisis; I may be wrong. I do not think the difference occurred only at that time.

Mr. CHURCHILL: Ocean freight rates fluctuated very considerably at that time due to concentrated shipping in the Pacific.

By Mr. Argue:

Q. It is in my mind that the spread between Fort William and Vancouver was 6 or 8 cents a bushel at some time prior, and Mr. McNamara may correct me if I am wrong.—A. We have had periods like that in the past when Vancouver has been at a premium. I remember it was as high as 7 cents at one time. However, I must agree with the minister that the current situation has crystallized and has been with us constantly since the Suez crisis. It started at that time and has been that way since.

By Mr. Hicks:

Q. I would like to inquire about the prices on these two different grades that go to Japan. You mentioned that Japan is a market for high-grade wheat and that you are also now shipping some low-grade grain over there. What prices do they sell for?—A. Last Friday our asking price for No. 2 Northern wheat out of Vancouver, basis in store at terminals Vancouver, was \$1.70 and $\frac{3}{8}$ cents per bushel; No. 3 Northern was \$1.63 and $\frac{3}{8}$ cents per bushel; No. 5 wheat, was \$1.45 and $\frac{3}{8}$ cents per bushel; and No. 6 wheat—they have been taking it in small quantities—was \$1.36 and $\frac{3}{8}$ cents per bushel.

By Mr. Muir (Lisgar):

Q. I wonder if we might have the same comparison between Vancouver and Churchill to the United Kingdom as we had between Vancouver and Fort William?—A. Yes. On the same date, July 25, our No. 2 Northern, price in store, Churchill, was \$1.70 and $\frac{1}{4}$ cents per bushel, the same as at Vancouver, or eleven cents per bushel over Fort William; No. 2 Northern could be laid down C.I.F. United Kingdom out of Churchill at \$1.92.075 cents per bushel. That works out at 1.3 cents per bushel below the price out of Vancouver.

The freight rate from Churchill to the United Kingdom was 17.12 cents per bushel.

By Mr. Pascoe:

Q. I wonder if the facilities at Churchill are being used to their available capacity, or is it being limited by the amount we have available?—A. The government doubled the capacity at Churchill a few years ago to five million bushels.

For this season at Churchill, we have sold 50 cargoes which is over shipments made last year. This will be a new record for the port, and it is slightly in excess of 17 million bushels.

We believe that the port of Churchill will be able to continue to make new records. But I think we are getting close to the cleaning and unloading capacity and berthing facilities available to handle such movements.

I would hate to put a ceiling on the movement out of Churchill because we are strong supporters of that port. In addition, the producers benefit greatly from the wheat which we sell out of that port.

But we are getting pretty close to capacity which in my opinion includes also the ability of the railroad to move necessary supplies. They are only moved over the Canadian National Railways.

I think that if we are to increase substantially the movement out of Churchill, consideration will have to be given to either doubling or improving rail facilities available to the port.

The CHAIRMAN: What is the length of the shipping season out of Churchill?

The WITNESS: The first boat came in on July 26 this year. The insurance period is from July 23 to October 15.

The CHAIRMAN: Are there any further questions? If not, let us deal with paragraph eight.

Mr. TRELEAVEN:

8. Exports

The following table shows Canadian export sales of wheat and flour from May, 1957 to April, 1958; a period of time which approximates the selling operations of the 1956-57 Pool Account:

	1957-58	1956-57
	(million bushels)	
May, 1957	23.3	42.3
June	25.1	47.1
July	22.5	28.1
August	27.4	29.3
September	24.2	27.8
October	21.4	24.0
November	31.2	24.4
December	23.1	21.3
January, 1958	22.4 ¹	17.4
February	20.9 ¹	14.8
March	23.3 ¹	16.8
April	25.9 ¹	15.2
	<u>290.7</u>	<u>308.5²</u>

¹Subject to revision.

²Revised total.

As shown by the above table exports of wheat (including flour) from May, 1957 to April, 1958 amounted to 290.7 million bushels as compared with 308.5 million bushels during the corresponding months of the previous crop year.

Exports of wheat (including flour) were relatively low during the months of May, June and July, 1957, as compared with the buoyant exports for the same months in 1956. These exports reflected mainly a lack of demand for wheat for shipment through St. Lawrence ports in the final three months of the crop year 1956-57.

In the August-October period exports continued on a moderate scale slightly below the volume of the same months in the previous crop year. In November, exports were in excess of exports for the same month in the previous year and this increased level of exports was maintained until the closing of the 1956-57 Wheat Account on May 9, 1958.

The CHAIRMAN: Are there any questions or comments, gentlemen? If not, let us go on to paragraph 9.

Mr. TRELEAVEN:

9. General Comments

An unsatisfactory level of exports of wheat and flour during the May-July period, 1957, has been indicated. On August 1, 1957 a new crop year was at hand and the major issue was Canadian participation in available world markets for the ensuing months. There were two factors in the marketing situation which had to be recognized. The European wheat crop in 1957 was substantially larger than in 1956. Western Europe harvested 200 million bushels more wheat than in the previous crop year when an extremely cold winter had damaged wheat crops over a wide area. It was also apparent that Eastern Europe had harvested a larger wheat crop than in the previous year; all told, European production in 1957 was approximately 300 million bushels greater than in 1956. It was equally apparent that world trade in wheat in 1957-58 would be considerably smaller than in the previous crop year for the reasons stated above.

The Canadian marketing problem was, therefore, in terms of securing a larger share of a smaller world market for wheat. In approaching this objective the improved quality of wheat production in 1957 was an asset of considerable importance. There was the prospect that as the crop year progressed the quality of Canadian wheat available for overseas markets would

steadily increase. There was a further advantage in that the main wheat importing countries of Western Europe, having harvested larger crops, would seek high quality wheat in order to maintain the quality of their breadstuffs.

The bountifulness of European production in 1957 limited wheat exports in the early part of the crop year and it was not until November that Canadian exports of wheat and flour gathered momentum and the possibility of an improved year of exports became evident. The 1956-57 Pool Account was closed on May 9, 1958 and, therefore, only partially reflected the improved export possibilities for the crop year ending July 31, 1958.

During the period under review the Board fully maintained the level of commercial sales of wheat. In addition, the export movement was facilitated and increased by the action of the Government of Canada in making certain Colombo Plan appropriations available to recipient countries in the form of wheat and flour, in providing long term credit arrangements to Colombo Plan countries for the purchase of wheat or flour and in providing an appropriation of 15 million dollars as a grant to Colombo Plan countries for the purchase of wheat or flour. The provisions of the Export Credit Insurance Act were made available to provide short term credit arrangements to importing countries as required.

1. Receipts and Disposition—1956-57

Pool Account—Oats

RECEIPTS

Receipts of oats in the 1956-57 Oats Pool were 79,578,217.3 bushels.* This total included 69,049,123.6 bushels delivered by producers from August 1, 1956 to July 31, 1957; an additional 5,923.4 bushels acquired from other than producers; and 10,523,170.3 bushels transferred from the 1955-56 Pool Account to the 1956-57 Pool Account.

DISPOSITION OF STOCKS

Completed sales from the 1956-57 Pool Account from August 1, 1956 to May 9, 1958 amounted to 77,038,217.3 bushels (including weight losses in drying of 83.7 bushels). The remaining stocks of oats in the 1956-57 Pool as at May 9, 1958; namely, 2,540,000 bushels were transferred to the 1957-58 Pool in accordance with provisions of Section 29 of the Canadian Wheat Board Act. Unsold stocks of oats consisted entirely of No. 1 Feed Oats and were transferred on the basis of the Board's quoted price for No. 1 Feed Oats on May 9, 1958, less 1 cent per bushel for subsequent carrying charges and market risk. The transfer was approved by Order in Council P.C. 1958-900, June 26, 1958.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Argue:

Q. What part of our crop was sold by means of Colombo Plan appropriations and other gifts or credits? In other words, what part was sold strictly for cash on the line, and what part by other means?—A. In round figures—and this applies to the 1957-58 crop year, not just to this pool year,—our total exports, as the official figures I think will indicate—will be about 312 million bushels for the past crop year.

Out of that quantity about 31 million bushels were sold through special assistance such as government gifts to the Colombo Plan countries, or gifts or loans under the provisions of the Colombo Plan.

In addition to that, Russia, under the second year of her contract with the government in connection with the trade agreement, took 14.8 million bushels.

*Pool receipts were adjusted upward by 5,711.9 bushels as compared with receipts shown on Page 17 of the Annual Report of The Canadian Wheat Board for 1956-57.

Under the provisions of export credit there was only Israel and Poland; they are the only two countries which have made arrangements to procure wheat on that basis.

Poland, although it has a credit arrangement with the government, has not yet completed her agreement with the Canadian Wheat Board. Only 40,000 tons was made available to Israel under the provisions of export credit in this current crop year.

Q. This would leave about 266 million bushels sold for cash and delivered?—A. That is right, on a straight commercial basis.

Q. That is right. And that would leave about 46 million bushels, the sale of which was assisted by one means or another.—A. It depends on the status in which we put the Russian business. It is considered cash as far as we are concerned, although it was secured because of the trade agreement negotiated between the two countries.

But as far as the wheat board is concerned, it is considered a cash transaction and no credit arrangements are included in it at all.

It was available to us this year but in the previous crop year they took no wheat because it was not necessary for them to do so under the terms of the agreement.

Q. What would be the comparable figure for this kind of business in any preceding period?—A. You mean comparable to the 31 million bushels?

Q. All right, and the other type of business?—A. Well, I think it would be about 15 million bushels. We will check it and have it available for you. This quantity was made available under special provisions in the previous crop year.

Mr. Gordon CHURCHILL (*Minister of Trade and Commerce*): The exports for 1957-58 exceeded those for 1956-57 by 56 million bushels.

Mr. ARGUE: 46 million bushels were sold for credit or were assisted by some means or another and were not sold for cash at all, and it was straight cash on the others?

Mr. CHURCHILL: That is forward-looking government policy.

Mr. ARGUE: I am all for it, and I hope the minister raises his sights.

Although we have heard some members—not in my party—criticizing the give-away program, I am all for the give-away program; and if you care to step it up, you will have my support and you will have the support of the producers who are producing the grain, because thereby you would reduce the surplus that we now have.

Mr. CHURCHILL: We are very happy to do this and to support a constructive program.

Mr. ARGUE: That is why I have never felt it was a good idea for Canada to go to the United States and complain about the give-away program. We would be far better off to support one of our own, and I am glad to see that one is under way.

Mr. CHURCHILL: My complaint about the United States has been chiefly with regard to their bartering of wheat for strategic materials to normally cash customers. They excluded us from sales a year ago to the extent of 40 million bushels by virtue of that practice, yet it was a very small proportion of their exports.

Mr. ARGUE: That is right. It was a very small proportion of their sales.

By Mr. Muir (Lisgar):

Q. I would like to ask the witness if the board feels that these gifts of grain have opened up potential future markets in Asia and in Asian countries? Do you feel that we have a very much larger potential market for our grain as

a result of this practice?—A. Oh yes. I think the assistance we have received from the government, particularly with regard to the Colombo Plan countries, has been of real benefit to us and has paved the way for developing further business for Canada. And the same applies to Japan. The work we are doing, in addition to the work that the Americans are doing for that country is developing a market for our wheat and building for the future.

We are also very optimistic about the possibility of increasing our trade with China to the same degree that it has been possible to increase it with Japan. I think one of the points in this discussion between the minister and Mr. Argue which should not be overlooked, is that the movement of wheat in international trade this year—this past year—is substantially below the quantity which was moved in the previous year.

We are the only exporting country which did not have a substantial decline in our exports, so I suggest that we should continue to strive for commercial business averaging around 250 million bushels a year.

Because of our better quality crop last year, and the increased production of low quality grain in Europe we were in a position to take advantage of their requirements for quality grain. I am not minimizing the assistance we received from the government. We found it to be very helpful. But there was a bigger demand for quality wheat, and we had the quality to supply that demand. That is the main thing we have to sell in competition with our American brothers.

All producers will agree that what we need to maintain is quality in order to keep our place in the world market and to get the business.

By Mr. Hicks:

Q. Is there any other country which produces the same quality of wheat that Canada produces?—A. Argentina has some quality wheat; our friends to the south, of course, in some of their wheat areas produce the same quality of wheat, the bulk of which is used in the United States.

Russia has some wheat which compares favourably with Canadian wheat. But we are the only major supplier of quality wheat.

By Mr. Forbes:

Q. When you estimate the quantity of wheat, do you take into consideration the amount which is exported to the United States as seed wheat?—A. No. Those figures do not include the movement of seed grain.

Q. Have you any idea how many bushels have been moved as seed to the United States?

Mr. TRELEAVEN: We have no record of it in our operations.

The WITNESS: We issue the permit, but we do not get the final returns.

Mr. TRELEAVEN: That will be reflected in the final statistics published subsequent to the end of the crop year.

By Mr. Forbes:

Q. You just issue the blank permit?—A. That is right, and we do not follow it through to see what actual quantity goes to the United States under that permit. But the Bureau of Statistics follows it through and when we get our final figures at the end of the crop year they will include all exports.

By Mr. Thomas:

Q. It appears that if we can sell in export about 250 million bushels, and if we have a possible disappearance of around 160 million bushels, as was discussed yesterday, it would seem that there would be around 410 million bushels of total disappearance that we might look for. I would think it to be

a very optimistic forecast for a wheat growing nation. Would that be correct, over a long term?—A. I would think that over the long term, the statistics will bear this out—that Canada can look for normal business in the neighbourhood of 250 million bushels. Of course, some years it might be above that figure and some years it might be below. But that is our long term, or postwar average.

We set our target again in this next crop year for 300 million bushels, and we shall, I expect, be in a position to develop between 230 to 250 million bushels in the regular commercial channels. We will have to have a substantial assistance program to reach the 300 million bushel target. We will be up against severe competition next year.

Our American friends have produced the second largest crop in their history. But their exports were down this past year while ours were up. I think we must anticipate keener competition from them during the coming year.

By Mr. Jorgenson:

Q. Have you any idea of the quality of the American crop?—A. We understand that their winter wheat crop is of very low quality. We hope that our new crop will be of high quality.

Q. Do you anticipate increased competition from Russia?—A. It is difficult to say. We are inclined to think that some of the wheat which was taken from us this year found its way into some of the other European countries. But I am confident that the Russians will live up to their agreement with Canada and purchase another 400,000 tons from us this year under the terms of the trade agreement. But I have no idea what their competitive position as importers will be.

The CHAIRMAN: Any comments, gentlemen? If not we will go on to paragraph 2 of this item. Will we take this as read?

2. 1956-57 Pool Account—Oats

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries, August 1, 1956 to July 31, 1957.....	69,049,123.6	
(b) Oats otherwise acquired ¹	5,923.4	
(c) Purchased from 1955-56 Pool Account—Oats..	10,523,170.3	
	<hr/>	
Total oats acquired.....	79,578,217.3	
	<hr/>	
	(Value)	(Value)
2. Cost of oats acquired.....		\$49,386,443.04
3. Proceeds of sales—August 1, 1956 to May 9, 1958.....	\$52,190,454.71	
Transferred to 1957-58 Pool Account as at May 9, 1958 ² ..	1,625,600.00	53,816,054.71
	<hr/>	
4. Gross surplus as at May 9, 1958.....		4,429,611.67
5. Operating costs—August 1, 1956 to May 9, 1958:		
(a) Carrying charges, including terminal storage..	6,024,977.94	
(b) Interest and bank charges.....	225,624.21	
(c) Freight recovery on export oats.....	(16,244.60)	
(d) Drying charges.....	134.34	
(e) Brokerage and Clearing Association charges...	16,395.50	
(f) Administrative and general expenses.....	291,817.52	6,542,704.91
	<hr/>	
6. Deficit on operations of the Board on 1956-57 Pool Account—Oats, as at May 9, 1958.....		\$ 2,113,093.24

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

²For details of transfer see Page 7.

The CHAIRMAN: On paragraph 3. Shall we take it as read?

3. *General Comment on the Marketing of Oats—1956-57 Pool Account*

As shown in the operating statement on the preceding page the 1956-57 Oats Pool was closed with a deficit of \$2,113,093.24. This operating deficit resulted from a combination of factors bearing upon the marketing of oats during the period of the pool.

The initial payment for oats for the crop year 1956-57 was established at 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur. On June 13, 1957 the initial payment for the crop year 1957-58 was established at 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur. The 1956-57 pooling operation was on the basis of the higher initial payment.

The 1955-56 Pool Account was closed on November 16, 1956, and with minor exceptions selling operations applicable to the 1956-57 Pool Account commenced on November 17, 1956. Within the next thirty days asking prices for most grades of oats declined by about 5 cents per bushel, and by mid-March had declined another 5 cents per bushel. These reductions in the selling prices for oats brought Board asking prices for No. 1 Feed Oats to a level of 66½ cents per bushel. During the balance of the selling period of the 1956-57 Pool Account the Board asking prices for No. 1 Feed Oats varied slightly above or slightly below 65 cents per bushel basis in store Fort William/Port Arthur. The major part of Board selling from the 1956-57 Pool Account took place at this level of prices basis No. 1 Feed Oats. The initial payment for this grade of oats in the pool was 60 cents per bushel. Therefore, the margin between initial payments to producers and Board selling prices for various grades of oats was relatively narrow for the 1956-57 pooling operation.

On July 31, 1956 commercial supplies of oats amounted to 49.9 million bushels which represented a substantial increase in carried-over stocks. Producers delivered 69 million bushels to the 1956-57 Pool. These new deliveries, along with the commercial carryover (principally western oats), provided total supplies of 118.9 million bushels of oats available for the crop year 1956-57. Of these oats, 54.0 million bushels were in commercial positions on July 31, 1957. Therefore, utilization of oats within the crop year 1956-57 was 64.9 million bushels. Of this utilization, exports accounted for 18.3 million bushels, and the balance was used for domestic purposes in Canada. About the same level of utilization prevailed during the period August 1, 1957 to the closing date of the pool on May 9, 1958. Throughout the period of the 1956-57 Oats Pool there was a continuous surplus of oats in commercial positions over and beyond possible export and domestic demand. This fact continuously affected the price structure for oats.

The carrying of substantial stocks of oats in excess of domestic and export demand resulted in the 1956-57 Pool Account paying exceptionally heavy carrying charges. Carrying charges applicable to the 1956-57 Pool amounted to \$6,024,977.94, or an average of 8.7256 cents per bushel on producers' marketings of 69,049,123.6 bushels. Comparable carrying charges for the 1955-56 Pool were \$2,792,556.80, or an average of 3.9118 cents per bushel.

Other costs involved in the 1956-57 Oats Pool were interest and bank charges, \$225,624.21; brokerage and Clearing Association charges, \$16,395.50; drying charges, \$134.34; and administrative and general expenses, \$291,817.52 (or .4226 cent per bushel on producers' deliveries of 69,049,123.6 bushels). Freight recoveries on oats shipped to Pacific Coast ports for export amounted to \$16,244.60.

Total operating costs applicable to the 1956-57 Pool, including carrying charges, amounted to \$6,542,704.91, or 9.475 cents per bushel. Comparable operating costs, including carrying charges, for the 1955-56 Pool Account, were \$3,123,846.85, or 4.375 cents per bushel.

Thus, prices realized by the Board in the sale of oats from the 1956-57 Pool were not sufficiently above initial payment levels to compensate for the sharp increase in operating costs applicable to the pool.

The following table shows monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded each month from November 17, 1956 to May 9, 1958. All prices are basis in store Fort William/Port Arthur.

	High	Low	Average
(cents per bushel)			
November 17-30, 1956.....	77 $\frac{3}{4}$	76 $\frac{1}{2}$	77 $\frac{1}{2}$
December.....	76 $\frac{1}{2}$	71 $\frac{1}{4}$	73 $\frac{1}{4}$
January, 1957.....	74	71 $\frac{3}{4}$	73 $\frac{1}{4}$
February.....	71 $\frac{3}{4}$	70	70 $\frac{3}{4}$
March.....	70 $\frac{1}{2}$	66 $\frac{1}{4}$	68 $\frac{1}{4}$
April.....	67 $\frac{1}{4}$	65 $\frac{1}{4}$	66
May.....	67	65	66 $\frac{1}{4}$
June.....	66 $\frac{1}{4}$	64 $\frac{3}{4}$	65 $\frac{5}{8}$
July.....	66	65	65 $\frac{1}{2}$
August.....	65 $\frac{3}{4}$	65 $\frac{1}{4}$	65 $\frac{1}{2}$
September.....	68	65 $\frac{1}{2}$	67 $\frac{1}{4}$
October.....	66 $\frac{1}{2}$	65	65 $\frac{3}{4}$
November.....	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66
December.....	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66
January, 1958.....	67 $\frac{1}{4}$	65 $\frac{1}{2}$	66 $\frac{3}{4}$
February.....	67	66	66 $\frac{3}{4}$
March.....	66 $\frac{1}{4}$	65	65 $\frac{1}{2}$
April.....	65 $\frac{1}{4}$	63 $\frac{3}{4}$	64 $\frac{1}{2}$
May 1-9.....	65	64 $\frac{1}{2}$	64 $\frac{3}{8}$

The following table shows Board purchases and net sales of oats, by months, and stocks of oats held by the Board at the end of each month for the account of the 1956-57 Pool:

	Purchases	Sales	Unsold Stocks
(bushels)			
August, 1956.....	1,768,993.7	8,218.7	1,760,775.0
September.....	7,671,398.9	35,245.6	9,396,928.3
October.....	14,281,170.8	2,276,774.1	21,401,325.0
November.....	15,806,400.6	6,176,740.6 ¹	31,030,985.0
December.....	2,738,612.9	247,799.3	33,521,798.6
January, 1957.....	2,890,923.6	2,751,389.2	33,661,333.0
February.....	2,341,880.8	273,379.9	35,729,833.9
March.....	2,987,099.2	863,011.9	37,853,921.2
April.....	2,870,584.6	2,941,007.3	37,783,498.5
May.....	4,441,637.7	4,803,801.2	37,421,335.0
June.....	6,753,817.9	5,543,147.5	38,632,005.4
July.....	15,025,696.6	11,840,868.2	41,816,833.8
August.....	—	5,013,583.8	36,803,250.0
September.....	—	4,980,903.7	31,822,346.3
October.....	—	3,544,629.4	28,277,716.9
November.....	—	7,692,508.7	20,585,208.2
December.....	—	5,382,522.7	15,202,685.5
January, 1958.....	—	590,316.8	14,612,368.7
February.....	—	1,669,957.0	12,942,411.7
March.....	—	6,495,124.3	6,447,287.4
April.....	—	3,850,287.4	2,597,000.0
May.....	—	2,597,000.0 ²	—
	<u>79,578,217.3</u>	<u>79,578,217.3</u>	<u>—</u>

¹Includes 10,523,170.3 bushels of cash grain purchased from 1955-56 Pool Account and the sale of 4,998,000.0 bushels futures to the 1955-56 Pool Account.
²Includes 2,540,000.0 bushels of cash grain sold to the 1957-58 Pool Account.

As shown by the above table Board sales of oats were relatively small during the August-March period of 1956-57, reflecting sales in the first three and one-half months of the crop year which were credited to the 1955-56 Pool Account and a very light demand for oats during the winter months. Commencing in April, 1957 the demand for oats improved and substantial sales were effected by July 31, 1957. During the first half of 1957-58 a steady reduction was made in the quantity of unsold oats in the 1956-57 Pool. An improved level of sales in March and April enabled the pool to be closed as at May 9, 1958 with a relatively small transfer to the 1957-58 Pool. As previously indicated, a substantial volume of unsold oats was carried for the account of the 1956-57 Pool over the greater part of the life of the pool, with a consequent increase in carrying charges.

Of total sales of 79,578,217.3 bushels, 62,748,000 bushels were sold in the futures market.

Since the 1956-57 Pool was closed with a deficit, final prices realized by producers were the initial payments received at the time of delivery. Initial payments in 1956-57 for the principal grades of oats were:

	Cents per bushel
No. 2 Canada Western	65
Extra No. 3 Canada Western	62
No. 3 Canada Western	62
Extra No. 1 Feed	62
No. 1 Feed	60
No. 2 Feed	55
No. 3 Feed	48

The CHAIRMAN: Over to page 11, Receipts and Disposition—Barley. Shall we take that as read?

1. *Receipts and Disposition—1956-57*
Pool Account—Barley

RECEIPTS

Receipts of barley in the 1956-57 Pool were 135,278,075.4 bushels. This total included 120,571,573.2 bushels delivered by producers between August 1, 1956 and July 31, 1957; an additional 13,372.6 bushels received from other than producers; and 14,693,129.6 bushels transferred from the 1955-56 Pool to the 1956-57 Pool as at November 2, 1956.

DISPOSITION OF STOCKS

Sales of barley (including weight losses in drying) from the 1956-57 Pool amounted to 134,313,383.1 bushels, leaving 964,692.3 bushels of unsold stocks to be transferred to the 1957-58 Pool. The latter stocks, consisting of No. 1 Feed Barley, were transferred as at the close of business on May 9, 1958 on the basis of the Board's quoted price for No. 1 Feed Barley on this date; namely 90 cents per bushel. It was not considered necessary to provide for carrying charges or market risk subsequent to the date of transfer. The transfer was approved by Order in Council P.C. 1958-746, May 29, 1958.

2. 1956-57 Pool Account—Barley

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

1. Barley acquired by the Board:

	Bushels
(a) Producers' deliveries, August 1, 1956 to July 31, 1957	120,571,573.2
(b) Barley otherwise acquired ¹ .	13,372.6
(c) Purchased from 1955-56 Pool Account—Barley	14,693,129.6
	<hr/>
Total barley acquired	135,278,075.4
	<hr/>

(Value)

(Value)

2. Cost of barley acquired		\$122,148,914.16
3. Proceeds of sales—August 1, 1956 to May 9, 1958	\$135,450,455.67	
Transferred to 1957-58 Pool Account as at May 9, 1958 ²	868,223.07	136,318,678.74
	<hr/>	<hr/>
4. Gross surplus as at May 9, 1958		14,169,764.58
5. Operating costs—August 1, 1956 to May 9, 1958:		
(a) Carrying charges, including terminal storage	6,624,588.03	
(b) Interest and bank charges ..	19,038.12	
(c) Freight recovery on export barley	(957,342.47)	
(d) Diversion charges on export barley	198,982.08	
(e) Drying charges	49,863.26	
(f) Brokerage and Clearing Association charges	10,054.23	
(g) Administrative and general expenses	522,021.65	6,467,204.90
	<hr/>	<hr/>
6. Surplus on operations of the Board on 1956-57 Pool Account—Barley, for the period August 1, 1956 to May 9, 1958		\$ 7,702,559.68
		<hr/> <hr/>

The CHAIRMAN: No. 3, operating costs, barley. Any comments?

By Mr. Gundlock:

Q. Mr. Chairman, I wonder if I might back up one item? I notice in several paragraphs here reference to wheat losses in drying. Is there a counter balance there or is it just strictly a loss?—A. When you dry grain there is a natural shrinkage. There is a loss of bushels as a result of the drying operation.

⁽¹⁾Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

⁽²⁾For details of transfer see above.

Q. I realize that, Mr. McNamara, but there must be a compensation there. Do you buy wet grain and simply blow it up the stack?—A. No, we take delivery of the grain when it is damp and has to be dried. Then it is redelivered to us as dry grain after it has been dried. There is a difference in price, of course, and it offsets the loss we take due to shrinkage. The drying charges allow for the shrinkage loss.

The CHAIRMAN: No. 3, operating costs.

By Mr. Jorgenson:

Q. I have just one further question on this. In drying operations you are able to increase the quality of the grain—that is, there is no deterioration obviously?—A. No, that is right; after it is dried under the supervision of the Board of Grain Commissioners we do not suffer a loss in quality; we suffer a loss in weight.

Q. In weight?—A. That is right.

The CHAIRMAN: May we take numbers 3, 4, and 5 as read?

3. *Operating Costs—1956-57 Barley Pool*

The principal item in operating costs was carrying charges which amounted to \$6,624,588.03, or 5.4943 cents per bushel on producers' deliveries to the pool. Increased carrying charges reflected larger stocks of unsold barley carried by the Board, particularly in the period from May through October, 1957, as well as the longer duration of the pool. Interest and bank charges amounted to \$19,038.12. Diversion charges on barley shipped to the Pacific Coast for export were \$198,982.08. On the same barley, freight recoveries amounted to \$957,342.47. Drying charges were \$49,863.26, while brokerage and Clearing Association charges amounted to \$10,054.23. Board administrative and general expenses were \$522,021.65, or .43295 cent per bushel on producers' deliveries of 120,571,573.2 bushels.

Net operating costs applicable to the 1956-57 Barley Pool were \$6,467,204.90. Net costs reflected the substantial freight recoveries on barley shipped to the Pacific Coast for export as outlined above.

4. *Surplus for Distribution to Producers*

The surplus in the 1956-57 Barley Pool for distribution to producers was as follows:

Surplus on operations of the Board as at May 9, 1958		\$7,702,559.68
Deduct: Prairie Farm Assistance Act levy....	\$76,468.85	
Cost of issuing final payment	80,152.07	156,620.92
		7,545,938.76
Add: Additional interest earned after May 9, 1958		24,477.59
Surplus for final distribution to producers		\$7,570,416.35

As shown by the preceding table the final surplus for distribution to producers was \$7,570,416.35. On producers' marketings of 120,571,573.2 bushels, the average final payment was 6.278 cents per bushel.

The following table shows initial payments, final payments and prices (basis in store Fort William/Port Arthur) realized by producers for the principal grades of barley delivered to the Board in 1956-57 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	1 Initial Payment	1 Final Payment	1 Realized Price
	(Cents per bushel)		
No. 2 C.W. Six-Row	98	8.92187	106.92187
No. 3 C.W. Six-Row	96	6.01103	102.01103
No. 4 C.W. Six-Row	90	4.80776	94.80776
No. 2 C.W. Two-Row	91	15.12279	106.12279
No. 3 C.W. Two-Row	88	10.30437	98.30437
No. 1 Feed	87	5.15372	92.15372
Extra No. 2 Feed	83	6.83067	89.83067
No. 2 Feed	83	6.83067	89.83067
No. 3 Feed	76	10.99679	86.99679
Tough No. 3 C.W. Six-Row	92	7.51103	99.51103
Tough No. 3 C.W. Two-Row	84	11.80437	95.80437
Tough No. 1 Feed	83	6.65372	89.65372
Tough No. 2 Feed	79	8.33067	87.33067
Tough No. 3 Feed	72	12.49679	84.49679

The final payment on the 1956-57 Barley Pool was approved by Order in Council P.C. 1958-747, May 29, 1958. The issuance of the final payment cheques to producers commenced on May 30, 1958 and was completed on June 12, 1958.

5. General Comment—1956-57 Barley Pool

The following table shows Board purchases and net sales of barley, by months, and stocks of barley held by the Board at the end of each month:

	Purchases	Sales (bushels)	Unsold Stocks
August, 1956	1,602,044.0	18,851,151.2	(17,249,107.2)
September	7,841,578.5	17,081,884.1	(26,489,412.8)
October	20,779,706.0	4,262,848.3	(9,972,555.1)
November	27,790,104.2 ²	24,879,355.7 ²	(7,061,806.6)
December	11,217,813.8	2,859,784.2	1,296,223.0
January, 1957	10,984,965.1	2,123,131.7	10,158,056.4
February	7,371,118.3	2,034,681.6	15,494,493.1
March	6,122,952.7	3,847,422.6	17,770,023.2
April	7,100,615.6	1,107,612.9	23,763,025.9
May	8,872,609.1	1,125,647.8	31,509,987.2
June	10,482,176.0	2,772,758.9	39,219,404.3
July	15,112,392.1	7,229,517.3	47,102,279.1
August	—	2,265,067.2	44,837,211.9
September	—	5,065,465.7	39,771,746.2
October	—	8,189,701.0	31,582,045.2
November	—	8,782,719.5	22,799,325.7
December	—	6,081,436.2	16,717,889.5
January, 1958	—	3,158,092.5	13,559,797.0
February	—	3,867,748.1	9,692,048.9
March	—	4,887,091.1	4,804,957.8
April	—	4,686,622.3	118,335.5
May	—	118,335.5 ³	—
	<hr/> 135,278,075.4	<hr/> 135,278,075.4	<hr/>

⁽¹⁾All payments prior to deduction of Prairie Farm Assistance Act levy.

⁽²⁾Includes 14,693,129.6 bushels of cash grain purchased from the 1955-56 Pool Account and the sale of 8,202,000.0 bushels of futures to the 1955-56 Pool Account.

⁽³⁾Includes 964,692.3 bushels of cash grain sold to the 1957-58 Pool Account and the purchase of 965,000.0 bushels of futures from the 1957-58 Pool Account.

The foregoing table shows the pattern of Board purchases and sales for the account of the 1956-57 Pool. Sales were relatively heavy in the first four months of the crop year 1956-57, reflecting largely the sales of the 1956 Crop barley suitable for malting. Fall sales of feeding grades of barley were credited mainly to the 1955-56 Pool Account which was closed on November 2, 1956. The demand for barley was limited during the winter and spring of 1957 and as a result unsold stocks of barley in the 1956-57 Pool Account increased sharply. Although sales improved in July, 1957, a further increase in unsold stocks occurred as a result of heavy marketings by producers in the final months of the crop year. Sales of barley increased in the September-December, 1957, period when a substantial reduction was made in the inventory of the 1956-57 Pool. A steady demand in the early part of 1958 enabled the pool to be closed on May 9, 1958 with a relatively small transfer of unsold stocks.

In the crop year 1956-57 total exports of barley amounted to 76.9 million bushels, and this rate of export continued until the closing of the pool. Principal export markets were the United States, the United Kingdom, Japan, Germany and the U.S.S.R. Domestic sales were well maintained.

On October 16, 1957 the Board announced a measure designed to increase export sales of barley from St. Lawrence ports prior to the closing of navigation in 1957 and later extended the policy to cover barley shipments through Maritime ports until the opening of navigation on the St. Lawrence River in the spring of 1958. The policy applied only on barley shipments to the United Kingdom and other European destinations. The Board announced each day the amount of the barley export adjustment. During the limited period covered by this policy the adjustment rate ranged from 5 cents to 6 cents per bushel.

The 1956-57 Pool operated during a period of falling prices which was reflected in a reduced final payment to producers. The following table shows monthly average quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1956 to May 9, 1958.

All prices are basis in store Fort William/Port Arthur.

	High	Low	Average
	(cents per bushel)		
August, 1956	106	101 $\frac{3}{4}$	104 $\frac{3}{8}$
September	106	103 $\frac{1}{2}$	105
October	105 $\frac{1}{4}$	100 $\frac{1}{2}$	103 $\frac{1}{4}$
November	107 $\frac{1}{4}$	102 $\frac{1}{4}$	104 $\frac{1}{2}$
December	105	99	101 $\frac{7}{8}$
January, 1957	102	99 $\frac{1}{4}$	100 $\frac{7}{8}$
February	99 $\frac{1}{2}$	95 $\frac{3}{4}$	97 $\frac{7}{8}$
March	97 $\frac{1}{2}$	93	94 $\frac{3}{8}$
April	93 $\frac{3}{4}$	93	93
May	93	93	93
June	93	93	93
July	93	93	93
August	93 $\frac{1}{2}$	93	93 $\frac{1}{8}$
September	93	93	93
October	93	89	91 $\frac{3}{4}$
November	90 $\frac{1}{4}$	89	89 $\frac{3}{4}$
December	90 $\frac{1}{2}$	89 $\frac{3}{4}$	90 $\frac{3}{8}$
January, 1958	90 $\frac{1}{2}$	87 $\frac{3}{4}$	89 $\frac{1}{4}$
February	89 $\frac{1}{2}$	88 $\frac{3}{4}$	89 $\frac{1}{4}$
March	88 $\frac{3}{4}$	87 $\frac{1}{4}$	88
April	90 $\frac{3}{4}$	87 $\frac{1}{4}$	88 $\frac{3}{8}$
May 1-9	91 $\frac{3}{4}$	90	91 $\frac{1}{8}$

As shown by the above table Board quoted prices for barley declined during the greater part of the marketing period and were substantially lower than quoted prices for the preceding barley pool.

Total sales in the 1956-57 Pool Account amounted to 135,278,075.4 bushels. During this pool period 35,846,000.0 bushels were sold on the futures market.

Statement of Operations and Auditors' Report

Following herewith are the final Statements of Operations for the 1956-57 Pool Accounts—Wheat, Oats and Barley, covering the period from August 1, 1956 to May 9, 1958. These statements are preceded by the Auditors' Report.

All of which is respectfully submitted.

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

The CHAIRMAN: Are there any comments?

Now, gentlemen, we come to the auditor's report. I will ask Mr. Treleaven to read the auditor's report.

Mr. TRELEAVEN:

We have examined the Statements of Operations of The Canadian Wheat Board dated 26th June 1958 which set forth the results of the Board's operations on 1956-57 Pool Account—Wheat, Oats and Barley for the period from 1st August 1956 to 9th May 1958 and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Statements of Operations are properly drawn up so as to exhibit a true and correct view of the results of the operations of The Canadian Wheat Board on 1956-57 Pool Account—Wheat, Oats and Barley for the period from 1st August 1956 to 9th May 1958 according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
26th June 1958.

The CHAIRMAN: Is the report agreed to?

Agreed to.

The Canadian Wheat Board pool account—wheat, statement of operations. May we take these items as read?

THE CANADIAN WHEAT BOARD
1956-57 Pool Account-Wheat
STATEMENT OF OPERATIONS
For the period 1st August 1956 to 9th May 1958

	Bushels	Amount
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/ Port Arthur or Vancouver.....	361,357,938.3	\$446,887,937.20
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	1,014,840.2	1,290,155.64
Purchased from 1955-56 Pool Account—Wheat.....	<u>157,142,237.3</u>	<u>244,067,194.97</u>
	<u>519,515,015.8</u>	\$692,245,287.81
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:		
Domestic.....	70,527,765.6	
Export sales at Class II prices.....	237,819,585.4	
Export sales under the terms of the International Wheat Agreement.....	75,416,725.2	
Sales to the 1957-58 Pool Account—Wheat.....	135,739,249.1	
Weight losses in transit and in drying.....	<u>11,690.5</u>	<u>785,072,485.57</u>
	<u>519,515,015.8</u>	92,827,197.76
Surplus on wheat transactions.....		
Deduct: Carrying costs, interest, administrative and general expenses, etc., Carrying charges:		
Carrying charges on wheat stored in country elevators.....		\$36,831,441.14
Storage on wheat stored in terminal elevators and mills.....		12,825,556.77
Net interest paid to agents on agency wheat stocks.....		<u>4,812,442.85</u>
		<u>54,469,440.76</u>

Less: Carrying charges received under the Temporary Wheat Reserves Act.....	33,137,106.47	
Bank interest, exchange and bank charges plus net interest on other Board accounts.....		21,332,334.29
Net additional freight on wheat shipped from country stations to terminal positions.....		3,509,905.28
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....		558,603.31
Drying charges.....		462,286.10
Administrative and general expenses to 9th May 1958.....		16,249.01
		2,023,181.80
		27,902,559.79
Surplus on operations of the Board on the 1956-57 Pool Account—Wheat, for the period 1st August 1956 to 9th May 1958.....		\$ 64,924,637.97

This is the Statement of Operations which is referred to in our report of this date attached hereto.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

W. C. McNAMARA, W. RIDDEL, W. E. ROBERTSON, Winnipeg, Manitoba,
Chief Commissioner Assistant Chief Commissioner Commissioner 26th June 1958.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Oats

STATEMENT OF OPERATIONS

For the period 1st August 1956 to 9th May 1958

	Bushels		Amount	
Oats acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	69,049,123.6		\$41,797,517.29	
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	5,923.4		3,667.85	
Purchased from 1955-56 Pool Account—Oats.....	10,523,170.3	79,578,217.3	7,585,257.90	\$49,386,443.04
		<hr/>	<hr/>	
Oats sold:				
Completed sales at realized prices basis in store Fort William/Port Arthur.....	77,038,133.6		52,190,454.71	
Sales to 1957-58 Pool Account—Oats.....	2,540,000.0		1,625,600.00	
Weight losses in drying.....	83.7	79,578,217.3	—	53,816,054.71
		<hr/>	<hr/>	
Surplus on oats transactions.....				4,429,611.67
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on oats stored in country elevators.....			\$5,503,885.73	
Storage on oats stored in terminal elevators.....			521,092.21	6,024,977.94
Interest and bank charges.....				225,624.21
Freight recovered on shipments of oats to Pacific Coast ports for export.....			(16,244.60)	
Drying charges.....				134.34
Brokerage and Clearing Association charges.....				16,395.50
Administrative and general expenses to 9th May 1958.....				291,817.52
Deficit on operations of the Board on the 1956-57 Pool Account—Oats, for the period 1st August 1956 to 9th May 1958.....				<hr/> \$ 2,113,093.24 <hr/>

This is the Statement of Operations which is referred to in our report of this date attached hereto.

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON, Winnipeg, Manitoba,
Commissioner 26th June 1958.

MILLAR, MACDONALD & CO.
Chartered Accountants, Auditors.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Barley

STATEMENT OF OPERATIONS

For the period 1st August 1956 to 9th May 1958

	Bushels	Amount
Barley acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/ Port Arthur.....	120,571,573.2	\$ 107,497,937.18
Barley otherwise purchased at Board initial prices basis in store Fort William/ Port Arthur.....	13,372.6	11,931.35
Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6	14,639,045.63
	<u>135,278,075.4</u>	<u>\$ 122,148,914.16</u>
Barley sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur..	134,282,142.6	135,450,455.67
Sales to 1957-58 Pool Account—Barley.....	964,692.3	868,223.07
Weight losses in drying.....	31,240.5	—
	<u>135,278,075.4</u>	<u>136,318,678.74</u>
Surplus on barley transactions.....		14,169,764.58
Deduct: Carrying costs, interest, administrative and general expenses, etc.:		
Carrying charges:		
Carrying charges on barley stored in country elevators.....		\$ 5,054,760.77
Storage on barley stored in terminal elevators.....		<u>1,569,827.26</u>
Interest and bank charges.....		6,624,588.03
Freight recovered on shipments of barley to Pacific Coast for export ..		19,038.12
Diversion charges on shipments of barley to Pacific Coast ports for export ..		(957,342.47)
Drying charges.....		198,982.08
Brokerage and Cleaning Association charges.....		49,863.26
Administrative and general expenses tp 9th May 1958.....		10,054.23
		<u>522,021.65</u>
Surplus on operations of the Board on the 1956-57 Pool Account—Barley, for the period 1st August 1956 to 9th May 1958.....		<u>\$ 7,702,559.68</u>

*This is the Statement of Operations which is referred to
in our report of this date attached hereto.*

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL
Assistant Chief Commissioner

W. E. ROBERTSON, Winnipeg, Manitoba,
Commissioner 26th June 1958.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

The CHAIRMAN: Gentlemen, I think that finishes the supplementary report. We will refer back to the report of the Canadian Wheat Board. Mr. McNamara informs me that it is more or less a duplication of the supplementary report.

Mr. THOMAS: Well, Mr. Chairman, as it was explained yesterday the supplementary report is more up to date than the original report.

The CHAIRMAN: I will ask Mr. McNamara to comment on that.

The WITNESS: The supplementary report, gentlemen, is the final accounting of the pool that we have been referring to. In the annual report these are the financial statements as at July 31 last and we have now dealt with the final closing out of these pools. I suggest, sir, that possibly you will want to at least approve these financial statements as contained in the regular report.

The CHAIRMAN: Gentlemen, we will turn back to part II, financial statements, page 23 of the annual report. Any comments on the financial statements or shall we take them as read?

PART II

FINANCIAL STATEMENTS

The financial statements of The Canadian Wheat Board for the crop year ended July 31, 1957 are presented in this section of the Report. They consist of a Consolidated Balance Sheet (Exhibit I) which sets forth the financial position of the Board as at the foregoing date, together with other statements showing the result of Board operations to the close of the crop year, all as tabulated in the index preceding the financial statements and as discussed in Part I of this Report.

Due to the large volume of grain remaining unsold in the 1956-57 Pool Accounts for wheat, oats and barley, it was decided that it would be advisable to defer the closing of these accounts and hence none of these accounts have been finalized as at the date of this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of The Canadian Wheat Board as at July 31, 1957 is set forth in Exhibit I. With respect to some of the items appearing in the Consolidated Balance Sheet the following comments are submitted.

Stocks of Grain—\$632,470,721.62

WHEAT STOCKS—\$558,771,536.11

As at July 31, 1957 the total stocks of wheat held by the Board amounted to 419,139,154.0 bushels. Of this amount 52,758,653.2 bushels had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The remaining inventory of wheat amounting to 366,380,500.8 bushels consists of the following:

Balance of stocks transferred from the

1955-56 Pool Account:

Unsold stocks	57,750,756.7	
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Stocks which have been sold, but on a deferred price basis	2,639,509.8	60,390,266.5
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Balance of purchase from producers on the

1956-57 Pool Account:

Unsold stocks	302,442,642.3	
Stocks which have been sold, but on a deferred price basis	2,654,073.6	
	<hr/>	
	305,096,715.9	
Net bushels acquired from the adjustments of overages and shortages, etc., at country and terminal elevators on the 1956-57 Pool Account	898,653.8	
	<hr/>	
	305,995,369.7	
Less: Weight losses in transit and in drying	5,135.4	305,990,234.3
	<hr/>	<hr/>
		<u>366,380,500.8</u>

These stocks were in store country elevators, in store terminal elevators and mills, in transit and in the custody of Agents. In accordance with accepted accounting practice and consistent with the procedure followed in previous crop years this portion of the inventory has been valued at cost. With respect to the balance of stocks of 60,390,266.5 bushels transferred from the 1955-56 Pool Account as at May 3, 1957 and which were still on hand as at July 31, 1957, including those stocks sold on a deferred price basis, cost is the price at which the transfer of unsold stocks from the 1955-56 Pool Account was made; namely, basis \$1.64 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver, less an allowance of 4 cents to 7 cents per bushel depending on the grade, for subsequent market risk. Relevant to the item in the inventory of 305,990,234.3 bushels, cost is the Board's initial price paid to producers for the 1956-57 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Stocks in the custody of Agents represent wheat previously invoiced to Agents of the Board and for which the Board will receive a final accounting in respect to the ultimate disposition of these stocks. The Board receives an advance from its Agents for wheat invoiced on a provisional price basis and, as at July 31, 1957 this advance was \$1.70 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. As at July 31, 1957 advances received by the Board from its Agents totalled \$133,207,493.48 as shown in Exhibit I. Effective August 1, 1957, the advance receivable by the Board from its Agents, excluding mills, was reduced from \$1.70 per bushel to \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. With respect to stocks invoiced on a provisional price basis to mills and also effective from August 1, 1957, the advance was reduced from \$1.70 per bushel to \$1.60 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

OATS AND BARLEY STOCKS—\$73,699,185.51

Stocks of oats and barley held by the Board as at July 31, 1957 and which were in store country and terminal elevators and in transit amounted to 47,153,317.5 bushels and 50,715,887.8 bushels respectively. Of these amounts 367,195.6 bushels of oats and 3,867,910.4 bushels of barley had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices. The balance of the coarse grain inventories

amounting to 46,786,121.9 bushels of oats and 46,847,977.4 bushels of barley was comprised of the following:

	Oats	Barley
Balance of stocks transferred from the 1955-56 Pool Account	1,779,820.8	1,862,961.8
Balance of purchases from producers on the 1956-57 Pool Account	45,006,323.3	44,988,238.9
Stocks acquired from other than producers	61.5	7,379.1
	<hr/>	<hr/>
	46,786,205.6	46,858,579.8
Less: Weight losses in transit and in drying	83.7	10,602.4
	<hr/>	<hr/>
	46,786,121.9	46,847,977.4
	<hr/> <hr/>	<hr/> <hr/>

In accordance with accepted accounting practice these portions of the inventories of oats and barley have been valued at cost. With respect to the balance of the oats and barley stocks amounting to 1,779,820.8 bushels and 1,862,961.8 bushels transferred from the 1955-56 Pool Accounts on the respective dates of November 16, 1956 and November 2, 1956 and which were still on hand as at July 31, 1957, cost is the price at which the transfers from the 1955-56 Pool Accounts were made. In the case of oats this price was 80 $\frac{3}{4}$ cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and in the case of barley the price was \$1.13 per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. With respect to the balance of the unsold inventories of oats and barley of 45,006,301.1 bushels and 44,985,015.6 bushels respectively, cost is the Board's initial price paid to producers for oats and barley in the 1956-57 Crop Year. For oats this price was 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

Accounts Receivable—\$2,020,231.87

This item consists principally of amounts due from Agents of the Board in respect to sales which had been completed as at July 31, 1957, but for which final accountings were not received until subsequent to that date and forwarding charges recoverable in respect to stocks of wheat held by the Board in store Atlantic Seaboard Ports. The balance of this amount comprises sundry accounts payable to the Board which were not collected until subsequent to the year-end date.

Grain Trade Memberships—\$21,225.32

The Canadian Wheat Board owns ten memberships in the Winnipeg Grain Exchange, one in the Vancouver Grain Exchange, one in the Winnipeg Grain and Produce Exchange Clearing Association Limited and one in the Lake Shippers' Clearance Association. These memberships are stated at cost less recorded dividends to July 31, 1957.

The Canadian Wheat Board Building, at cost less depreciation—\$364,200.00

Under the authority of Order in Council P.C. 146/2800 the Board purchased The Canadian Wheat Board Building on August 31, 1946 at a cost of \$450,000.00 for the land and buildings.

In accordance with instructions received from the Government of Canada the Board paid to the City of Winnipeg and the City of Calgary grants of \$34,725.59 and \$667.66 respectively, in lieu of realty and business taxes on the Canadian Wheat Board Building and on

premises rented by the Board in the City of Winnipeg and in lieu of business taxes on premises rented by the Board in the City of Calgary but without admitting any liability for such taxes. These grants totalled \$35,393.25 and of this amount \$20,646.07 has been applied to Board operations for the period from January 1, 1957 to July 31, 1957. The balance of \$14,747.18 has been deferred and will be charged to the operations of the Board for the 1957-58 Crop Year. This latter figure is included in the item of \$30,000.63 as shown in the Consolidated Balance Sheet. Depreciation has been provided on the Canadian Wheat Board Building for the year ended July 31, 1957 at the rate of 2% per annum amounting to \$7,800.00. The amounts for depreciation and taxes \$7,800.00 and \$20,646.07 are included in the item of \$229,916.31 as shown in Exhibit VII.

Banks Loans—\$86,935,362.07

During the crop year under review payments were made to producers involving a cash distribution of \$102,679,939.75 consisting of the following:

INTERIM PAYMENTS

1955-56 Pool Account—Wheat ...	\$37,339,123.87
--------------------------------	-----------------

FINAL PAYMENTS

1955-56 Pool Account—Wheat	\$41,953,923.81	
1955-56 Pool Account—Oats	8,169,672.90	
1955-56 Pool Account—Barley ..	15,217,219.17	65,340,815.88

	\$102,679,939.75
--	------------------

At the commencement of the crop year Board borrowings from the Chartered Banks amounted to \$37,017,575.45 and during the 1956-57 Crop Year the Board's cash requirements remained at a high level in order to carry abnormally large stocks of wheat, oats and barley, to distribute payments to producers and to meet current operating expenses. During December, 1956 and the early part of January, 1957 the Board's cash position improved to the point where for brief periods during this interval the Board reverted to the position of a depositor with the Chartered Banks. Otherwise throughout the balance of the 1956-57 Crop Year the Board remained in a borrowing position with the Chartered Banks. Board borrowings from the Chartered Banks reached a maximum of \$93,977,325.17 on July 9, 1957 but declined to \$86,935,362.07 at the year-end date. The interest rate in effect as at July 31, 1957 on Board loans from Chartered Banks was 4% per annum.

On April 23, 1956 the representatives of the Chartered Banks approached the Board to open negotiations for an increase in the interest rate paid by the Board on its direct borrowings from the Chartered Banks and in the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board. The negotiations continued until August 3, 1956 on which date the Board with the approval of the Government of Canada accepted an increase in interest rates of $\frac{1}{4}$ of 1% per annum, effective as from August 6, 1956. Effective from the foregoing date, therefore, the interest rate paid by the Board on its direct borrowings from the Chartered Banks was increased from 3% to 3 $\frac{1}{4}$ % per annum and the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from 3 $\frac{3}{4}$ % to 4% per annum.

Subsequently on October 16, 1956 the representatives of the Chartered Banks again approached the Board to open negotiations for a further increase in interest rates. After considerable negotiations with the Banks' representatives and consultation with the Government of Canada interest rates were again increased by $\frac{1}{2}$ of 1% per annum. Therefore, effective from October 24, 1956,

the interest from the Chartered Banks was increased from $3\frac{1}{4}\%$ to $3\frac{3}{4}\%$ per annum and the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from 4% to $4\frac{1}{2}\%$ per annum.

On February 7, 1957 the Chartered Banks approached the Board requesting that interest rates be increased by an additional $\frac{1}{4}$ of 1% per annum. After negotiations with the representatives of the Chartered Banks and consultation with the Government of Canada the Board accepted the proposed increase in interest rates of $\frac{1}{4}$ of 1% per annum. Therefore, effective as from March 1, 1957, the rate of interest paid by the Board on its direct borrowings from the Chartered Banks was increased from $3\frac{3}{4}\%$ to 4% per annum and the rate of interest paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from $4\frac{1}{2}\%$ to $4\frac{3}{4}\%$ per annum.

Again on August 21, 1957 the representatives of the Chartered Banks approached the Board to open negotiations for still a further increase in interest rates. After negotiations with the Banks' representatives lasting to October 2, 1957, and after consultation with the Government of Canada, the Board accepted an increase in interest rates of $\frac{1}{4}$ to 1% per annum. The interest rate to be paid by the Board on its direct borrowings from the Chartered Banks was increased from 4% to $4\frac{1}{4}\%$ per annum and became effective as from September 3, 1957. The interest rate paid by Grain Companies on loans secured by grain held by them for the account of the Board was increased from $4\frac{3}{4}\%$ to 5% per annum, effective as from October 7, 1957. These revised interest rates of $4\frac{1}{4}\%$ and 5% per annum are the rates in effect at the date of this Report.

Liability to Agents—\$391,012,238.21

Grain Companies acting in the capacity of Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents at terminal or mill position. Liability to Agents amounting to \$391,012,238.21 represents the amount payable by the Board to its Agents for purchases of wheat, oats and barley from producers at country elevator points to July 31, 1957 for which delivery to and settlement by the Board will be completed subsequent to the year-end date.

Amounts Due to producers

ADJUSTMENT PAYMENTS

There were no adjustment payments authorized on the 1956-57 Pool Accounts for wheat, oats and barley, but in respect to adjustment payments which had been authorized on previous pool accounts there was still outstanding as at July 31, 1957 the sum of \$620,865.69 consisting of the following:

	Outstanding Certificates	Outstanding Cheques	Total
WHEAT			
Balance payable on the three adjustment payments au- thorized on the 1945-49 Pool Account	\$559,691.74	\$41,175.02	\$600,866.76
1950-51 Pool Account		3,978.32	3,978.32
1951-52 Pool Account		4,953.69	4,953.69
1952-53 Pool Account		3,598.99	3,598.99
	559,691.74	53,706.02	613,397.76

COARSE GRAINS

1950-51 Pool Account—Oats.	795.63	795.63
1950-51 Pool Account—Barley	1,126.56	1,126.56
1951-52 Pool Account—Barley	627.19	627.19
1952-53 Pool Account—Barley	1,202.55	1,202.55
1954-55 Pool Accounts—Oats	1,640.89	1,640.89
1954-55 Pool Account—Barley	2,075.11	2,075.11
	<hr/>	<hr/>
	7,467.93	7,467.93
	<hr/>	<hr/>

Total amount payable on adjustment payments — wheat and coarse grains \$559,691.74 \$61,173.95 \$620,865.69

In the period from August 1, 1957 to December 31, 1957 the Board paid \$6,077.08 in respect to the above liability of \$620,865.69.

INTERIM PAYMENTS

In the crop year under review an interim payment was authorized on the 1955-56 Pool Account for wheat in accordance with the provisions of Section 26(3) of the Canadian Wheat Board Act and Order in Council P.C. 1957-190, February 7, 1957. The payment applied to deliveries of wheat by producers on the 1955-56 Pool Account in the period from August 1, 1955 to July 31, 1956 and amounted to \$37,339,123.87. As at July 31, 1957 there was still outstanding the sum of \$313,749.84 in respect to this and other interim payments and this amount consisted entirely of cheques in the hands of producers which had not been presented to the Board for payment. The detail of the amount outstanding is as follows:

	Outstanding Cheques
1952-53 Pool Account	\$ 8,703.50
1953-54 Pool Account	9,255.24
1954-55 Pool Account	14,424.50
1955-56 Pool Account	281,366.60
	<hr/>
	\$313,749.84
	<hr/>

During the period from August 1, 1957 to December 31, 1957 the Board paid \$200,370.06 in respect to the above liability of \$313,749.84.

FINAL PAYMENTS

Amounts due to producers on outstanding participation certificates and cheques with respect to final payments on the undernoted accounts are as follows:

WHEAT	Outstanding Certificates	Outstanding Cheques	Total
1945-49 Pool Account	\$335,260.89	\$ 44,533.18	\$ 379,794.07
1950-51 Pool Account		10,859.03	10,859.03
1951-52 Pool Account		10,447.14	10,447.14
1952-53 Pool Account		9,765.10	9,765.10
1953-54 Pool Account		10,969.02	10,969.02
1954-55 Pool Account		42,719.18	42,719.18
1955-56 Pool Account		1,337,013.36	1,337,013.36
	<hr/>	<hr/>	<hr/>
	335,260.89	1,466,306.01	1,801,566.90
	<hr/>	<hr/>	<hr/>

	Outstanding Certificates	Outstanding Cheques	Total
COARSE GRAINS			
1949-50 Pool Account—			
Oats		\$4,061.42	\$4,061.42
1949-50 Pool Account—			
Barley		3,946.50	3,946.50
1950-51 Pool Account—			
Oats		3,136.93	3,136.93
1950-51 Pool Account—			
Barley		2,209.01	2,209.01
1951-52 Pool Account—			
Oats		4,565.62	4,565.62
1951-52 Pool Account—			
Barley		1,877.34	1,877.34
1952-53 Pool Account—			
Oats		1,742.01	1,742.01
1952-53 Pool Account—			
Barley		4,862.42	4,862.42
1953-54 Pool Account—			
Oats		2,712.92	2,712.92
1953-54 Pool Account—			
Barley		2,731.92	2,731.92
1954-55 Pool Account—			
Oats		3,821.55	3,821.55
1954-55 Pool Account—			
Barley		5,236.34	5,236.34
1955-56 Pool Account—			
Oats		31,551.00	31,551.00
1955-56 Pool Account—			
Barley		40,834.37	40,834.37
		<u>113,289.35</u>	<u>113,289.35</u>
Total amount payable on final payments—wheat and coarse grains	<u>\$335,260.89</u>	<u>\$1,579,595.26</u>	<u>\$1,914,856.25</u>

During the period from August 1, 1957 to December 31, 1957 the Board paid \$1,224,275.41 in respect to the above liability of \$1,914,856.25.

Accrued Expenses and Accounts Payable—\$9,513,967.39

This item comprises in the main accrued carrying charges, storage and interest charges to July 31, 1957 together with sundry accounts which were unpaid as at the year-end date.

*Special Account—Net Balance of Undistributed
Payment Accounts—\$715,946.65*

In accordance with the provisions of Section 29A of the Canadian Wheat Board Act the Board was authorized with the approval of the Governor in Council to transfer to a Special Account the balances remaining in specific payment accounts and to use these funds for such purposes as the Governor in Council upon the recommendation of the Board considers to be for the benefit

of producers. The following summary sets forth the details of transactions affecting the Special Account for the crop year under review:

Balance of the Special Account as at July 31, 1956				\$775,729.95
(During the crop year under review there were no transfers to the Special Account under the authority of Section 29A of the Canadian Wheat Board Act)				
<i>Less:</i> Expenditures authorized under the provisions of Section 29A(2) of the Canadian Wheat Board Act and the following Orders in Council:				
Order in Council P.C. 1954-956, June 24, 1954				
Total authorization—\$135,000.00				
Unexpended July 31, 1956..	\$ 4,491.76			
<i>Less:</i> Unexpended July 31, 1957	Nil		\$ 4,491.76	
<hr/>				
Order in Council P.C. 1955-1607, October 26, 1955				
Total authorization—\$75,000.00				
Unexpended July 31, 1956..	52,331.14			
<i>Less:</i> Unexpended July 31, 1957	1,246.32		51,084.82	
<hr/>				
Order in Council P.C. 1956-1156, July 26, 1956				
Total authorization	15,000.00			
<i>Less:</i> Unexpended July 31, 1957	10,793.28	4,206.72	59,783.30	
<hr/>				
Balance of the Special Account as at July 31, 1957				\$715,946.65
<hr/>				

STATEMENTS OF OPERATIONS

Wheat Division—1956-57 Pool Account—Exhibit II

As at July 31, 1957 stocks of wheat remaining unsold in the 1956-57 Pool Account and stocks of wheat which had been sold, but on a deferred price basis amounted to 366,380,500.8 bushels.

In accordance with accepted accounting practice and consistent with the basis of valuation adopted for previous fiscal years this inventory for purposes of the Board's accounts as at July 31, 1957 has been valued at cost. Included in the inventory figure of 366,380,500.8 bushels is an amount of 60,390,266.5 bushels which was the balance of the stocks transferred from the 1955-56 Pool Account as at May 3, 1957 and which were still on hand as at July 31, 1957. In respect to this item in the inventory cost is the price at which the transfer from the 1955-56 Pool Account was made; namely, basis \$1.64 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver, less an allowance of 4 cents to 7 cents per bushel depending on grade for subsequent market risk. Relevant to the balance of the inventory amounting to 305,990,234.3 bushels, cost is the initial price paid to producers in the 1956-57 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Included in the operating results on the 1956-57 Pool Account to July 31, 1957 is an amount of \$7,881,023.22 representing a portion of the carrying charges received from the Government of Canada during the 1956-57 Crop Year under the provisions of the Temporary Wheat Reserves Act. The total carrying charges received under this legislation for the 1956-57 Crop Year amounted to \$28,816,765.80. The Board recommended and the Governor in Council approved by Order in Council P.C. 1957-692, May 20, 1957 that these carrying charges be allocated as follows:

1955-56 Pool Account—Wheat	\$20,935,742.58
1956-57 Pool Account—Wheat	7,881,023.22
	\$28,816,765.80

During the 1957-58 Crop Year the Board will receive from the Government of Canada \$35,553,508.64 for carrying charges under the provisions of the Temporary Wheat Reserves Act and this amount will be allocated between the 1956-57 Pool Account for Wheat and the 1957-58 Pool Account for Wheat. At the date of this Report this allocation had not been determined.

In terms of the foregoing and on the basis of the valuation of the inventory, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1956-57 Pool Account—Wheat to July 31, 1957 showed a credit balance of \$3,255,754.89. This credit balance should not be viewed as the final result of marketing operations on the 1956-57 Pool Account.

Oats and Barley Division—Exhibits III and IV

Under the authority of the Canadian Wheat Board Act and Order in Council P.C. 1956-884, June 7, 1956 the Board was authorized to purchase from producers during the 1956-57 Crop Year oats and barley produced in the designated area and to pay to producers a fixed initial price of 65 cents per bushel for No. 2 Canada Western Oats and a fixed initial price of 96 cents per bushel for No. 3 Canada Western Six-Row Barley, both prices basis in store Fort William/Port Arthur. As at July 31, 1957 stocks of oats and barley remaining unsold in the 1956-57 Pool Accounts amounted to 46,786,121.9 bushels and 46,847,977.4 bushels respectively.

In accordance with accepted accounting practice these inventories for purposes of the Board's accounts at July 31, 1957 have been valued at cost. Included in the inventories of oats and barley are 1,779,820.8 bushels of oats and 1,862,961.8 bushels of barley which were the balances of the stocks of oats and barley transferred from the 1955-56 Pool Accounts on November 16, 1956 and November 2, 1956 respectively, and which were still on hand as at July 31, 1957. In respect to these portions of the oats and barley inventories cost is the price at which the transfers from the 1955-56 Pool Accounts were made. For oats this price was 80 $\frac{3}{4}$ cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley this price was \$1.13 per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Relevant to the balance of the oats and barley inventories amounting to 45,006,301.1 bushels and 44,985,015.6 bushels respectively cost is the Board's initial price paid to producers for oats and barley in the 1956-57 Crop Year.

With respect to oats this price was 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and with respect to barley this price was 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

On the basis of the valuation of the inventories, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1956-57 Pool Accounts for oats and barley to July 31, 1957 showed a debit balance on oats of \$2,188,200.80 and a credit balance on barley of \$8,980,718.34. These results should not be viewed as the final results of marketing operations on the 1956-57 Pool Accounts for oats and barley.

Schedule of Administrative and General Expenses—Exhibit VII

The total expenditures under this heading for the crop year under review amounted to \$3,036,199.39 comprising expenses applicable to the Board's offices at Winnipeg, Calgary, Vancouver, Montreal, London (England) and Rotterdam (Netherlands). Details of these expenditures and the allocations to Board operations are set forth in Exhibit VII.

The Report of the Board's Auditors for the year ended July 31, 1957 is contained in Part III of this Report.

In this Report and in the financial statements we have endeavoured to describe the administration of policy with respect to wheat, oats and barley for the year ended July 31, 1957.

In conclusion we would like to record our appreciation for the loyal and conscientious service rendered by the officers and staff of the Board.

All of which is respectfully submitted,

GEO. McIVOR

Chief Commissioner

W. C. McNAMARA

Assistant Chief Commissioner

W. RIDDEL

Commissioner

W. E. ROBERTSON

Commissioner

The CHAIRMAN: Then we have exhibits 1 to 7 in the centre of your book, page 32. Shall we take them as read?

THE CANADIAN WHEAT BOARD
INDEX TO FINANCIAL STATEMENTS

31 July 1957

- Exhibit I. Consolidated Balance Sheet.*
- Exhibit II. Statement of Operations, 1956-57 Pool Account—Wheat.*
- Exhibit III. Statement of Operations, 1956-57 Pool Account—Oats.*
- Exhibit IV. Statement of Operations, 1956-57 Pool Account—Barley.*
- Exhibit V. Statement of Payments to Producers.*
- Exhibit VI. Statement of Provisions for Final Payment Expenses.*
- Exhibit VII. Schedule of Administrative and General Expenses and Allocations to Operations for the year ended 31 July, 1957.*

THE CANADIAN WHEAT BOARD
CONSOLIDATED BALANCE SHEET
As at 31st July 1957

ASSETS					LIABILITIES	
Stock of grain:						
Wheat stocks—stated at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill.....	\$ 81,886,891.83				Bank loans.....	\$ 86,935,362.07
Wheat stocks—stated at cost prices basis in store Fort William/Port Arthur or Vancouver.....	476,884,644.28	\$558,771,536.11			Liability to Agents for grain purchased from Producers but not yet delivered to the Board.....	391,012,238.21
Oats stocks—stated at contract prices basis in store Fort William/Port Arthur.....	242,415.33				Advances received on Agency wheat stocks.....	133,207,493.48
Oats stocks—stated at cost prices basis in store Fort William/Port Arthur.....	28,519,262.02	28,761,677.35			Amounts due to Producers:	
Barley stocks—stated at contract prices basis in store Fort William/Port Arthur.....	3,975,530.53				Outstanding certificates and cheques:	
Barley stocks—stated at cost prices basis in store Fort William/Port Arthur.....	40,961,977.63	44,937,508.16			Balance of adjustment	
Accounts receivable.....		2,020,231.87			payments	\$ 613,397.76
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association Limited and the Lake Shippers' Clearance Association.....			21,225.32		—Wheat.....	7,467.93
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation.....			364,200.00		Balance of interim	
Deferred and prepaid expenses.....			30,000.63		payments	—Wheat..... 313,749.84
Office furniture, equipment and automobiles, at cost less depreciation.....			108,311.83		Balance of final	
Debit balance—1956-57 Pool Account—Oats.....			2,188,200.80		payments	—Wheat..... 1,801,566.90
			<u>\$637,202,892.07</u>		—Coarse Grains.....	113,289.35
						2,849,471.78
					Accrued expenses and accounts payable.....	9,513,967.39
					Provisions for final payment expenses.....	731,939.26
					Special Account—net balance of undistributed payment accounts.....	715,946.65
					Credit balance—1956-57 Pool Account—	
					Wheat.....	3,255,754.89
					Credit balance—1956-57 Pool Account—	
					Barley.....	8,980,718.34
						<u>\$637,202,892.07</u>

Approved:
GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

W. RIDDEL,
Commissioner

W. E. ROBERTSON,
Commissioner

Winnipeg, Manitoba,
31st January 1958.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

This is the Consolidated Balance Sheet which is referred to in our report of this date.

Exhibit II

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Wheat

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount	
Wheat acquired:			
Purchased from Producers at Board initial prices basis in store Fort William /Port Arthur or Vancouver.....	361,358,564.2		\$446,884,609.02
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	898,653.8		1,168,760.91
Purchased from 1955-56 Pool Account—Wheat.....	<u>157,142,237.3</u>	<u>519,399,455.3</u>	<u>244,067,194.97</u> \$692,120,654.90
Wheat sold:			
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:			
Domestic.....	17,874,598.2		
Export sales at Class II prices.....	68,379,086.3		
Export sales under the terms of the International Wheat Agreement...	14,001,481.4		
Weight losses in transit and in drying.....	5,135.4	100,260,301.3	\$156,691,485.23
Uncompleted sales at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill:			
Domestic.....	14,021,432.8		
Export sales at Class II prices.....	34,346,648.6		
Export sales under the terms of the International Wheat Agreement...	<u>4,390,571.8</u>	<u>52,758,653.2</u>	<u>81,886,891.83</u> 238,578,377.06
Stocks of wheat—stated at cost prices basis in store Fort William/Port Arthur or Vancouver.....	<u>366,380,500.8</u>		<u>476,884,644.28</u> 715,463,021.34
Surplus on wheat transactions.....	<u>519,399,455.3</u>		<u>23,342,366.44</u>

Deduct: Carrying costs, interest, administrative and general expenses, etc:

Carrying charges:			
Carrying charges on wheat stored in country elevators.....	20,615,521.15		
Storage on wheat stored in terminal elevators.....	3,445,241.01		
Net interest paid to agents on agency wheat stocks.....	1,698,267.48		
	<hr/>		
Less: Carrying charges received under the Temporary Wheat Reserves Act.....	25,759,029.64	17,878,006.42	
	7,881,023.22		
	<hr/>		
Bank interest, exchange and bank charges less net interest recovered from other Board accounts.....		870,398.72	
Net additional freight on wheat shipped from country stations to terminal positions.....		179,945.46	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....		111,046.48	
Drying charges.....		8,946.09	
Administrative and general expenses to 31st July 1957.....		1,038,268.38	20,086,611.55
			<hr/>
Credit balance in the 1956-57 Pool Account—Wheat, as at 31st July, 1957, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver.....			\$ 3,255,754.89
			<hr/> <hr/>

Exhibit III

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Oats

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount
Oats required:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	69,049,273.6	\$41,797,607.15
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	61.5	33.48
Purchased from 1955-56 Pool Account—Oats.....	<u>10,523,170.3</u>	<u>7,585,257.90</u>
	<u>79,572,505.4</u>	\$49,382,898.53
Oats sold: ¹		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	32,419,104.2	22,578,814.36
Weight losses in drying.....	83.7	—
Uncompleted sales at contract prices basis in store Fort William/Port Arthur.....	367,195.6	242,415.33
Stocks of oats—stated at cost prices basis in store Fort William/Port Arthur.....	<u>46,786,121.9</u>	<u>28,519,262.02</u>
	<u>79,572,505.4</u>	51,340,491.71
Surplus on oats transactions.....		1,957,593.18
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on oats stored in country elevators.....	\$ 3,597,866.60	
Storage on oats stored in terminal elevators.....	<u>228,460.75</u>	3,826,327.35
Interest and bank charges.....		91,249.12
Freight recovered on shipments of oats to Vancouver for export.....		(441.33)
Drying charges.....		134.34
Brokerage and Clearing Association charges.....		7,495.77
Administrative and general expenses to 31st July 1957.....		<u>221,028.73</u>
		4,145,793.98
stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....		<u>\$ 2,188,200.80</u>

¹Excluding open future sales contracts of 4,975,000 bushels of October oats adjusted to the market close as at 31st July 1957.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Barley

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount	
Barley acquired:			
Purchased from Producers at Board initial prices basis in store Fort William/ Port Arthur.....	120,571,265.0	\$ 107,497,614.10	
Barley otherwise purchased at Board initial prices basis in store Fort William/ Port Arthur.....	7,379.1	7,078.52	
Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6	14,639,045.63	\$ 122,143,738.25
	<u>135,271,773.7</u>	<u>14,639,045.63</u>	
Barley sold: ¹			
Completed sales at realized prices basis in store Fort William/Port Arthur..	84,545,283.5	89,856,848.14	
Weight losses in drying.....	10,602.4	—	
Uncompleted sales at contract prices basis in store Fort William/Port Arthur	3,867,910.4	3,975,530.53	
Stocks of barley—stated at cost prices basis in store Fort William/Port Arthur..	46,847,977.4	40,961,977.63	134,794,356.30
Surplus on barley transactions.....			12,650,618.05
Deduct: Carrying costs, interest, administrative and general expenses, etc:			
Carrying charges:			
Carrying charges on barley stored in country elevators.....		\$ 2,793,139.98	
Storage on barley stored in terminal elevators.....		820,600.62	3,613,740.60
Interest and bank charges.....			46,980.59
Freight recovered on shipments of barley to Pacific Coast ports for export			(543,129.75)
Diversion charges on shipments of barley to Pacific Coast ports for export			98,645.98
Drying charges.....			17,311.55
Brokerage and Clearing Association charges.....			3,541.91
Administrative and general expenses to 31st July 1957.....			432,808.83
		<u>3,669,899.71</u>	
Credit balance in the 1956-57 Pool Account—Barley, as at 31st July 1957, after valuing stocks of barley on hand at cost prices basis in store Fort William/ Port Arthur.....			\$ 8,980,718.34

¹Excluding open futures purchase contracts of 248,000 bushels of October barley adjusted to the market close as at 31st July 1957.

Exhibit V

THE CANADIAN WHEAT BOARD

STATEMENT OF PAYMENTS TO PRODUCERS

As at 31st July 1957

Adjustment Payments:	Total Amounts Payable to Producers	Cheques Cashied by Producers to 31st July 1957	Balances Payable to Producers as at 31st July 1957
Wheat:			
1945-49 Pool Account.....	\$ 388,564,142.91	\$ 387,963,276.15	\$ 600,866.76
1950-51 Pool Account.....	49,629,262.54	49,625,284.22	3,978.32
1951-52 Pool Account.....	47,681,245.77	47,676,292.08	4,953.69
1952-53 Pool Account.....	61,124,386.63	61,120,787.64	3,598.99
	<u>546,999,037.85</u>	<u>546,385,640.09</u>	<u>613,397.76</u>
Coarse Grains:			
1950-51 Pool Account—Oats.....	5,707,963.15	5,707,167.52	795.63
1950-51 Pool Account—Barley.....	11,173,606.63	11,172,480.07	1,126.56
1951-52 Pool Account—Barley.....	13,600,641.70	13,600,014.51	627.19
1952-53 Pool Account—Barley.....	14,467,203.86	14,466,001.31	1,202.55
1954-55 Pool Account—Oats.....	3,241,697.20	3,240,056.31	1,640.89
1954-55 Pool Account—Barley.....	7,900,535.63	7,898,460.52	2,075.11
	<u>56,091,648.17</u>	<u>56,084,180.24</u>	<u>7,467.93</u>
Interim Payments:			
Wheat:			
1952-53 Pool Account.....	63,962,036.83	63,953,333.33	8,703.50
1953-54 Pool Account.....	38,638,704.15	38,629,448.91	9,255.24
1954-55 Pool Account.....	22,261,003.14	22,246,578.64	14,424.50
1955-56 Pool Account.....	37,339,123.87	37,057,757.27	281,366.60
	<u>162,200,867.99</u>	<u>161,887,118.15</u>	<u>313,749.84</u>

Final Payments:

Wheat:

1945-49 Pool Account.....	119,075,039.68	118,695,245.61	379,794.07
1950-51 Pool Account.....	104,933,267.56	104,922,408.53	10,859.03
1951-52 Pool Account.....	114,585,112.68	114,574,665.54	10,447.14
1952-53 Pool Account.....	59,282,438.38	58,272,673.28	9,765.10
1953-54 Pool Account.....	25,411,407.89	25,400,438.87	10,969.02
1954-55 Pool Account.....	39,679,620.35	39,636,901.17	42,719.18
1955-56 Pool Account.....	41,953,923.81	40,616,910.45	1,337,013.36
	<u>503,920,810.35</u>	<u>502,119,243.45</u>	<u>1,801,566.90</u>

Coarse Grains:

1949-50 Pool Account—Oats.....	15,546,322.39	15,542,260.97	4,061.42
1949-50 Pool Account—Barley.....	26,643,973.33	26,640,026.83	3,946.50
1950-51 Pool Account—Oats.....	9,639,421.43	9,636,284.50	3,136.93
1950-51 Pool Account—Barley.....	15,112,054.03	15,109,845.02	2,209.01
1951-52 Pool Account—Oats.....	24,746,258.79	24,741,693.17	4,565.62
1951-52 Pool Account—Barley.....	19,241,174.36	19,239,297.02	1,877.34
1952-53 Pool Account—Oats.....	10,949,996.58	10,948,254.57	1,742.01
1952-53 Pool Account—Barley.....	21,408,203.67	21,403,341.25	4,862.42
1953-54 Pool Account—Oats.....	5,631,130.40	5,628,417.48	2,712.92
1953-54 Pool Account—Barley.....	9,833,495.51	9,830,763.49	2,731.92
1954-55 Pool Account—Oats.....	3,779,605.60	3,775,784.05	3,821.55
1954-55 Pool Account—Barley.....	6,536,611.93	6,531,375.59	5,236.34
1955-56 Pool Account—Oats.....	8,169,672.90	8,138,121.90	31,551.00
1955-56 Pool Account—Barley.....	15,217,219.17	15,176,384.80	40,834.37
	<u>192,455,139.99</u>	<u>192,341,850.64</u>	<u>113,289.35</u>

Total—all Accounts.....	<u>\$1,461,667,504.35</u>	<u>\$1,458,818,032.57</u>	<u>\$2,849,471.78</u>
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THE CANADIAN WHEAT BOARD
STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES
To 31st July 1957

	Original Provisions	Payment Costs and Other Adjustments to 31st July 1956	Payment Costs Year Ended 31st July 1957	Exchange, Commissions and Other Adjustments 1956-57 Year	Balance of Original Provisions	Net Interest Credits on Surplus Funds to 31st July 1957	Balance as at 31st July 1957
Wheat:							
1945-49 Pool Account.....	\$ 450,052.01	\$ 550,069.70	\$ 14,469.88	\$ 4,507.04	(\$118,994.61)	\$225,948.24	\$136,953.63
1950-51 Pool Account.....	225,907.74	282,160.12	692.37	2.93	(56,947.68)	50,096.61	(6,851.07)
1951-52 Pool Account.....	262,601.16	271,860.15	743.40	5.76	(10,008.15)	66,345.41	56,337.26
1952-53 Pool Account.....	168,509.10	186,405.08	1,446.84	15.74	(19,358.56)	170,904.90	151,546.34
1953-54 Pool Account.....	139,557.42	106,390.94	5,720.00	54.24	27,392.24	7,513.18	34,905.42
1954-55 Pool Account.....	161,410.82	137,638.16	22,130.01	1,723.31	(80.66)	17,600.92	17,520.26
1955-56 Pool Account.....	159,644.57	—	65,449.49	51,433.99	42,761.09	14,815.04	57,576.13
	1,567,682.82	1,534,524.15	110,651.99	57,743.01	(135,236.33)	583,224.30	447,987.97
Coarse Grains:							
1949-50 Pool Account—Oats.....	81,867.67	60,983.22	22.00	236.14	20,626.31	6,279.48	26,905.79
1949-50 Pool Account—Barley.....	88,713.98	66,470.17	25.26	108.42	22,110.13	7,221.00	29,331.13
1950-51 Pool Account—Oats.....	59,846.99	67,910.55	367.43	.34	(8,431.33)	5,016.04	(3,415.29)
1950-51 Pool Account—Barley.....	63,076.03	67,782.26	374.46	.20	(5,080.89)	6,653.36	1,572.47
1951-52 Pool Account—Oats.....	86,315.60	92,204.09	473.80	.49	(6,362.78)	10,122.48	3,759.70
1951-52 Pool Account—Barley.....	78,000.10	86,404.95	459.80	.23	(8,864.88)	8,217.94	(646.94)
1952-53 Pool Account—Oats.....	74,171.79	68,217.41	700.80	.72	5,252.86	13,763.01	19,015.87
1952-53 Pool Account—Barley.....	94,111.14	90,476.50	926.98	2.40	2,705.26	37,577.90	40,283.16
1953-54 Pool Account—Oats.....	69,995.33	57,127.43	1,953.03	1.39	10,913.48	12,318.40	23,231.88
1953-54 Pool Account—Barley.....	80,287.94	66,431.06	1,983.64	1.91	11,871.33	19,145.08	31,016.41
1954-55 Pool Account—Oats.....	60,307.99	33,754.56	7,860.78	26.87	18,665.78	10,020.83	28,686.61
1954-55 Pool Account—Barley.....	79,903.89	47,354.36	10,041.61	30.81	22,477.11	15,548.31	38,025.42
1955-56 Pool Account—Oats.....	58,293.43	—	36,405.87	10,919.81	10,967.75	4,449.55	15,417.30
1955-56 Pool Account—Barley.....	81,599.80	—	45,416.61	20,297.15	15,886.04	14,881.74	30,767.78
	1,056,491.68	805,116.56	107,012.07	31,626.88	112,736.17	171,215.12	283,951.29
Total—all Accounts.....	\$2,624,174.50	\$2,339,640.71	\$217,664.06	\$89,369.89	(\$22,500.16)	\$754,439.42	\$731,939.26

THE CANADIAN WHEAT BOARD

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS

For the year ended 31st July 1957

Administrative and general expenses:

Salaries—Board members, officers and staff.....	\$2,035,693.32
Unemployment insurance.....	16,429.53
Advisory Committee—travelling expenses and per diem allowance.....	1,013.05
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building, Winnipeg.....	229,916.31
Telephone—exchange service and long distance calls.....	42,307.49
Telegrams and cables.....	19,549.41
Postage.....	66,221.70
Printing, stationery and supplies.....	156,471.49
Office expenses.....	14,163.06
Advertising.....	3,194.29
Travelling expenses.....	46,653.11
Travelling expenses—Inspectors.....	35,282.81
Legal fees and court costs.....	1,821.64
Audit fees.....	50,500.00
Tabulating equipment—rental and sundries.....	148,456.76
Repairs and upkeep of office machinery and equipment.....	5,298.00
Grain market publications and services.....	4,655.07
Bonds and insurance.....	3,945.45
Grain Exchange dues.....	3,120.00
Express, freight and cartage on stationery, etc.....	16,467.29
Depreciation on furniture, equipment and automobiles.....	21,207.40
Contributions to Pension Fund, actuarial and other expenses	113,832.21

\$3,036,199.39

Allocations to operations:

1. Marketing of Producers' grain (including cost of distributing interim and adjustment payments, if any):.....		
1956-57 Pool Account—Wheat.....	\$1,038,268.38	
1956-57 Pool Account—Oats.....	221,028.73	
1956-57 Pool Account—Barley.....	432,808.83	
1955-56 Pool Account—Wheat.....	958,198.24	
1955-56 Pool Account—Oats.....	75,194.78	
1955-56 Pool Account—Barley.....	93,036.37	\$2,818,535.33
2. Distributing final payments to Producers:		
(a) Wheat:		
1955-56 Pool Account.....	65,449.49	
1954-55 Pool Account.....	22,130.01	
1953-54 Pool Account.....	5,720.00	
1952-53 Pool Account—Oats.....	1,446.84	
1951-52 Pool Account.....	743.40	
1950-51 Pool Account.....	692.37	
1945-49 Pool Account.....	14,469.88	110,651.99
(b) Coarse Grains:		
1955-56 Pool Account—Oats.....	36,405.87	
1955-56 Pool Account—Barley.....	45,416.61	
1954-55 Pool Account—Oats.....	7,860.78	
1954-55 Pool Account—Barley.....	10,041.61	
1953-54 Pool Account—Oats.....	1,953.03	
1953-54 Pool Account—Barley.....	1,983.64	
1952-53 Pool Account—Oats.....	700.80	
1952-53 Pool Account—Barley.....	926.98	
1951-52 Pool Account—Oats.....	473.80	
1951-52 Pool Account—Barley.....	459.80	
1950-51 Pool Account—Oats.....	367.43	
1950-51 Pool Account—Barley.....	374.46	
1949-50 Pool Account—Oats.....	22.00	
1949-50 Pool Account—Barley.....	25.26	107,012.07

\$3,036,199.39

The CHAIRMAN: Then we have the statistical tables here.

ADDENDA

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TABLE I
ACREAGE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1930-1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Thousands of Acres)						
1930.....	23,960	8,286	4,755	1,370	571	38,942
1931.....	25,586	8,279	3,214	733	641	38,453
1932.....	26,395	8,533	3,154	706	454	39,242
1933.....	25,177	8,945	3,032	520	236	37,910
1934.....	23,296	9,115	2,962	619	218	36,210
1935.....	23,293	9,478	3,187	649	297	36,904
1936.....	24,838	8,674	3,724	562	469	38,267
1937.....	24,599	8,579	3,562	808	233	37,781
1938.....	24,946	8,518	3,687	655	202	38,008
1939.....	25,813	8,227	3,607	1,014	288	38,949
1940.....	27,750	7,818	3,622	943	364	40,497
1941.....	21,216	8,204	4,779	844	1,030	36,073
1942.....	20,653	9,528	6,365	1,227	1,510	39,283
1943.....	16,026	11,266	7,682	447	2,955	38,376
1944.....	21,900	9,731	6,535	581	1,191	39,938
1945.....	22,430	9,785	6,516	422	848	40,001
1946.....	23,731	8,470	5,788	643	865	39,497
1947.....	23,357	7,818	7,035	1,124	1,724	41,058
1948.....	22,820	7,516	6,082	2,225	1,880	40,523
1949.....	26,524	7,355	5,617	1,095	290	40,881
1950.....	26,382	7,520	6,205	1,041	541	41,689
1951.....	24,385	8,312	7,530	1,047	1,086	42,360
1952.....	25,372	7,560	8,145	1,193	1,047	43,317
1953.....	24,648	6,490	8,599	1,411	926	42,074
1954.....	23,437	6,715	7,568	753	1,177	39,650
1955.....	20,812	7,788	9,638	707	1,809	40,754
1956.....	22,064	8,658	8,181	452	3,010	42,365
1957 ¹	20,360	7,805	9,209	455	3,462	41,291

¹ Preliminary—basis estimate of November 13, 1957.
Source: Dominion Bureau of Statistics

TABLE II

YIELD PER ACRE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES

1930 - 1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed
			(Bushels)		
1930.....	16.6	30.7	23.0	15.1	8.7
1931.....	11.8	22.2	15.7	5.7	3.7
1932.....	16.0	28.8	20.0	10.3	5.8
1933.....	10.4	19.8	15.6	6.0	2.4
1934.....	11.3	18.9	15.1	5.9	3.8
1935.....	11.3	25.8	19.7	12.9	5.3
1936.....	8.1	15.7	14.1	5.7	3.7
1937.....	6.4	16.6	17.5	5.3	3.0
1938.....	13.5	27.2	21.8	14.3	5.9
1939.....	19.1	28.1	22.5	13.5	6.8
1940.....	18.5	29.3	22.9	13.0	7.9
1941.....	14.0	21.9	20.0	13.0	6.4
1942.....	25.6	51.7	37.6	18.4	10.1
1943.....	16.7	33.3	25.7	11.8	6.1
1944.....	17.9	36.1	26.4	12.4	7.2
1945.....	13.1	25.5	21.0	10.8	7.0
1946.....	16.6	28.9	23.1	11.3	7.6
1947.....	13.7	24.5	18.6	10.8	7.6
1948.....	15.6	29.6	23.3	11.1	9.3
1949.....	12.9	25.8	19.4	7.2	6.8
1950.....	16.6	33.9	25.3	10.6	8.3
1951.....	21.7	40.9	31.1	15.3	8.2
1952.....	26.7	45.8	34.5	19.4	10.8
1953.....	23.7	42.5	29.2	19.0	10.0
1954.....	12.0	29.2	22.1	16.2	9.3
1955.....	22.7	37.2	25.3	18.9	10.8
1956.....	25.0	46.2	32.0	14.4	11.3
1957 ¹	17.3	30.5	23.1	13.8	5.7

¹ Preliminary—basis estimate of November 13, 1957.

Source: Dominion Bureau of Statistics.

TABLE III

TOTAL PRODUCTION OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES

1930-1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Thousands of Bushels)						
1930.....	397,300	254,011	109,495	20,641	4,963	786,410
1931.....	301,181	183,700	50,540	4,157	2,370	541,948
1932.....	422,947	245,726	63,114	7,270	2,640	741,697
1933.....	263,004	177,422	47,243	3,104	563	491,336
1934.....	263,800	172,040	44,742	3,664	827	485,073
1935.....	264,096	244,854	62,625	8,379	1,563	581,517
1936.....	202,000	135,862	52,617	3,201	1,730	395,410
1937.....	156,800	142,413	62,418	4,280	694	366,605
1938.....	336,000	232,000	80,200	9,240	1,185	658,725
1939.....	494,000	231,500	81,000	13,700	1,950	822,150
1940.....	513,800	229,000	83,000	12,250	2,875	840,925
1941.....	296,000	179,600	95,500	9,691	6,643	597,434
1942.....	529,000	492,700	239,200	22,632	15,180	1,298,712
1943.....	267,800	374,700	197,700	5,288	18,130	863,618
1944.....	391,700	350,000	172,500	7,186	8,619	930,905
1945.....	294,600	249,300	136,600	4,551	5,970	691,021
1946.....	393,000	245,000	133,700	7,289	6,569	785,558
1947.....	320,000	191,700	131,000	12,150	13,040	667,890
1948.....	356,000	222,800	142,000	24,721	17,450	762,971
1949.....	341,000	189,900	109,000	7,900	1,973	649,773
1950.....	439,000	255,200	157,000	11,050	4,483	866,733
1951.....	530,000	340,000	234,000	15,980	8,870	1,128,850
1952.....	678,000	346,000	281,000	23,200	11,300	1,339,500
1953.....	584,000	276,000	251,000	26,850	9,300	1,147,150
1954.....	282,000	196,000	167,000	12,179	10,950	668,129
1955.....	472,000	290,000	244,000	13,350	19,450	1,038,800
1956.....	551,000	400,000	262,000	6,500	34,100	1,253,600
1957 ¹	352,000	238,000	213,000	6,300	19,700	829,000

¹ Preliminary—basis estimate of November 13, 1957.
Source: Dominion Bureau of Statistics.

TABLE IV
CANADIAN WHEAT SUPPLIES AND DISPOSITION
Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				
	Inward Carryover ¹ August 1st		Production ¹	Total Supplies	Domestic Disappearance ²		Exports ¹ Wheat and Flour	Total ¹ Outward Carryover July 31st
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1932-33....	7,496	128,445	443,061	579,002	66,625	30,416	264,304	217,657
1933-34....	12,340	205,317	281,892	499,549	58,653	43,214	194,780	202,902
1934-35....	8,733	194,169	275,849	478,751	49,276	49,872	165,751	213,852
1935-46....	7,861	205,991	281,935	495,787	69,934	44,065	254,425	127,363
1936-37....	5,520	121,843	219,218	346,581	57,281	42,477	209,773	37,049
1937-38....	3,999	33,050	180,210	217,259	54,574	42,563	95,586	24,536
1938-39....	5,061	19,475	360,010	384,546	70,942	50,659	160,034	102,911
1939-40....	4,682	98,229	520,623	623,534	82,488	47,899	192,674	300,473
1940-41....	17,286	283,187	540,190	840,663	86,281	43,047	231,206	480,129
1941-42....	13,954	466,175	314,710	794,839	90,953	54,306	225,828	423,752
1942-43....	10,446	413,306	556,067	979,819	101,459	69,033	214,701	594,626
1943-44....	197,207	397,419	282,377	877,003	96,087	80,630	343,755	356,531
1944-45....	53,871	302,660	414,859	771,390	86,856	83,515	342,946	258,073
1945-46....	28,650	229,423	316,320	574,393	78,023	79,584	343,186	73,600
1946-47....	27,203	46,397	411,601	485,201	77,406	82,233	239,421	86,141
1947-48....	25,988	60,153	338,506	424,647	76,952	75,003	194,982	77,710
1948-49....	39,162	38,548	381,413	459,123	75,818	48,565	232,329	102,411
1949-50....	43,423	59,988	366,028	468,439	74,792	56,310	225,137	112,200
1950-51....	12,389	99,811	466,490	578,690	83,588	64,938	240,961	189,203
1951-52....	22,260	166,943	553,646	742,849	96,815	73,031	355,825	217,178
1952-53....	19,262	197,916	701,922	919,100	86,598	63,790	385,527	383,185
1953-54....	93,716	289,469	613,962	997,147	71,484	51,907	255,081	618,675
1954-55....	231,860	386,815	308,909	927,584	79,619	59,308	251,909	536,748
1955-56....	137,855	398,893	494,142	1,030,890	73,749	68,386	309,181	579,574
1956-57....	204,205	375,369	573,062	1,152,636	95,653	65,984	261,797	729,202 ³
1957-58 ³ ...	319,160	410,042	373,508	1,102,710				

¹ Source: Dominion Bureau of Statistics.

² A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

³ Preliminary.

TABLE V
CANADIAN OATS SUPPLIES AND DISPOSITION

Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				Total ¹ Outward Carryover July 31st
	Inward Carryover ¹ August 1st		Production ¹	Total Supplies	Domestic Disappearance ³		Net ² Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1932-33....	22,823	7,026	391,561	421,410	357,149	7,797	14,419	42,045
1933-34....	27,701	14,344	307,478	349,523	282,486	26,836	9,141	31,060
1934-35....	19,333	11,727	321,120	352,180	288,647	19,200	17,863	26,471
1935-36....	20,071	6,400	394,348	420,819	352,243	12,681	15,515	40,380
1936-37....	31,186	9,194	271,778	312,158	258,694	25,697	9,501	18,266
1937-38....	15,231	3,035	268,442	286,708	238,578	20,404	8,228	19,499
1938-39....	16,120	3,379	371,382	390,881	315,512	13,549	12,934	48,887
1939-40....	39,654	9,233	384,407	433,294	349,645	13,127	23,591	46,931
1940-41....	39,781	7,150	380,526	427,457	350,986	21,257	13,651	41,563
1941-42....	37,102	4,461	306,052	347,615	285,653	21,494	11,861	28,607
1942-43....	24,173	4,434	641,488	670,095	426,285	31,146	63,323	149,341
1943-44....	188,404	30,937	461,567	610,908	366,248	61,444	74,737	108,479
1944-45....	69,423	39,056	474,044	582,523	343,960	54,510	85,798	98,255
1945-46....	64,825	33,430	351,234	449,489	257,476	70,660	43,861	77,492
1946-47....	51,087	26,405	360,860	438,352	259,301	79,088	29,759	69,484
1947-48....	52,566	16,918	270,190	339,674	212,496	69,085	10,202	47,891
1948-49....	37,593	10,298	345,305	393,196	248,544	60,925	23,220	60,507
1949-50....	48,363	12,144	304,595	365,102	238,887	60,763	20,547	44,905
1950-51....	33,579	11,326	401,768	446,673	272,851	43,248	35,397	95,177
1951-52....	59,481	35,696	488,125	583,302	355,239	49,059	70,646	108,358
1952-53....	57,836	50,522	466,793	575,151	314,058	51,313	65,371	144,409
1953-54....	90,660	53,749	406,951	551,360	309,830	45,061	70,700	125,769
1954-55....	97,250	28,519	306,793	432,562	280,366	45,982	22,247	83,967
1955-56....	53,400	30,567	407,783	491,750	318,329	50,173	4,412	119,106
1956-57....	71,200	47,906	524,445	643,551	354,291	44,509	18,681	226,070 ⁴
1957-58 ⁴	172,100	53,970	384,599	610,669				

¹Source: Dominion Bureau of Statistics.

²Source: Board of Grain Commissioners—includes rolled oats and oatmeal.

³A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

⁴Preliminary.

TABLE VI
CANADIAN BARLEY SUPPLIES AND DISPOSITION
Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				Total ¹ Outward Carryover July 31st
	Inward Carryover ¹ August 1st		Production ¹	Total Supplies	Domestic Disappearance ³		Net ² Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1932-33.....	3,477	3,719	80,773	87,969	68,256	2,984	5,391	11,338
1933-34.....	3,102	8,236	63,359	74,697	51,526	10,367	1,711	11,093
1934-35.....	1,839	9,254	63,742	74,835	49,803	3,956	15,057	6,019
1935-36.....	2,022	3,997	83,975	89,994	66,022	6,062	7,676	10,234
1936-37.....	4,199	6,035	71,922	82,156	53,126	6,678	17,556	4,796
1937-38.....	1,476	3,320	83,124	87,920	57,951	8,594	14,744	6,631
1938-39.....	3,178	3,453	102,242	108,873	73,713	7,536	14,820	12,804
1939-40.....	7,347	5,457	103,147	115,951	81,538	11,081	10,678	12,654
1940-41.....	7,075	5,579	104,256	116,910	83,929	19,351	2,722	10,908
1941-42.....	6,505	4,403	110,401	121,309	85,142	23,288	2,058	10,821
1942-43.....	5,112	5,709	256,037	266,858	134,259	29,559	33,761	69,279
1943-44.....	41,314	27,965	208,365	277,644	140,751	54,841	36,103	45,949
1944-45.....	23,379	22,570	187,326	233,275	117,194	47,755	39,407	28,919
1945-46.....	17,819	11,100	148,792	177,711	85,452	57,906	4,416	29,937
1946-47.....	13,884	16,053	146,852	176,789	76,674	64,448	6,903	28,764
1947-48.....	16,492	12,272	139,886	168,650	73,990	60,532	2,679	31,449
1948-49.....	17,373	14,076	152,281	183,730	80,873	51,458	21,730	29,669
1949-50.....	18,482	11,187	118,044	147,713	71,868	37,967	17,523	20,355
1950-51.....	11,324	9,031	167,495	187,850	77,263	34,015	23,076	53,496
1951-52.....	17,854	35,642	245,212	298,708	110,025	39,264	69,915	79,504
1952-53.....	21,476	58,028	291,389	370,893	108,922	31,447	118,857	111,667
1953-54.....	38,235	73,432	262,065	373,732	101,702	36,076	90,044	145,910
1954-55.....	96,810	49,100	175,509	321,419	117,088	35,751	77,092	91,488
1955-56.....	42,310	49,178	252,385	343,873	129,545	39,067	64,313	110,948
1956-57.....	50,465	60,483	269,065	380,013	117,889	42,511	76,881	142,732 ⁴
1957-58 ⁴	80,980	61,752	219,993	362,725				

¹ Source: Dominion Bureau of Statistics.

² Source: Board of Grain Commissioners—bulk barley.

³ A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports—marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

⁴ Preliminary.

TABLE VII
CANADIAN GRAIN STORAGE POSITION
1932 to 1957—As at July 31st

VISIBLE STOCKS OF ALL GRAINS AS AT JULY 31st¹

Year	Wheat	Oats	Barley	Rye	Flaxseed	U.S. and Foreign Grain ²	Total	Total Rated Capacity ² as at Dec. 1st
(Thousands of Bushels)								
1932	128,446	7,026	3,719	5,620	1,314	15,670	161,795	419,520
1933	205,317	14,344	8,236	5,850	1,162	4,402	239,311	419,593
1934	194,169	11,727	9,254	4,013	468	3,049	222,680	419,890
1935	205,991	6,400	3,997	3,088	309	—	219,785	420,644
1936	121,843	9,194	6,035	3,415	262	193	140,942	421,856
1937	33,050	3,035	3,320	330	455	272	40,462	423,063
1938	19,475	3,379	3,453	923	217	6,728	34,175	422,824
1939	98,229	9,233	5,457	2,541	114	3,898	119,472	424,290
1940	283,187	7,150	5,579	4,733	557	3,685	304,891	510,158
1941	466,175	4,461	4,403	4,459	605	2,556	482,659	601,191
1942	413,306	4,434	5,710	3,150	1,005	6,925	434,530	604,254
1943	397,419	30,937	27,965	9,182	3,346	895	469,744	605,988
1944	302,660	39,056	22,570	4,550	2,825	2,502	374,163	603,792
1945	229,423	33,430	11,100	1,519	2,178	167	277,817	575,882
1946	46,397	26,405	16,053	515	1,006	378	90,754	510,053
1947	60,153	16,918	12,272	475	356	359	90,533	505,197
1948	38,548	10,298	14,076	628	3,076	334	66,960	507,756
1949	58,988	12,144	11,187	7,731	10,501	349	100,900	513,243
1950	99,811	11,326	9,031	5,300	4,361	8,407	138,236	520,181
1951	166,943	35,696	35,642	2,449	998	3,607	245,335	530,755
1952	197,916	50,522	58,028	6,748	2,055	668	315,937	542,668
1953	289,469	53,749	73,432	13,036	2,468	421	432,575	564,446
1954	386,815	28,519	49,100	6,425	1,548	1,449	473,856	583,417
1955	398,893	30,567	49,178	8,305	909	520	488,372	602,164
1956	375,369	47,906	60,483	6,208	2,067	450	492,483	624,839
1957	410,042	53,970	61,752	3,520	6,061	1,104	536,449	633,030

¹Includes stocks in unlicensed mills and any stocks in licensed mills which have been transferred from elevator storage proper to the mill or feed plants for processing.

²Includes all storage: i.e., licensed and unlicensed, permanent and temporary.

³From 1932 to 1948 inclusive—stocks are for the week ending closest to July 31st in each case.

Source: Board of Grain Commissioners for Canada.

TABLE VIII
CANADIAN EXPORTS OF GRAIN AND GRAIN PRODUCTS

Crop Years 1932-33 to 1956-57

Crop Year	Wheat	Wheat Flour ¹	Oats and Oats Products	Barley	Rye	Flaxseed	Total
(Thousands of Bushels)							
1932-33.....	240,137	24,168	14,419	5,391	2,866	794	287,775
1933-34.....	170,234	24,546	9,141	1,711	2,580	187	208,399
1934-35.....	144,375	21,376	17,863	15,057	1,187	12	199,870
1935-36.....	232,020	22,405	15,515	7,676	2,456	19	280,091
1936-37.....	189,407	20,365	9,501	17,556	3,633	178	240,640
1937-38.....	79,342	16,243	8,228	14,744	648	16	119,221
1938-39.....	139,315	20,719	12,934	14,820	787	31	188,606
1939-40.....	162,158	30,516	23,591	10,678	2,743	—	229,686
1940-41.....	184,907	46,300	13,651	2,722	1,958	55	249,593
1941-42.....	179,902	45,926	11,861	2,058	2,792	842	243,381
1942-43.....	158,112	56,588	63,323	33,761	2,004	5,202	318,990
1943-44.....	283,166	60,590	74,735	36,103	8,108	10,050	472,752
1944-45.....	280,288	62,657	85,798	39,407	6,188	4,327	478,665
1945-46.....	278,070	65,116	43,861	4,416	2,968	346	394,777
1946-47.....	163,388	76,033	29,759	6,903	5,269	61	281,413
1947-48.....	133,505	61,477	10,202	2,679	10,226	1,788	219,877
1948-49.....	184,235	48,094	23,220	21,730	10,239	4,413	291,931
1949-50.....	179,457	45,680	20,547	17,523	9,954	3,034	276,195
1950-51.....	185,039	55,921	35,397	23,076	9,367	4,131	312,931
1951-52.....	304,722	51,103	70,646	69,915	6,820	2,882	506,088
1952-53.....	329,026	56,501	65,371	118,857	8,993	4,060	582,808
1953-54.....	208,835	46,246	70,700	90,044	16,835	5,172	437,832
1954-55.....	211,288	40,512	22,247	77,092	9,311	6,345	366,795
1955-56.....	269,181	40,000	4,142	64,313	12,918	11,583	402,137
1956-57.....	228,257	33,540	18,681	76,881	5,448	21,582	384,389

¹In Wheat Equivalent.

Source: Board of Grain Commissioners for Canada.

TABLE IX

DISTRIBUTION OF CANADIAN WHEAT AND WHEAT FLOUR EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	North and Central America ¹				South America	Africa	Asia and Oceania	Total
			U.S.A.	(Excl. U.S.A.)						
(Thousands of Bushels)										
1940-41.....	191,283 (82.7%)	10,042 (4.3%)	11,912 (5.2%)	7,337 (3.2%)	2,108 (0.9%)	1,647 (0.7%)	6,877 (3.0%)	231,206 (100.0%)		
1941-42.....	149,774 (66.3%)	26,471 (11.7%)	18,634 (8.3%)	10,519 (4.7%)	2,080 (0.9%)	14,940 (6.6%)	3,410 (1.5%)	225,828 (100.0%)		
1942-43.....	150,232 (70.0%)	24,579 (11.4%)	14,862 (6.9%)	9,568 (4.5%)	1,482 (0.7%)	12,220 (5.7%)	1,757 (0.8%)	214,700 (100.0%)		
1943-44.....	114,522 (33.4%)	37,240 (10.8%)	159,838 (46.5%)	10,272 (3.0%)	1,710 (0.5%)	18,979 (5.5%)	1,194 (0.3%)	343,755 (100.0%)		
1944-45.....	152,598 (44.5%)	86,619 (25.3%)	41,942 (12.2%)	8,912 (2.6%)	4,175 (1.2%)	27,449 (8.0%)	21,250 (6.2%)	342,945 (100.0%)		
1945-46.....	151,491 (44.6%)	88,180 (25.9%)	13,047 (3.8%)	10,163 (3.0%)	5,128 (1.5%)	38,175 (11.2%)	33,922 (10.0%)	340,106 (100.0%)		
1946-47.....	160,983 (66.4%)	38,448 (15.8%)	1,695 (0.7%)	10,031 (4.1%)	7,022 (2.9%)	9,820 (4.0%)	14,859 (6.1%)	242,858 (100.0%)		
1947-48.....	160,707 (82.4%)	14,802 (7.6%)	140 (0.1%)	8,455 (4.4%)	2,804 (1.4%)	1,178 (0.6%)	6,896 (3.5%)	194,982 (100.0%)		
1948-49.....	151,728 (65.3%)	26,099 (11.2%)	5,544 (2.4%)	9,040 (3.9%)	4,578 (2.0%)	11,031 (4.7%)	24,309 (10.5%)	232,329 (100.0%)		
1949-50.....	130,285 (57.9%)	28,932 (12.8%)	13,747 (6.1%)	10,535 (4.7%)	7,022 (3.1%)	9,633 (4.3%)	24,983 (11.1%)	225,137 (100.0%)		
1950-51.....	101,456 (42.1%)	52,792 (21.9%)	21,222 (8.8%)	10,555 (4.4%)	10,396 (4.3%)	9,980 (4.1%)	34,460 (14.4%)	240,961 (100.0%)		
1951-52.....	127,510 (35.8%)	97,916 (27.5%)	38,981 (11.0%)	11,428 (3.2%)	17,278 (4.9%)	12,568 (3.5%)	50,144 (14.1%)	355,825 (100.0%)		
1952-53.....	122,854 (31.9%)	121,162 (31.4%)	23,140 (6.0%)	8,356 (2.2%)	25,976 (6.7%)	21,753 (5.6%)	62,286 (16.2%)	385,527 (100.0%)		
1953-54.....	82,020 (32.2%)	63,350 (24.8%)	7,974 (3.1%)	11,140 (4.4%)	19,528 (7.7%)	11,297 (4.4%)	59,772 (23.4%)	255,081 (100.0%)		
1954-55.....	101,814 (40.4%)	75,820 (30.1%)	5,235 (2.1%)	10,712 (4.3%)	8,685 (3.4%)	7,572 (3.0%)	42,071 (16.7%)	251,909 (100.0%)		
1955-56.....	109,446 (35.4%)	127,210 (41.1%)	8,256 (2.7%)	9,294 (3.0%)	6,751 (2.2%)	8,200 (2.7%)	40,025 (12.9%)	309,182 (100.0%)		
1956-57.....	90,435 (34.5%)	101,242 (38.7%)	7,548 (2.9%)	7,028 (2.7%)	6,610 (2.5%)	2,615 (1.0%)	46,319 (17.7%)	261,797 (100.0%)		

¹Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE X

DISTRIBUTION OF CANADIAN OATS¹—EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	North and Central America ³			South America	Africa	Asia and Oceania	Total
			U.S.A.	(Excl. U.S.A.)					
(Thousands of Bushels)									
1940-41.....	—	84 (0.8%)	10,073 (98.3%)	53 (0.5%)	—	—	40 (0.4%)	10,250 (100.0%)	
1941-42.....	194 (4.0%)	425 (8.7%)	3,421 (70.1%)	106 (2.2%)	—	—	6 (0.1%)	4,877 ² (85.1%)	
1942-43.....	63 (0.1%)	316 (0.5%)	61,550 (98.8%)	398 (0.6%)	—	—	—	62,327 (100.0%)	
1943-44.....	—	—	71,902 (99.6%)	266 (0.4%)	—	—	—	72,168 (100.0%)	
1944-45.....	5,145 (6.6%)	1,378 (1.8%)	69,708 (89.8%)	409 (0.5%)	77 (0.1%)	—	928 (1.2%)	77,645 (100.0%)	
1945-46.....	3,076 (8.1%)	18,741 (50.0%)	13,264 (35.4%)	738 (2.0%)	69 (0.2%)	1,099 (2.9%)	524 (1.4%)	37,511 (100.0%)	
1946-47.....	10,760 (49.5%)	7,453 (34.2%)	849 (3.9%)	379 (1.7%)	7 —	269 (1.2%)	2,075 (9.5%)	21,792 (100.0%)	
1947-48.....	—	4,092 (75.6%)	1,215 (22.4%)	103 (1.9%)	4 (0.1%)	—	—	5,414 (100.0%)	
1948-49.....	—	3,059 (14.3%)	18,245 (85.1%)	89 (0.4%)	18 (0.1%)	—	16 (0.1%)	21,427 (100.0%)	
1949-50.....	—	1,945 (10.2%)	17,089 (89.2%)	68 (0.4%)	24 (0.1%)	—	16 (0.1%)	19,142 (100.0%)	
1950-51.....	—	4,073 (11.7%)	30,562 (88.0%)	55 (0.2%)	18 (0.1%)	—	9 —	34,717 (100.0%)	
1951-52.....	—	10,957 (15.7%)	58,573 (84.2%)	36 (0.1%)	4 —	—	9 —	69,579 (100.0%)	
1952-53.....	564 (0.9%)	4,694 (7.2%)	59,527 (91.8%)	37 (0.1%)	4 —	—	31 —	64,857 (100.0%)	
1953-54.....	1,542 (2.2%)	2,383 (3.4%)	65,878 (94.2%)	74 (0.1%)	2 —	—	35 (0.1%)	69,914 (100.0%)	
1954-55.....	2,494 (11.5%)	4,241 (19.6%)	14,811 (68.5%)	68 (0.3%)	15 (0.1%)	—	6 —	21,635 (100.0%)	
1955-56.....	413 (11.4%)	1,297 (35.8%)	1,867 (51.5%)	40 (1.1%)	7 (0.2%)	—	—	3,624 (100.0%)	
1956-57.....	149 (0.8%)	513 (2.8%)	17,615 (96.0%)	37 (0.2%)	26 (0.2%)	—	—	18,340 (100.0%)	

¹ Includes Oats as grain only.² Includes 725,000 bushels (14.9%) bagged grain destination unknown.³ Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE XI

DISTRIBUTION OF CANADIAN BARLEY EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ¹	South America	Africa	Asia and Oceania	Total
				(Excl. U.S.A.)				
(Thousands of Bushels)								
1940-41.....	186 (6.8%)	1,226 (45.0%)	1,155 (42.5%)	153 (5.6%)	2 (0.1%)	—	—	2,722 (100.0%)
1941-41.....	—	131 (6.4%)	1,690 (82.1%)	234 (11.4%)	—	—	—	2,058 ² (99.9%)
1942-43.....	—	—	33,472 (99.1%)	289 (0.9%)	—	—	—	33,761 (100.0%)
1943-44.....	—	—	35,805 (99.2%)	298 (0.8%)	—	—	—	36,103 (100.0%)
1944-45.....	—	3,609 (9.2%)	35,794 (90.8%)	4	—	—	—	39,407 (100.0%)
1945-46.....	—	755 (17.1%)	3,661 (82.9%)	—	—	—	—	4,416 (100.0%)
1946-47.....	—	2,845 (41.2%)	4,058 (58.8%)	—	—	—	—	6,903 (100.0%)
1947-48.....	—	1,378 (51.5%)	1,155 (43.1%)	145 (5.4%)	—	—	—	2,678 (100.0%)
1948-49.....	—	10,832 (49.8%)	10,647 (49.0%)	229 (1.1%)	—	—	22 (0.1%)	21,730 (100.0%)
1949-50.....	—	1,300 (7.4%)	16,202 (92.5%)	—	—	—	21 (0.1%)	17,523 (100.0%)
1950-51.....	160 (0.7%)	11,127 (48.2%)	10,588 (45.9%)	—	—	—	1,200 (5.2%)	23,075 (100.0%)
1951-52.....	7,656 (11.0%)	36,627 (52.4%)	10,220 (14.6%)	—	1	—	15,411 (22.0%)	69,915 (100.0%)
1952-53.....	16,085 (13.5%)	53,190 (44.7%)	24,085 (20.3%)	—	1	—	25,496 (21.5%)	118,857 (100.0%)
1953-54.....	19,639 (21.8%)	13,438 (14.9%)	36,921 (41.0%)	2	—	—	20,044 (22.3%)	90,044 (100.0%)
1954-55.....	48,538 (63.0%)	5,106 (6.6%)	19,086 (24.8%)	4	2	—	4,356 (5.6%)	77,092 (100.0%)
1955-56.....	22,685 (35.3%)	5,733 (8.9%)	28,855 (44.9%)	1	3	—	7,037 (10.9%)	64,314 (100.0%)
1956-57.....	32,369 (42.1%)	10,726 (14.0%)	21,562 (28.0%)	—	—	—	12,224 (15.9%)	76,881 (100.0%)

¹Includes Newfoundland up to 1949-50.

²3,000 bushels (0.1%) bagged grain—Destination unknown.

Source: Board of Grain Commissioners for Canada.

STANDING COMMITTEE

TABLE XII

PRODUCERS' MARKETINGS—WESTERN CANADIAN GRAINS

Crop Years 1932-33 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total ¹
1932-33.....	371,592	29,534	12,892	3,117	1,773	424,251
1933-34.....	226,846	33,360	13,096	1,149	362	278,854
1934-35.....	227,445	31,736	13,756	1,088	430	278,625
1935-36.....	214,342	30,990	15,776	2,793	986	268,623
1936-37.....	163,457	29,039	21,519	1,619	1,353	219,578
1937-38.....	124,574	28,975	23,471	1,462	372	184,551
1938-39.....	289,447	32,336	24,360	3,393	747	354,471
1939-40.....	425,531	34,635	21,881	5,124	1,586	492,380
1940-41.....	456,660	32,150	20,791	5,048	2,572	517,221
1941-42.....	227,121	33,250	26,644	5,339	4,898	297,252
1942-43.....	267,340	120,689	85,571	9,777	11,359	494,736
1943-44.....	329,322	144,277	85,549	4,690	14,239	578,077
1944-45.....	351,384	134,615	75,690	4,122	7,154	572,965
1945-46.....	237,300	107,397	67,272	3,096	4,734	419,799
1946-47.....	334,618	99,856	67,553	5,577	4,808	512,412
1947-48.....	246,602	72,652	65,014	10,143	10,503	404,914
1948-49.....	293,987	85,924	70,252	17,502	15,166	482,831
1949-50.....	319,571	80,448	53,326	8,689	1,493	463,527
1950-51.....	367,845	102,688	83,414	7,441	3,254	564,642
1951-52.....	455,362	133,608	130,336	11,727	6,363	737,396
1952-53.....	535,989	119,750	165,063	15,926	8,155	844,856
1953-54.....	396,961	90,367	101,397	12,209	7,403	608,337
1954-55.....	319,780	70,221	112,568	13,191	8,792	524,552
1955-56.....	352,975	71,629	114,460	12,486	15,750	567,300
1956-57 ²	362,454	69,254	120,661	4,063	29,013	585,445

¹ Totals for crop years 1932-33 to 1939-40 inclusive include platform loadings of coarse grains, not shown in the figures for each individual grain.

² Preliminary figures.

Source: Board of Grain Commissioners for Canada.

TABLE XIII

RAIL SHIPMENTS FROM WESTERN COUNTRY ELEVATORS

Crop Years 1942-43 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
1942-43.....	175,936,393	103,617,387	76,125,989	5,733,391	10,050,418	371,463,578
1943-44.....	408,794,410	146,389,951	90,739,736	8,510,339	14,986,072	669,420,508
1944-45.....	424,079,134	147,124,431	82,033,858	4,502,589	7,093,780	664,833,792
1945-46.....	297,307,308	110,204,349	67,685,661	2,960,473	5,135,814	483,293,605
1946-47.....	331,120,642	105,562,688	72,168,541	5,705,585	4,725,954	519,283,410
1947-48.....	247,005,399	75,656,162	66,070,399	9,785,253	9,860,350	408,377,563
1948-49.....	289,843,032	83,035,066	68,904,394	16,169,309	15,485,845	473,437,916
1949-50.....	308,377,624	80,930,369	53,615,249	9,634,397	1,537,866	454,095,505
1950-51.....	309,397,232	90,260,430	74,336,962	7,815,471	3,010,111	484,820,206
1951-52.....	429,643,419	121,922,070	114,449,354	9,607,348	5,704,183	681,326,374
1952-53.....	474,918,967	105,504,254	143,415,520	14,611,088	7,476,310	745,926,139
1953-54.....	335,834,138	108,061,751	117,237,168	11,545,394	7,683,349	580,361,800
1954-55.....	307,015,780	73,044,811	112,076,924	13,570,387	8,880,190	514,588,092
1955-56.....	335,327,038	64,685,499	112,830,912	12,113,521	14,864,570	539,821,540
1956-57 ¹	358,896,357	52,663,995	115,878,130	5,901,075	26,804,117	560,143,674

¹ Subject to revision.

Source: Board of Grain Commissioners for Canada.

TABLE XIV

VESSEL SHIPMENTS OF PRINCIPAL GRAINS FROM THE LAKEHEAD

Crop Years 1940-41 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Bushels)						
1940-41	217,439,003	13,018,645	9,971,860	4,297,261	1,612,798	246,339,567
1941-42	204,944,133	5,456,822	9,892,366	3,875,989	2,010,339	226,179,649
1942-43	171,325,422	36,303,618	32,438,575	1,590,318	5,669,143	247,327,076
1943-44	292,728,195	50,777,311	42,212,992	9,441,840	1,601,127	405,762,185
1944-45	324,730,999	99,242,739	55,567,683	5,664,591	5,550,932	490,706,944
1945-46	231,022,107	62,323,412	34,008,271	2,713,341	3,335,534	333,402,575
1946-47	175,806,761	50,311,335	31,221,973	4,776,225	1,339,983	263,456,277
1947-48	134,545,364	34,434,520	28,312,907	8,549,033	4,933,346	211,775,170
1948-49	159,860,617	39,725,647	37,918,784	12,320,244	9,624,601	259,449,893
1949-50	164,958,725	41,204,023	33,796,178	9,687,245	4,280,260	253,926,431
1950-51	141,708,034	45,064,802	34,476,555	8,871,808	3,630,491	233,751,690
1951-52	253,116,277	82,874,027	73,274,674	6,977,331	4,071,347	420,313,656
1952-53	251,809,101	81,132,026	109,096,288	10,678,063	6,044,005	458,759,483
1953-54	134,698,514	86,972,188	84,257,907	15,740,212	5,498,361	327,167,182
1954-55	164,733,648	46,327,223	82,368,609	10,781,923	5,741,783	309,953,186
1955-56	183,696,338	35,564,246	78,171,277	13,501,152	9,619,756	320,552,769
1956-57 ¹	170,884,418	48,280,352	73,867,597	5,873,831	13,571,118	312,477,316

¹ Subject to revision.

Source: Dominion Bureau of Statistics—Grain Trade of Canada—Annual Editions.

TABLE XV

OVERSEAS CLEARANCES OF CANADIAN BULK GRAIN BY PORT AREAS

Crop Years 1937-38 to 1956-57

Crop Year	Atlantic ¹ Coast	St. Lawrence	Lakehead Direct	Churchill	Pacific Coast	Total
(Thousands of Bushels)						
1937-38	25,420	56,075	114	604	14,366	96,579
1938-39	16,623	87,863	447	917	45,445	151,295
1939-40	99,889	57,570	112	1,772	10,733	170,076
1940-41	108,481	63,235	3	—	4,107	175,826
1941-42	122,542	38,106	8	—	2,422	163,078
1942-43	127,847	15,437	10	—	1,598	144,892
1943-44	95,309	25,749	4	—	3,084	124,146
1944-45	135,505	106,942	8	—	8,644	251,099
1945-46	103,520	121,642	39	—	66,952	292,153
1946-47	37,220	87,174	—	2,929	61,715	189,038
1947-48	37,053	71,660	—	4,976	36,854	150,543
1948-49	34,974	99,955	—	5,314	60,696	200,939
1949-50	18,139	86,523	217	5,528	62,651	173,058
1950-51	21,383	94,840	119	6,768	68,481	191,591
1951-52	31,726	191,355	116	7,545	113,412	344,154
1952-53	42,185	240,786	533	8,621	121,374	413,499
1953-54	12,830	105,460	784	10,981	133,972	264,027
1954-55	40,759	133,888	158	12,245	98,428	285,478
1955-56	45,438	147,750	66	12,819	113,583	319,656
1956-57	28,495	117,393	—	16,250	138,968	301,106

¹ Includes U.S.A. Atlantic Ports.

Source: Board of Grain Commissioners for Canada.

TABLE XVI

WHEAT PRODUCTION IN THE FOUR MAJOR EXPORTING COUNTRIES

Average 1934-38

Annually 1945-46 to 1957-58

Crop Year	Canada	Argentina	Australia	United States	Total
Average					
1934-38.....	263,444	243,758	154,324	715,620	1,377,146
1945-46.....	318,512	150,116	142,419	1,107,623	1,718,670
1946-47.....	413,715	206,304	117,264	1,152,118	1,889,411
1947-48.....	341,758	238,800	220,117	1,358,911	2,159,586
1948-49.....	386,345	191,000	190,699	1,294,911	1,062,955
1949-50.....	371,406	189,017	218,221	1,098,415	1,877,059
1950-51.....	461,664	212,967	184,244	1,019,389	1,878,264
1951-52.....	552,657	77,162	159,725	980,810	1,770,354
1952-53.....	687,922	277,909	195,208	1,298,957	2,459,996
1953-54.....	613,962	227,800	199,000	1,169,484	2,210,246
1954-55.....	308,909	282,559	168,610	984,846	1,744,924
1955-56.....	494,140	192,904	195,589	936,761	1,819,394
1956-57.....	573,062	260,880	135,000	1,004,272	1,973,214
1957-58 ¹	373,508	180,000	90,000	947,102	1,590,610

¹Preliminary.

Source: For Canada—Dominion Bureau of Statistics.

For U.S.A.—U.S. Department of Agriculture.

For Argentina and Australia—

1934-38 to 1952-53—International Wheat Council.

1953-54 to 1957-58—Official sources of each country.

TABLE XVII

WORLD EXPORTS OF WHEAT AND WHEAT FLOUR BY PRINCIPAL EXPORTERS
DISTRIBUTION BY QUANTITY AND PERCENTAGE OF WORLD TRADE

Average 1930-39
July-June Crop Years 1945-46 to 1956-57

Crop Year	Argentina	Australia	Canada	United States	Others	World Total
(Millions of Bushels)						
Average						
1930-39 ¹	130 (18.3%)	114 (16.0%)	201 (28.3%)	75 (10.6%)	190 (26.8%)	710 (100.0%)
1945-46.....	68 (7.8%)	36 (4.2%)	373 (43.0%)	390 (44.9%)	1 (0.1%)	868 (100.0%)
1946-47.....	60 (8.0%)	47 (6.2%)	229 (30.3%)	397 (52.6%)	22 (2.9%)	755 (100.0%)
1947-48.....	102 (10.9%)	96 (10.3%)	205 (22.0%)	485 (51.9%)	46 (4.9%)	934 (100.0%)
1948-49.....	61 (6.2%)	122 (12.3%)	225 (22.8%)	504 (50.9%)	77 (7.8%)	989 (100.0%)
1949-50.....	88 (10.7%)	114 (13.9%)	232 (28.3%)	299 (26.4%)	88 (10.7%)	821 (100.0%)
1950-51.....	103 (10.9%)	127 (13.5%)	226 (24.0%)	365 (38.8%)	121 (12.8%)	942 (100.0%)
1951-52.....	30 (2.8%)	99 (9.3%)	345 (32.4%)	475 (44.7%)	115 (10.8%)	1,064 (100.0%)
1952-53.....	29 (3.0%)	100 (10.2%)	384 (39.2%)	317 (32.4%)	149 (15.2%)	979 (100.0%)
1953-54.....	110 (12.6%)	71 (8.2%)	278 (32.0%)	217 (25.0%)	193 (22.2%)	869 (100.0%)
1954-55.....	131 (13.9%)	94 (10.0%)	253 (26.8%)	274 (29.1%)	191 (20.2%)	943 (100.0%)
1955-56.....	115 (11.1%)	102 (9.8%)	301 (28.9%)	346 (33.2%)	177 (17.0%)	1,014 (100.0%)
1956-57 ²	98 (7.7%)	129 (10.1%)	267 (20.8%)	549 (42.8%)	239 (18.6%)	1,282 (100.0%)

¹Calendar years.

²Subject to revision.

Source: For Canada—Board of Grain Commissioners for Canada.

All Others—Foreign Agricultural Service, United States Department of Agriculture.

STANDING COMMITTEE

TABLE XVIII

WHEAT ACREAGE IN SELECTED COUNTRIES

1946 to 1957

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Acres)						
1946.....	341	743	221	10,208	2,306	11,415
1947.....	192	868	60	8,384	2,060	11,122
1948.....	354	1,325	170	10,456	2,241	11,526
1949.....	378	1,557	206	10,434	2,279	11,686
1950.....	430	1,611	210	10,673	2,506	11,661
1951.....	408	1,792	200	10,502	2,545	11,683
1952.....	415	2,002	183	10,616	2,948	11,570
1953.....	435 ³	2,249	175	10,426	2,854 ³	11,787
1954.....	470 ³	2,671	210	11,098	2,736 ³	11,785
1955.....	487 ³	2,681	166	11,253	2,894 ³	11,990
1956.....	464	3,220 ²	164	7,000	2,830	12,300
1957 ²	513	— ¹	168	11,510	3,000	12,060

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Acres)						
1946.....	1,562	302	748	232	9,466	2,062
1947.....	1,428	212	723	225	10,321	2,163
1948.....	1,824	244	780	211	11,342	2,279
1949.....	1,872	256	759	206	9,903	1,963
1950.....	1,883	225	838	215	11,063	2,479
1951.....	1,811	185	181	242	12,170	2,130
1952.....	1,779	203	820	250	13,673	2,031
1953.....	1,693	161	956	235 ³	16,178 ³	2,217
1954.....	1,658	272	1,068	250 ³	16,163 ³	2,456
1955.....	1,633	220	872	257 ³	17,757 ³	1,947
1956.....	1,625	212	981	195	18,125	2,293
1957 ²	1,526	243	825	238	17,790	2,117

¹ Not available.² Preliminary.³ Including spelt.

Sources: For 1946-1956—International Wheat Council.

1956-1957—United States Department of Agriculture.

TABLE XIX
WHEAT PRODUCTION IN SELECTED COUNTRIES
1946 to 1957

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Bushels)						
1946.....	13,440	7,803	10,901	248,267	56,299	225,083
1947.....	4,480	13,216	2,016	119,989	43,792	171,883
1948.....	12,656	14,896	9,334	280,485	73,771	226,016
1949.....	21,914	16,090	11,013	296,947	90,794 ¹	259,838
1950.....	20,099	19,548	10,950	282,963	96,048 ¹	285,646
1951.....	19,436	15,579	10,031	261,468	108,357 ¹	255,810
1952.....	21,273	25,351	11,060	309,419	120,924 ¹	289,173
1953.....	21,091	28,366	10,398	329,995	116,845 ¹	332,788
1954.....	21,642	32,004	10,729	388,234	106,300 ¹	267,604
1955.....	26,860	40,455	9,333	380,849	124,120 ¹	349,249
1956.....	21,920	33,000	9,770	240,000	127,560	318,980
1957 ³	27,430	— ²	9,740	397,269	140,630	310,500

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Bushels)						
1946.....	21,691	13,179	25,013	7,467	134,064	73,435
1947.....	26,992	7,131	14,672	6,869	119,280	62,235
1948.....	33,077	11,237	25,797	7,168	159,675	88,144
1949.....	45,920	15,642	25,648	9,333	92,474	82,282
1950.....	49,163	10,839	27,154	8,378	142,272	97,297
1951.....	54,744	9,921	17,527	9,589	210,526	86,458
1952.....	56,475	12,015	28,731	10,251	241,609	86,127
1953.....	50,486	9,149	36,266	9,002 ¹	298,726	99,465
1954.....	55,703	14,587	37,515	12,713 ¹	184,086	103,911
1955.....	53,940	12,860	26,308	11,795 ¹	257,794	97,040
1956.....	50,520	11,340	34,970	7,020	235,160	106,210
1957 ³	48,900	14,680	27,230	10,480	279,250	98,600

¹ Including spelt. ² Not available. ³ Preliminary.
Sources: 1946-1955—International Wheat Council.
1956-1957—U.S. Department of Agriculture.

TABLE XX

IMPORTS OF WHEAT AND FLOUR INTO SELECTED COUNTRIES FROM ALL SOURCES

Crops Years¹ 1947-48 to 1956-57

Crop Year	Luxembourg	Brazil	Denmark	France	Germany (West)	Italy
(Thousands Bushels)						
1947-48.....	28,289	22,954	3,483	52,760	133,806	82,163
1948-49.....	26,411	33,690	3,483	16,777	121,273	92,686
1949-50.....	23,744	37,740	908	11,758	89,824	36,604
1950-51.....	37,739	54,043	2,175	10,189	96,746	63,339
1951-52.....	30,203	50,001	1,984	35,660	80,505	59,506
1952-53.....	25,721	51,845	3,009	10,674	83,812	45,636
1953-54.....	27,484	59,929	4,835	9,987	87,670	22,891
1954-55.....	25,103	59,367	13,952	8,029	106,020	18,816
1955-56.....	17,516	62,446	11,949	16,954	93,862	26,694
1956-57 ²	17,637	62,464	8,135	65,874	117,999	19,816

Crop Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousands Bushels)						
1947-48.....	45,558	28,498	6,515	15,381	345	198,721
1948-49.....	66,234	28,429	2,410	14,396	—	214,411
1949-50.....	76,956	24,684	2,811	11,060	12,802	167,419
1950-51.....	61,718	26,834	2,998	16,505	2,829	162,205
1951-52.....	63,181	32,570	8,686	12,853	1,653	183,542
1952-53.....	45,378	33,033	8,999	13,264	—	174,569
1953-54.....	86,972	34,098	1,124	15,506	—	143,888
1954-55.....	72,018	30,005	434	13,698	6,243	188,892
1955-56.....	83,412	33,418	2,245	9,935	3,465	193,581
1956-57 ²	87,939	33,863	2,168	21,414	11,163	184,108

¹ July-June year.² Subject to revision.

Source: Food and Agricultural Organization of the United Nations—World Imports of Wheat and Wheat Flour.

TABLE XXI

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 1 NORTHERN WHEAT BASIS IN STORE FORT WILLIAM/PORT ARTHUR OR VANCOUVER

Crop Years 1943-44 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Interim Payment	Final Payment ¹	Total Realized Price ¹
(Dollars per Bushel)					
1943-44	1.25	—	—	.123	1.373
1944-45	1.25	—	—	.189	1.439
1945-46	1.25	.50	—	.084	1.834
1946-47	1.35	.40	—	.084	1.834
1947-48	1.35	.40	—	.084	1.834
1948-49	1.55	.20	—	.084	1.834
1949-50	1.75	—	—	.084	1.834
1950-51	1.40	.20	—	.258	1.858
1951-52	1.40	.20	—	.236	1.836
1952-53	1.40	.20	.12	.099	1.819
1953-54	1.40	—	.10	.064	1.564
1954-55	1.40	—	.10	.151	1.651
1955-56	1.40	—	.10	.109	1.609
1956-57 ²	1.40	—	—	—	—

¹ Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. Levy.

² Pool account not closed out at date of report.

TABLE XXII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 2 CANADA WESTERN OATS BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Final Payment ¹	Final Realized Price ¹
(Cents per Bushel)				
1949-50	65	—	19.1	84.1
1950-51	65	10	9.8	84.8
1951-52	65	—	18.8	83.8
1952-53	65	—	9.1	74.1
1953-54	65	—	5.5	70.5
1954-55	65	7	8.7	80.7
1955-56	65	—	14.8	79.8
1956-57 ²	65	—	—	—

¹ Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

² Pool account not closed out at date of report.

TABLE XXIII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 3 CANADA WESTERN
6-ROW BARLEY BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Final Payment ¹	Final Realized Price ¹
1949-50.....	93	—	58.0	151.0
1950-51.....	93	20	21.1	134.1
1951-52.....	96	20	13.3	129.3
1952-53.....	96	15	13.5	124.5
1953-54.....	96	—	10.0	106.0
1954-55.....	96	10	4.5	110.5
1955-56.....	96	—	12.8	108.8
1956-57 ²	96	—	—	—

¹Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

²Pool account not closed out at date of report.

By Mr. Gundlock:

Q. Mr. Chairman, yesterday we discussed a certain figure for administrative costs. Is there a figure that shows total cost?—A. Yes, Mr. Earl, our comptroller, will deal with that if he may.

Mr. C. E. G. EARL (*Comptroller, Canadian Wheat Board*): I believe, sir, your question is, whether in cents per bushel or percentage-wise you can have the operating costs for wheat. I believe you referred specifically to wheat. If I may refer you to the supplementary report for the final operating statement, we show the total costs covering the operating expenses of the board.

The CHAIRMAN: On what page is that?

Mr. EARL: In the "Statement of Operations" the carrying charges on wheat stored in country elevators, shows an item of \$36.8 million which is 10.192 cents per bushel, basis producers' deliveries. Storage at terminal elevators and mills, \$12.8 million, is 3.550 cents per bushel. Net interest paid to agents \$4.8 million, 1.331 cents. This gives a total of 15.073 cents. Carrying charges received under the Temporary Wheat Reserves Act from the government were \$33.1 million or 9.170 cents, leaving a net carrying charge paid by the producers of \$21.3 million or 5.903 cents.

Net additional freight \$3.5 million or .971 cents per bushel.

Then, the next three items are rather small in comparison with the others so I have grouped them and they amount to .289 cents. Administrative and general expenses \$2.0 million or .559 cents, giving a total carrying charge rate per bushel of 7.722 cents, representing in total money \$27.9 million.

Mr. GUNDLOCK: Thank you very much.

By Mr. Muir (Lisgar):

Q. Just before we leave that item have we had a breakdown of the various stocks of grain in store in merchantable condition? Have we had that figure given?—A. Do you mean as at the present time?

Q. As of today?—A. Do you just have in mind wheat, or all grains?

Q. Wheat, oats and barley.—A. This is at July 23, the date of the last report of the Board of Grain Commissioners. Commercial wheat visible was 383.0 million bushels, commercial oats 40.5 million bushels, barley 53.3 million bushels.

Q. Would you read those figures again.—A. Wheat 383.0 million, oats 40,520,000, barley 53,333,000. Those were the stocks in commercial position as at July 23, 1958. Is that the information you want?

Q. Yes. You would not have any information as to what private stocks are held?—A. No, we have not, but we have an indication from the questionnaires that elevator agents have given us from time to time in which they indicate the quantity of grain that in their opinion is available for delivery into commercial channels, grain still on farms which farmers would like to market after deducting their own feed and seed requirements.

As at July 23, based on the latest information we have received from the elevator agents, there were 167.7 million bushels of wheat that the agents indicated were still on farms available for marketing, 42.9 million bushels of oats and 24.6 million bushels of barley, 2.8 million bushels of rye, 700,000 bushels of flaxseed or a total of 238.7 million bushels.

I should say that many of the people in the grain trade question very much the validity of these estimates and express the opinion that they think these farm stocks are higher than they actually are.

By Mr. Nasserden:

Q. Would you read those over again?—A. Wheat 167.7 million bushels, oats 42.9 million bushels, barley 24.6 million bushels, rye 2.8 million bushels, flaxseed 700,000 bushels, total 238.7 million.

I might advise the committee that another survey is being completed at the present time as at July 31, at the end of the crop year, and we hope within the next two weeks to have a more accurate estimate of the stocks that are on the farms according to the elevator agents.

In addition to these figures the Bureau of Statistics make a survey at the end of the crop year and they will be publishing the figures of their estimate of farm stocks.

By Mr. Muir (Lisgar):

Q. What is the total grain storage, I mean your capacity?—A. The rated capacity in Canada is 636 million bushels. We estimate that the maximum storage capacity, that is, the quantity of grain that they can actually store for this rated capacity is 556.6 million bushels.

Q. Is that leaving working space?—A. Allowing for working space we estimate the seasonable working capacity, that is, when the Lakehead is unloading and handling grain, that there is a further reduction to 503 million or approximately 500 million during the shipping season. At the close of navigation when the terminals can fill up, then we can get up to 556 million; but normally we estimate the working capacity at 503 million.

Q. Considering the short crop that we feel is coming up, would you consider that this looks excessive at all, the amount of grain that we have on hand?—A. I would like to see it somewhat lower; but as I said yesterday, I do not want to see our stocks get reduced to too low a level. I would say this, that provided our hopes are realized and that we can export another 300 million bushels of wheat and estimating the new crop, at 300 million, then in theory it may be possible to provide commercial storage to take all the grain off the farms during the coming crop year. We still have a large commercial supply; but in theory there should be enough commercial storage to take all the wheat off the farms if we can export 300 million bushels during the next 12 months.

By Mr. Thomas:

Q. I wonder if Mr. McNamara could give us the latest estimated yield for the present crop?—A. Mr. Chairman, the first thing that I learned when I went into the grain business 30 years ago was never to try to estimate a crop at this stage. Notwithstanding that, I can give you a personal opinion. I think the western wheat crop as it stands today will yield something in the neighbourhood of 300 million bushels as compared with a production of 375 million last year. It will be lower than last year; but the crop, particularly in Saskatchewan, has made a marvellous recovery in the last two or three weeks and I am hoping the wheat production will be in excess of 300 million bushels.

Q. What about oats and barley?—A. I would not hazard an estimate in respect to these grains except to say that I think the reduction in the yield of both oats and barley as compared with wheat will be greater. I would estimate we will not have as much oats or barley as we had last year. Wheat has made a recovery, but oats and barley were damaged more severely and I do not anticipate as good production.

By Mr. Southam:

Q. As a matter of information and talking about handling charges and production and so on over this last period of four or five years, what has been the relative decrease or increase in relation to the cost of handling charges, and the administration of the board? I am thinking you have had a much larger volume of grain to handle. Have our relative handling charges gone up or down? I am thinking of that in comparison with our economy, the higher cost of handling and everything else?—A. The handling charges today paid to the country elevator companies are the same as they have been for a number of years, there has been no increase in the rate they have been allowed, but the storage charges have been increased. The rate of storage was increased two years ago from 1/35 of a cent per bushel per day to 1/30 of a cent at the terminals and last year that same increase went into effect in the country elevators. All the increase has been in the storage rates, not in the country handling margins.

By Mr. Pascoe:

Q. Mr. Chairman, I wonder if it would be a fair question to ask Mr. McNamara if he anticipates possibly in addition to the initial delivery whether there will be a one bushel quota or a two bushel quota early. Is that a fair question to ask?—A. Well, it is the shooting season; I guess everything if fair. It is difficult to answer that question, Mr. Pascoe, because we have different conditions in the different areas of the west. There are certain areas where there is space available now for the unit quota, and only small additional shipments will be required to enable us to start taking the regular quota off the farms. But there are other areas where the elevators are completely congested areas which rely mostly on a movement to Port Arthur and Fort William. That movement will be very slow for the next few months unless something unexpected develops. So I am afraid we will be confronted with a picture where in one area it will take some time to increase the quota whereas in other areas we can increase the quotas much more rapidly than last year.

Q. Will they be opened as quickly as they can be?—A. Oh yes, we have always worked on the policy that as space becomes available that space should be made available for producers' deliveries.

By Mr. Horner (Acadia):

Q. Now that we are on this question of storage and the amount of wheat in storage, you said yesterday that the government pays the storage on 178 million bushels?—A. Over 178 million bushels.

Q. It is over 178 million bushels?—A. Yes, as at July 31. When the figure for July 31 is set, the government will pay us a year's storage in 12 monthly payments based on the quantity in commercial storage in excess of 178 million bushels, which is considered the normal figure.

The CHAIRMAN: On behalf of the committee, Mr. McNamara, I am sure we wish to extend to you our sincere appreciation—to you and Mr. Robertson and Mr. Treleaven and the other staff here—for coming down and being with us yesterday and today.

We certainly appreciate it and I know that the members of this committee will agree with me that the information you have given them is educational and informative. We hope to see you again, perhaps next year, and I also wish to thank the committee myself for the cooperation which I have received from you in taking up this report of the Canadian Wheat Board and the supplementary report.

Again thank you very much for your time and efforts and the informative information which you have given this committee.

The WITNESS: Thank you very much, gentlemen. We have enjoyed the privilege of appearing before you and discussing these problems with you. Thank you very much.

The CHAIRMAN: I hope our committee will not leave. We are getting down near the end of a quorum here and if we drop below 15, you know what happens. It is a kind of black mark for us to have to adjourn because of not having a quorum.

When the members of the Wheat Board get their paraphernalia gathered up here, we will call the Board of Grain Commissioners and go on with the committee.

Gentlemen of the committee, we are fortunate in having with us here this morning, the Board of Grain Commissioners. There are parts of their report which is comparable to the report of the Canadian Wheat Board which we have just received. Mr. Milner, the chief commissioner, will take up with you the report of the Board of Grain Commissioners.

First, I will ask Mr. Milner to introduce the members of the board whom he has with him. Then Mr. Milner will go through and give you an explanation of the points he has in mind, and after that we will take up the report paragraph by paragraph the same as we did with the report of the Canadian Wheat Board.

Mr. R. W. Milner (Chief Commissioner, Board of Grain Commissioners for Canada) called:

The WITNESS: Mr. Chairman and gentlemen, we are very glad to be here to present this report to you which we have done for a good many years before committees of this kind.

As suggested by the Chairman, I will introduce to you the members of our board: Mr. S. Loptson, Commissioner; Mr. G. McConnell, Commissioner; Mr. W. J. MacLeod, Secretary of the board; our Chief Chemist, Dr. J. A. Anderson; Mr. M. J. Conacher, Chief Grain Inspector and Mr. E. Baxter, Chief Statistician.

I will ask the secretary to read this report which you have before you. The first 2½ pages contain statistical figures. These figures were obtained by the Canadian Wheat Board from our statistical branch and were also included in their report.

Mr. W. J. MACLEOD (*Secretary, Board of Grain Commissioners for Canada*):

Winnipeg, Manitoba,
January 24, 1958.

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
Ottawa, Canada.

Sir:

We beg to submit herewith Report of the Board of Grain Commissioners for Canada for the year 1957 in compliance with Section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1956 to July 31, 1957, expenditures and revenue for the fiscal year April 1, 1956 to March 31, 1957, and summarizes the major activities of the Board for the 1957 calendar year.

Grain Supplies and Disposition—Crop Year 1956-57

Heavier crops, reduced exports, increased domestic usage and a record closing carryover featured the 1956-57 grain crop season in Canada.

A total of 827.4 million bushels of the five principal grains were on hand August 1, 1956, either in licensed storage, in farmers' bins or in transit between positions. To these supplies the substantial 1956 crops added an all Canada production total of 1,409.7 million bushels made up of 573.1 millions of wheat, 524.4 millions of oats, 269.1 millions of barley, 8.6 millions of rye and a record 34.5 millions of flaxseed. This available supply total of 2,237.1 million bushels of the five principal grains represented a 353.4 million bushel grain over the 1955-56 Crop Year level.

Export shipments, either as grain or in the form of wheat flour and milled oats, absorbed 385.4 million bushels of these supplies. Canadians, themselves, used a record quantity—732.0 million bushels of the five grains—for human consumption, commercial products, animal feed and seed during the crop season. Despite this heavy combined disappearance of 1,117.4 millions the volume of grain held at the close of the crop season on July 31, 1957, amounted to 1,119.7 millions—a record year end carryover.

Grain movement from farm to market maintained a moderate steady pattern during the 1956-57 crop season. Shipping during the fall months was heavier than over the opening period of 1955-56 but winter and spring handlings were light and in comparison did not rise to the peak levels recorded during the previous year. The overall volume, however, compared favourably and represented above average handlings in most sectors—an exception being the eastern seaboard traffic which declined noticeably during the year under review.

Marketings

Primary grain deliveries from Canadian farms to the licensed elevator system totalled 588.7 million bushels of wheat, oats, barley, rye and flaxseed, combined. This inward volume represented a 20.0 million bushel increase over

1955-56 marketings and was the fourth heaviest delivery total on record. Receipts at western country elevators accounted for 578.6 million bushels of this total; prairie farmers marketed a further 6.5 million bushels at other interior elevators and mills, and shipped .3 million bushels over loading platforms. A slightly increased volume of eastern grown grain, chiefly wheat, moved into the licensed system during 1956-57—3.3 millions compared with only 1.4 millions in 1955-56.

Country Elevator Shipments

Grain car loadings at country points over the Crop Year totalled 560.7 million bushels and exceeded the previous year's rail movement by 20.9 millions. Shipments of wheat—359.4 millions, and of flaxseed—26.9 millions, were heavier than during the previous year; barley movement was steady at 116.0 million bushels while rail traffic of oats (52.5 millions) and rye (5.9 millions) was down from 1955-56 levels. A slightly higher percentage of these cars moved westward—24.2% compared with 21.0% in 1955-56.

Terminal Handlings

These heavier country elevator shipments were not paralleled by similar forwarding at the Lakehead. Fort Williams-Port Arthur grain unloads at 351.0 million bushels all grains were 17.3 millions above the previous year but declines in the vessel loadings of wheat, barley and rye cut the total outward movement to 329.6 million bushels compared with 348.0 millions in 1955-56. As a result Lakehead terminal stocks were held at a relatively high level throughout the season; an average storage of 64.1 million bushels of the five principal grains was recorded over the year and a peak stock of 81.6 million bushels was reached just prior to the opening of navigation.

This reduced Great Lakes traffic stemmed from a sharp decline in Eastern Seaboard exports and a consequent slowdown throughout the eastern system. Canadian Atlantic Seaboard ports, St. Lawrence and Maritime, reported a 47.8 million bushels drop in ocean shipping during the crop year. Movement during the fall months of 1956 was relatively strong but clearances from February to July, 1957, were only a fraction of the previous season's closing export traffic. Minor gains in shipments of flaxseed were offset by a drop of 49.1 million bushels in wheat clearances (101.5 millions) and total vessel loadings of the five principal grains combined through this ocean shipping sector amounted to only 145.2 million bushels compared with 193.0 millions handled by these eastern seaboard elevators in 1955-56.

The Port of Churchill, shipping during the stronger fall export period, increased its overseas wheat loadings in 1956-57 to 48 boats with a total cargo of 16.3 million bushels of wheat.

In contrast to the reduced eastern seaboard traffic, Pacific coast terminals established a new all-time record for ocean grain shipments during the 1956-57 season. The 139.0 million bushels of wheat, oats, barley and flaxseed loaded to ocean vessels were approximately 5.1 million bushels heavier than the former combined grains record established in 1953-54 and were more than 25.0 millions above the 1955-56 outward movement.

Exports

Canada's 1956-57 grain and flour exports were made up of 228.3 million bushels of wheat, 34.5 millions of wheat flour (expressed in terms of wheat bushels), 18.3 millions of oats, .4 millions of milled oats (grain equivalent), 76.9 million bushels of barley, 5.4 millions of rye and a record of 21.6 million bushels of flaxseed. The combined grain and flour total of 385.4 million bushels although down 16.7 millions from 1955-56 levels, was still 67.5 million bushels

better than the long term, 30 year average of Canadian grain and flour exports (317.9 million bushels). As noted in the forwarding review, the shipping pattern was in definite contrast to the heavy closing trade recorded in 1955-56. Shipments during the first six months totalled 206.0 millions and were 51.4 millions above the exports for the opening half of 1955-56; from February 1, 1957 to July 31, clearances dropped to 179.4 million compared with 247.5 million bushels moved during the last half of the preceding season. Principal reduction in the Canadian export trade was in clearances of wheat in grain form—down 40.9 millions from the previous year. This drop, coupled with more moderate declines in clearances of wheat flour and rye, reduced Canada's share of an expanding international bread grain trade to an estimated 22% compared with 28% of the 1955-56 world movement. Compensating in part for the lighter wheat and rye exports were expanded clearances of Canadian oats, barley and flaxseed. Oats exports including rolled oats and oatmeal climbed to 18.7 million bushels from 4.1 millions in 1955-56; barley clearances advanced 12.6 millions to 76.9 millions. Exports of Canadian flaxseed at 21.6 million bushels represented an all-time record for clearances of this grain. These heavier coarse grain clearances increased Canada's percentage of the world coarse grain trade to an estimated 16% compared with approximately 14% in 1955-56.

Domestic Usage

Crop year balances indicate a Canadian domestic grain disappearance of approximately 732.0 million bushels during 1956-57. This includes grain used on farms for seed and feed as well as quantities absorbed by mills and processors for the production of flour for Canadian use, cereals, feed products, oils, industrial alcohol, malt and other commercial products derived from grain. This consumption represented a further increase in Canadian home grain usage which has been rising steadily over the past several years.

Carryover

The supplies of 1,119.7 million bushels of the five principal grains held by Canada in elevators, in transit and in farm bins at the close of the season represented a record July 31 carryover. These supplies were approximately 35% above the 827.4 million bushels held in similar position on July 31, 1956, and some 141% above the ten-year (1947-56) average of 464.0 millions. An increase of 34.4 million bushels in the volume of wheat in licensed storage was the only major change in the quantities held in visible elevator and transit positions with the big increases in year end stocks of wheat and oats occurring in farm held supplies which were at the highest levels on record. The breakdown of the July 31, all-position carryover with last year's totals in brackets was estimated as follows:—wheat 729.2 (579.6), oats 226.1 (119.1), barley 142.7 (110.9), rye 14.1 (15.3), and flaxseed 7.6 (2.5) all millions of bushels.

Licensing and Bonding

The total licensed storage capacity at July 31, 1957, was 628,302,350 bushels including 15,142,090 bushels in special annexes. Licenses were in effect for 5,468 country, terminal, mill and eastern elevators; an increase of 13,623,450 bushels capacity and a decrease of seventeen licenses over the same date in 1956. Approximately one-half of the increase in storage capacity occurred at country elevators.

The CHAIRMAN: Are there any comments?

By Mr. Jorgensen:

Q. What does the decrease of 17 licenses include?—A. Each elevator is licensed under our board and it may be that elevators were wrecked and were not relicensed.

The CHAIRMAN: Are there any further questions?

By Mr. Rapp:

Q. Would the storage capacity mean new annexes or new elevators?—A. To what item are you referring; the increase of 13 million bushels?

Q. Yes. "Approximately one half of the increase in the storage capacity occurred at country elevators."—A. It says one half of it; that would be 6,800,000. It was an increase in country elevator capacity.

Q. It would be the building of new annexes.—A. Annexes, as a rule; but the annexes built at the country elevators were on railway sidings.

By Mr. Southam:

Q. Would they require separate licences?—A. No. When they are applying for a licence they must show their capacity for an annex, and that is shown in this figure here. Page 20 would show the comparison—right down at the bottom. You will see the number of licences and the licensed capacity.

The CHAIRMAN: We will go on to the paragraph headed "Assistant Commissioners".

Mr. MACLEOD:

Assistant Commissioners

Through its four Assistant Commissioners, the Board kept in close touch with the operation of licensed country elevators in the Western Division. During the year 1957, the Assistant Commissioners inspected 687 elevators in Manitoba, 1,043 in Northern Saskatchewan, 891 in Southern Saskatchewan, and 1,625 in Alberta, a total of 4,246. This inspection included checks on scales, sieves and certain other equipment; deductions for shrinkage and Prairie Farm Assistance Act Levy; and posting of current Board Regulations applying to country elevators.

Complaints originating from country points totalled 28, including 3 carried forward from 1956, as compared with 38 in the previous year.

Disposition of complaints investigated was as follows:

	Manitoba	Saskatchewan	Alberta	Total
No grounds for complaint	—	10	1	11
Settlement effected	1	7*	—	8
Outside jurisdiction of Board	—	1	—	1
Penalty levied against licensee	—	1	—	1
Licensee warned	1	—	—	1
Complaint withdrawn	—	5	—	5
Not yet disposed of	—	1	—	1
Totals	2	25	1	28

*Includes one formal investigation.

The Assistant Commissioners received and handled numerous inquiries on various matters related to country elevator operation. They also discussed accumulated overages with elevator agents concerned.

The CHAIRMAN: Any comments on this?

By Mr. Pascoe:

Q. I see that you have a total of 28 complaints. I suppose that they are major complaints?—A. No. Those were complaints dealt with by the board. There are, of course, differences of opinion between buyers and sellers in any commodity, and we have lots of differences of opinion in respect of grades in the country elevators. When there is a difference of opinion which cannot be settled, and it comes before our board, or if it is a violation of our act, those matters are dealt with in the original instance by notifying the assistant commissioner to make an investigation and to make an attempt to

settle the thing on the spot. If that cannot be done, it is referred to the board for our consideration. By and large our assistant commissioners are able to negotiate a settlement between the disgruntled parties and the thing is usually fixed up.

As a matter of information for the committee, in respect of any complaint which we have we open up a file on it and head it "Complaints and reasons for them" and the file will consist of the report and the investigation which we have made in respect of it and the file finishes with a statement from the complainant that he is satisfied with the adjustment which he has received. It is all buttoned up in that way. That did not use to be the case.

By Mr. Jorgenson:

Q. Do these complaints in respect of feed mills come under your jurisdiction? I understand there are some feed mills which are going to be prosecuted?

—A. You mean these violations in the obtaining of supplies?

Q. Yes.—A. That does not come under us. It comes under the Canadian Wheat Board.

The CHAIRMAN: We will now take the item "Prosecutions".

Mr. MACLEOD: One penalty for a breach of Section 6 of Board Regulation No. 18 was levied and collected in the amount of \$200.

The WITNESS: I may tell you that was for violation of the car order book regulations where an agent, on a car order book application for a car, instead of loading the farmer's grain, loaded his own grain. That was distinctly in violation of our regulations and we slapped a fine on him.

By Mr. Muir (Lisgar):

Q. Do you have much trouble with treating of grain?—A. You mean with mercurial treatment and such things?

Q. Yes.—A. Yes. We have had a considerable amount of trouble on that. There is a very heavy fine under our act. When the grain comes in our inspector condemns it. It is readily discernible. The grain treated with Panogen becomes a pinkish colour. A sample is taken and we do not permit that grain to go into commercial channels, other than for feed. It has to be diluted depending on the number of treated kernels which are in the sample. It is very difficult to trace the origin of it because it comes in and the agent does not know which farmer delivered it. We do have trouble in this connection, but we can handle it.

The CHAIRMAN: "Shortages and overages, Country Elevators".

Mr. MACLEOD:

Shortages and Overages, Country Elevators

Due to continuation of the congested storage situation at licensed country elevators in the Prairie Provinces, only 1,452 out of a total of 5,360 elevators could be weighed over during the crop year 1956-57 by the companies operating them. The following table contains an analysis and comparison of the results disclosed by these audits:

<u>ELEVATORS REPORTING</u>	<u>1956-57</u>	<u>1955-56</u>
Shortages	481	627
Neither overages nor shortages	2	2
Overages of less than .25%	677	738
Overages of .25% to .50%	224	219
Overages over .50%	68	67
Total elevators weighed over	1,452	1,653

The Board considered that reported overages for some of the elevators were excessively high and summoned a total of ninety-four elevator agents to appear before it at hearings held at Winnipeg, Regina, Saskatoon, Calgary and Edmonton. At these sessions, members of the Board and Assistant Commissioners interviewed the agents and examined records concerning their operations in the presence of superintendents and other senior officials of the elevator companies concerned.

By Mr. Forbes:

Q. Yesterday I asked a question, to which I did not receive an answer, in respect of the figure of overages to the extent of something better than one million bushels. It seems that this is quite a lot of overage. I believe that that is under the control of your board. Is that an excessive overage?—A. No. The figure which the wheat board gave you consisted of the overages which occurred in the terminal elevators and those which came from any other sources, and not that which came all together from overages in country elevators.

We are never happy when there is an overage in a country elevator and we do an enormous amount of checking. As stated in this report, we hold meetings each year throughout the country and we have insisted, in the last few years, that not only the agent appear before us but also the traveller in the territory, the superintendent, and the officials of the company. We are bringing home to them the fact that we do not want any overages.

I will say this, that our overages in the period under review amount to about nine one hundredth of one per cent on the elevators which were weighed over. We have had it down as low as .02 per cent. The thing seems to fluctuate. I believe the reason why these overages have come up recently is that 43.6 per cent of the elevators which were weighed over and for which we have cut-offs, and to which there has been reference, had not been weighed over since 1953. So that you had a five year period. It is very difficult. You have changes of agents and one thing and another, and it is difficult to pin down the responsibility for an overage.

I do not like overages and I do everything possible to stop them. We do not like the country elevator overages because that is something which concerns the producer. But when we get to the overages which occur in terminal elevators, that might be quite a legitimate and proper overage and it could be occasioned by the fact it is grain which is salvaged from screenings and from thin grain which goes through on the sieves, and so on, which is put into the feed grades.

So that while we do not like overages in terminals, we do not take the same dim view of terminal overages as we do of the overages which occur in country elevators because the grain as it leaves the country elevator has passed out of the farmers' hands. If the terminals can salvage some grain from the screenings, and they have the equipment to do it, I think it is a proper and a sensible operation.

Q. Are the overages here for a specified grain like wheat, and so on, or is it an average?—A. It is an average.

By Mr. Southam:

Q. I think the significant thing is that in the inspections last year you were only able to inspect a total of 1,452 out of a total of 5,360?—A. Yes.

Q. And if you could do it annually and inspect them all you would not have that percentage?—A. That is right. I can assure you it would be a very small percentage. Any of you gentlemen who are familiar with the operation of a country elevator will realize that when you get down to a fraction of 1 per cent you are getting down fairly close in the weighing conditions which exist in a country elevator. I would, of course, like to see them come out absolutely even.

By Mr. Gundlock:

Q. Actually you are allowed one-half of 1 per cent under the statute.—
A. Not in the country elevators; nor in the terminal elevators.

By Mr. Thomas:

Q. Is there not a deduction which any elevator company can make under the statutes?—A. Yes. There is a shrinkage allowance.

By Mr. Southam:

Q. I would like to make the comment that I sincerely approve of the attitude of the Board of Grain Commissioners on these overages and in having inspections and having the officials of the company and some of the travellers as well as the agents attend at the discussions.—A. That was not the previous practice. We changed it more than three years ago.

Q. I think that was a good move.

By Mr. Nasserden:

Q. Was the shrinkage allowance increased a few years ago?—A. I will give you the changes which have been made in the shrinkage. I think we reduced it on some and increased it on others. We reduced it, for instance, on flax.

By Mr. Pascoe:

Q. I do not know whether or not this is the right place to bring this up. Mr. Milner mentioned that grain is salvaged from screenings. What do they do with the final screenings.—A. Some of those are carted away to nuisance grounds and some of them are sold. They have, at times, made them into these fire logs. It will burn. For instance, at Churchill their power is developed from the use of screenings as a fuel. The B.T.U. units in it are not very high, but they still use some refuse screenings there.

By Mr. Muir (Lisgar):

Q. Are screenings sold by the carload to eastern buyers?—A. Yes; but the bulk of it is sold to Duluth in boat loads.

By Mr. Horner (Acadia):

Q. Do we not have a market for it in Canada?—A. Apparently not.

Q. Was there not, at one time, a law against shipping grains back into the prairies?—A. That came under the Noxious Weed Act under the Department of Agriculture. It was felt that screenings dripping out of a wagon box would spread around noxious weeds.

Q. Is it still against the law?—A. I believe it is. It is under the Department of Agriculture and under the Noxious Weed Act.

Q. If it is still against the law how is it that there are still screenings coming back from Vancouver into Alberta via boxcars.—A. Well, sir, we do not administer or have anything to do with the Noxious Weed Act. It was nothing to do with our board, but the Department of Agriculture could perhaps answer that.

By Mr. Forbes:

Q. Mr. Chairman, it would come under the reclaiming of screenings, which is under the plant products department.—A. I am not sure what department, but I know very well it does not come under our Act. There are certain types of screenings that are sold out of Vancouver. They do a lot of grinding of

screenings out there and there are other additives added—molasses and so on. They sell them in pellet form and they guarantee the protein and fibre content of the screenings. There has been a market for that in California, and the state of Washington.

The CHAIRMAN: "Regulations and orders."

Mr. MACLEOD:

Regulations and Orders

Regulation No. 4 was repealed by the Board on October 28, 1957 and replaced by a new Regulation No. 4 which includes provisions applying to licensed eastern elevators in regard to cleaning of grain and bins.

Minor amendments were made to Regulations Nos. 5, 6 and 15 effective August 1, 1957, to include percentages applying to rapeseed.

Section 20 of Regulation No. 18 was amended effective August 1, 1957 by revising the table of dockage testing equipment and including therein additional items related to rapeseed and mustard seed.

Regulations Nos. 20, 21 and 22 were also amended effective August 1, 1957 by increasing certain maximum elevation charges for eastern, country and terminal elevators. The provision for fifteen days free storage between January 1 and March 31 at eastern elevators was removed from Regulation No. 20. In Regulation No. 21, the Allowance for Invisible Loss and Shrinkage on Flax delivered to country elevators was reduced by one-half of one per cent, to one per cent on straight grades and one and one-half per cent on tough and damp grades. In Section 10 of Regulation No. 20, weights per bushel to be used in assessment of eastern elevator charges were established for rapeseed, mustard seed, peas, soybeans and sunflower seed.

By Order No. 1—1957-58, dated October 16, 1957, the Board altered, effective October 21, 1957, the provisions of a portion of Regulation No. 5 to effect a change in the procedure for grading of Western Barley containing stones, gravel or like material.

By Order No. 2—1957-58, dated October 18, 1957, the Board renewed until further notice its suspension of a provision of Regulation No. 23 relating to storage of grain at licensed country elevators.

By Mr. Gundlock:

Q. Mr. Chairman, that last paragraph, could that be explained in relation to regulation No. 23?—A. There is a requirement under our regulations that grain may be stored only in licensed premises, and not otherwise. There had been a demand to have railway cars out of turn sent in to points, and that goes to the car committee who deals with it, for the purpose of renovating annexes, floors to be renewed or something like that. Rather than send them the extra cars, we changed our regulation to permit elevator companies to put the grain on the ground outside the annexes, until they made their annex repairs and then load it back into the annex again. Otherwise, they could not have placed the grain on the ground and continued to obtain storage charges or carrying charges from the Canadian Wheat Board while it was in that position. So that the grain was taken out of the storage annex, put on the ground, the repairs made to the storage annex, and the grain put back in again. That was the only purpose of that change in regulations.

Q. Where then is the regulation, if I may ask, that allows certain individuals to store grain and to be paid for it? I have in mind, Mr. Chairman, the customs man, for instance, in the customs port of Coutts in Alberta who has built some 30 or 40 granaries for the purpose of storing grain. Maybe this does not come under your jurisdiction, but it must be regulated some place?—A. Go ahead, sir.

Q. It is simply a side business for him, and, of course, some of us farmers wonder why we cannot do the same thing.—A. Well, sir, under the Wheat Board regulations—they are not here are they? No. They will pay carrying charges only on grain that is stored in premises licensed by our board.

Q. Well, why then would you not license a good bona fide farmer in comparison to a customs man?—A. This would get down to the question of farm storage; I do not think we do license the customs man.

Q. Does the elevator?—A. I do not know, sir. Where is it,—near New Dayton?

Q. Coutts?—A. Well, I will tell you what we will do; we will look it up.

Q. Do not be too hard on him, just extend it a little.—A. We have no record of his being licensed at all, sir.

Q. Well, there are about 30 granaries across the road from the elevators that belong to a private individual that works in the customs office.—A. I wonder if it is American grain that he is storing in there?

Q. Oh no.

By Mr. Forbes:

Q. I wonder if the elevator could rent these granaries from this man and in turn collect storage?—A. Well, he could not collect it unless this was done some years ago, because you know now we do not licence what is termed "offsite storage" and we did that after consultation. We held a meeting with the Wheat Board at their request to consider licensing of offsite storage and we do not licence any more offsite storage,—that is, storage which is not on railway sidings and from which grain cannot be delivered directly into box cars.

By Mr. Gundlock:

Q. You mean you have suspended that recently—A. Yes sir.

Q. Would that apply to these curling rinks?—A. Curling rinks and airport hangars and so on. The ones that had been licensed are still licensed; we did not disturb them, but we are not licensing any more of them.

By Mr. Nasserden:

Q. What is the reason for discontinuing it?—A. The reason for discontinuing it, as far as our board is concerned, is that the grain belongs to the Canadian Wheat Board. They asked our board to meet with them to discuss the question of licensing of those offsite storage places. They said they did not want them licensed any longer,—the grain was out of position and for other reasons. So naturally our board went along with them; it is their grain.

Q. What were the other reasons?—A. I think largely it amounts to this, that grain that gets into a bin that is offsite—as you know it costs money to truck it out there, and it costs money to truck it back, and there is a tendency for that grain to remain there too long. We have a considerable amount of grain now that has been in storage for a good many years in western Canada.

We are concerned about it, not because it looks bad but it becomes what—I guess Dr. Anderson could explain this to you better than I—but we will call it "tired wheat" and it does not behave in quite the same way as wheat which has not been in store too long a time. We have been discussing with the Wheat Board, and I heard Mr. McNamara say yesterday, I think it was, that they proposed to move this wheat slowly from these offsite storage buildings.

By Mr. Rapp:

Q. I asked him that question, and would you be able to elaborate on it? Is it the intention to move the grain out this year because it is a better grade of wheat that is stored on these offsite storage places than some of the grain

that is stored in country elevators, as a rule?—A. Well, every person who stores grain in an annex where it is not readily available is very careful to take good dry wheat; but as far as the quality of it is concerned, some of that wheat has been in there since before 1953. Without looking up exactly the year, it went in—I don't know what the quality of the wheat was and how well it will blend with this—but if we had a good crop quality wheat this year, it would be a good year to get rid of it. I will put it that way.

The CHAIRMAN: "Committees on grain standards".

By Mr. Thomas:

Q. Mr. Chairman, the manner of storage for wheat in southwestern Ontario has become a very important matter to the people in that area especially since this new Ontario wheat marketing board has been set up. I understand that they have had considerable difficulty in negotiating for storage. Not only this year under the new board, but last year, the committee of wheat producers undertook to make arrangements for some storage. I wonder if the chairman of the board of grain commissioners could give us any advice as to how we can proceed to guarantee storage, for instance, in the Walkerville elevator or some of the other elevators that might be used to store western Ontario wheat.—A. Well, sir, I have had some correspondence with Mr. Myers in that regard and I had correspondence with him the year before; but all I did this year was to repeat what I told him the previous year, that the way he could arrange to get his Ontario grain stored is to arrange with the Canadian Wheat Board to move out of those elevators, which they wished to use, sufficient grain to permit the Ontario wheat to come in.

Our board is in this position: under the Canada Grain Act grain must be received by a terminal elevator without discrimination, and in the order in which it is received. This difficulty can arise, that the Wheat Board might create space; but if some other person presents a boat and there is room in the elevator for it, under the terms of the Canada Grain Act the grain must be unloaded.

Now, I had considerable experience with this during the years I was transport controller. We did not have any complaints from the Ontario crowd about it because we did create space. We did not let any other person fill it up, with the result that they had, I think, sufficient space for their needs up until last year and this year. It is a difficult problem.

The elevator licence at Walkerville, as you know, is for the use of the distillery primarily, and under the terms of their licence with our board a considerable portion of their space is reserved for their own use. That is the reason they built it. This leaves very little left for what we would call public storage. If a boat gets in ahead of your Ontario wheat, Walkerville has to unload it. So that it becomes a matter of just an arrangement with Anger Armstrong, who is the manager of the elevator, early enough in the season to get your grain in.

Q. The difficulty, Mr. Chairman, has been there, apparently, lack of cooperation on the part of the management of the elevator. You cannot blame them for protecting themselves. They can make much greater progress by handling boat cargoes of wheat than they can by handling rail cars or trucked wheat.

However, I think a situation occurred in the 1957 crop year in Chatham where there were something like 20 carloads of wheat sitting on the track in Chatham and neighbouring towns and if they could be assured of unloading it in the Walkerville elevator, then by virtue of cheap labour, or water freight rates, they would not have put their wheat out of position, even though they had shipped it in the wrong direction.

They could take advantage of the cheaper rates to Montreal, by water. However, the manager of the elevator there would not, or could not,—the wheat growers felt that he would not—guarantee to hold that space while they could move those 20 car loads of wheat 25 or 30 miles down to Walkerville from Chatham. It meant that if they had moved this wheat down to Walkerville from Chatham, at a cost of about eight cents a bushel by rail and were then unable to unload the wheat in the elevator, it would cost them something like, I believe, altogether 12 or 13 cents a bushel to get that wheat then back to Montreal. So that they did not dare take the chance. They sold the wheat at distress prices.

Not only that, but because of a surplus of wheat sitting on sidings in southwestern Ontario at that time, it had the effect of creating a buyers' market so that those mills and buyers who were in a position to buy and store wheat bought wheat at a great bargain for a number of weeks. That has been the situation that normally prevails in Ontario.

The farmers combine their wheat; they are never too sure that it is completely dry, dry enough to store in the hot climate we have in Ontario; and therefore there is the tendency to take it immediately to the local elevators, and sell it or to store it in the local elevators with the result that there is always a glut created just at harvest time in Ontario. The normal trend is for the price to fluctuate anywhere from 20 to 30 cents up to 50 cents a bushel from harvest time until that harvest glut is over.

So that storage in Ontario is of vital importance, as you have no doubt heard; and it is in the interests of all the people interested in wheat and other grain, in southwestern Ontario, that something be done to guarantee that the grain producers there shall be provided with adequate storage.

They have been very much perturbed the last year or two with this storage situation.—A. I had a letter from somebody down there, some association—I have forgotten the name—who asked me if I would give them an estimate of the cost of handling charges on grain in an elevator they wished to build somewhere along the shore. They were going to build a terminal and I wrote back through the department telling them that unless I knew what their drying and cleaning facilities were and what grain they were going to handle, that I could not arrive at a very accurate handling cost basis for them. I told them I would be glad to come down and take a look at their plans and tell them what I thought it might be in connection with the terminal.

I have not heard anything from them since. I do not know whether that fell through or not.

Q. I think the United Cooperatives of Ontario, their grain division, is now considering a large terminal.—A. Well, sir, to answer your question, I realize your position, but there is nothing our board can do within the act. We can make regulations but the regulations must be consistent with the act; otherwise we would set at nought the act that had been passed by parliament.

I still say to you that the best method of handling it is for these people to contact the Canadian Wheat Board a sufficient time in advance so that they can move grain out to permit movement of Ontario grain in. I know of no other way it could be done, unless they wish to make special binning arrangements with the terminal elevators. Special binning arrangements would involve the payment of rental of the bin, whether they use it or not.

Mr. THOMAS: Thank you, Mr. Chairman.

Mr. FORBES: Can you give us any idea how much wheat is produced in Ontario?

Mr. THOMAS: There is about 20 million bushels a year, from that up. It averages, I think, about 22 million. That is divided into about three divisions; about one-third goes into the flour industry, which goes through commercial

channels, about one-third goes into the feed mixes which also goes through commercial channels, and there is about one-third fed on the farm. So that there is about 14 million bushels which would go into commercial channels.

The WITNESS: We only see about 3½ million bushels coming through the terminals each year.

Mr. FORBES: I think possibly a cooperative elevator would be the answer to your storage problem.

Mr. THOMAS: They are considering that, Mr. Chairman. But there is one thing about Ontario; this area differs from the west in this: the Ontario area is a consuming area, I know there is one local mill in my own home town that has about ten silos and they are the best wheat market there is around there.

They will always pay about five cents a bushel more for wheat because it goes directly into their silos, and is not shipped out again.

By Mr. Rapp:

Q. In regard to the amendment applied to rapeseed, I am farming in a district where maybe the biggest amount of rapeseed is grown—in the Melfort-Tisdale area, and there is considerable concern about dockage. The dockage there is very heavy. It might be attributed to the fact that no elevator companies are buying it; they are just handling it for contractors, like Gordon Ross.

Could those regulations be changed so that it would be handled similarly to flaxseed; and the same, of course, applies to the freight rate. It is a very unjust freight rate as far as rapeseed is concerned.—A. Well, sir, I will answer your two-part question. We have nothing to do with freight rates, so that is a matter I cannot deal with.

The question of the definition for rapeseed and bringing the rapeseed under the regulations of our act so that it could be handled in a country elevator, has been very seriously considered by our board for some time. We have come to the conclusion that we should stay away from it as long as we possibly can. That is the considered opinion of the pools, the grain growers, the line elevator companies, and the board. We think we would be doing a disservice to the country generally and to the growers of rapeseed.

As you know, a country elevator with all its different dockages and different grades of rapeseed that are grown in the country,—if they attempted to hold a bin for each different grade and each different dockage they could not carry on their regular country elevator business. So the practice is to hold one bin for rapeseed in a country elevator and into that bin goes rapeseed of different grades and different dockages. But the farmers who are delivering it have to authorize a release to the elevator companies that they are willing that rapeseed go in on that basis; and then the carload, when it is collected, is shipped out and I suppose they all get an average of the car.

If arrangements were made to put it under our act and have it handled the same as we handle flaxseed in that elevator it is my opinion you would not get one-twentieth of the rapeseed handled through the elevators that you get handled today. So I think it should be left as it is today and I think by and large it is handled very fairly.

Q. The dockage is only half as much when it is sent through to Saskatoon to the mill as it is to our country elevator. The rate at the country elevator may be eleven or twelve cents higher, while if we get it down in Saskatoon it may be only three or four cents and that may be the reason that it is all perhaps in the same bin.—A. Are you familiar with regulation 18 of our board which tells you how you take a sample of grain when you are delivering it to country elevators?

Q. Yes?—A. If you would do that and send it in, I think probably that would be a good means for you and the other people who are growing it to influence the buyers of rapeseed on dockages.

By Mr. Gundlock:

Q. I might add as a comment there, I think the trouble is that rapeseed is at present graded on the seed standard and also on a commercial standard.—

A. That is a difficulty too. There has been some kind of discount for mustard-seed content. That mustardseed content was determined by the plant products division. This year we are attempting to get them to try it for one year without a discount for mustardseed content, which they have agreed to do. Mind you, I do not want to see the export quality of our rapeseed lowered in any way. I would like to see the reputation for our rapeseed continue quite high, and it is a good quality rapeseed.

Q. But there is a great difference between the seed standard and the commercial standard, and I think that is what Mr. Rapp is running into. Mustard in rapeseed does not hurt it in a commercial standard.

Mr. RAPP: I think it goes mostly into oil seeds.

Mr. GUNDLOCK: And yet you are faced with the seed standard.

The WITNESS: I think that is some of the difficulty.

The CHAIRMAN: "Committees on grain standards".

By Mr. Muir (Lisgar):

Q. Mr. Milner, this might be a good time to bring up the question mentioned yesterday to the Wheat Board as to why western Canada cannot grow No. 1 northern wheat any more. The farmers are asking, we are asking, elevator agents are asking, and they ask members of parliament; and we are wondering if it is because the grain standards are higher or if there are other factors affecting it?—A. As you know, there are statutory grades under the Canada Grain Act. These do not change. One northern, which graded one northern today, would have graded one northern five, seven or ten years ago. The statutory grades have not changed, the definition has not changed.

Now, you gentlemen who are farmers will realize that there has been a very marked change in the method of harvesting grain. When you had stooks and threshing, the grain came out of the stooks in much better shape than it comes out of swathed grain. I think you all know that I heard you ask the question yesterday, and just as a matter of interest we took off the percentage of No. 1 northern that has been in the crops back to 1925-26.

I start with 1925-26 and I will go right to 1935-36 and 1945-46, and I will do it by year after that. In 1925-26 there was 22.37 per cent of No. 1 northern; in 1928-29 there was only 1.22 per cent of No. 1 northern—that is thirty years ago. In 1935-36 there was 21.26 per cent of No. 1 northern.

Q. What year was that?—A. 1935-36. In 1945-46 there was 31.6 per cent of the crop graded one northern.

By Mr. Thomas:

Q. 1941, did you say?—A. In the year 1945-46, 31.6 per cent was one northern; in 1946-47, 14.4 per cent; 1947-48, 7.7 per cent; 1948-49, 33.6 per cent; 1949-50, 18.9 per cent; 1950-51, 5.2 per cent; 1951-52, .4 per cent.

By Mr. Rapp:

Q. That was our heaviest crop year, 1952?—A. That is right, 1952-53 was 7.4 per cent; 1953-54, 8.3 per cent; 1954-55, 4.46 per cent; 1955-56, 3.51 per cent; 1956-57, 1.3 per cent.

Now, as I said previously the grain not being stoked does not give us as good a colour as it had in the period when we were stoking grain and threshing it. And we have to consider also the varieties which have been brought in—rust resistant species, particularly Selkirk. The straight combining of the wheat also has, as you know, introduced a lot of green grain, rather

than ripe grain. A man operating a combine—you have seen him and so have I—goes right through a field and picks up some pretty green grain with it. All these things tend to affect the amount of No. 1 Northern you are getting.

By Mr. Jorgenson:

Q. Mr. Milner, there is no significant distinction with regard to areas; there are no particular areas that will grow more No. 1 Northern than other areas?—A. Well, over the years that is not correct. In the wooded areas we get the lower grade wheat, in the northern half of the province largely. In the great plains country and south of the main line of the Canadian Pacific Railway particularly in Saskatchewan, we used to get the higher quality grain there as far as grades are concerned and in southern Alberta the same. But you get up into the wooded areas and the quality is not so good.

Q. What I mean is, I know there are types of soil that will perhaps produce No. 1 Northern better than other types, but I wondered if there was any one single area or group of areas that consistently produced it?—A. No; what I would say about that is this, that over the past 25 years you could show a pattern, I believe, of the areas which consistently produced a better grade than other areas.

Mr. FANE: Does that same situation apply with regard to No. 2 northern? We used to grow thousands and thousands of bushels of two northern and now we cannot get No. 2 northern to save our lives.

By Mr. Forbes:

Q. Mr. Chairman, I think you hit on the point when you referred to the varieties of wheat we are getting today. If you compare Selkirk with Thatcher, Selkirk is a less chaff wheat as compared with Thatcher, which was tough stuff and hard to thresh, and which affected its colour. And I think, particularly in Manitoba, most of the wheat we produce today is Selkirk. This discolouration is up where I live where we have a chalky colour. I think that is part of your trouble with the grading today.—A. I may say for the committee that any time I have been in Europe and talked to a lot of mills there who have been in the business for a long time and some of whom I know quite well, they say "Why can't you give us wheat like this"—and they have a jar of Red Fife or Marquis wheat. I am sure, Mr. Minister, you have come across this same thing.

Mr. CHURCHILL: They said that to me last September.

The WITNESS: It is just that we are not growing it.

By Mr. Muir (Lisgar):

Q. Mr. Milner, are there ever any cars at all No. 1 hard grade?—A. I am sure that, if we had, the inspection department would say: "Come and see this". It has passed to an almost non-existent grade at this point.

By Mr. Gundlock:

Q. Mr. Chairman, we referred to a question this morning that I asked, and that was the maintenance of grades or, in other words, what job are the elevators doing in maintaining grades or improving the grades after they buy them?—A. Are you referring now to country elevators or terminals?

Q. Well, elevators generally; in other words, you buy so many bushels of No. 1. How many do you sell, how many can you use to bring four up to three?—A. There is no mixing permitted in the top grades of wheat one, two and three.

Q. They stick to the grades?—A. They stick exactly to the grades and they must come out of the terminal elevator as they went into the terminal elevator.

Q. Does it?—A. Yes, it does.

Q. Do they in a country elevator?—A. Not always. There is no prohibition on the mixing of grades in country elevators. There is a prohibition on the mixing of grades in terminal elevators. To show you the complexity of such arrangements, as you know, there are probably 429 grades of wheat alone that the Wheat Board handled this last year. Now, you cannot ship 429 grades. There is no market for some of those grades, so there is a lot of mixing goes on in the lower grades in terminal elevators. But all that mixing—is under the complete control of the Canadian Wheat Board—when a car of wheat is unloaded at the terminal elevator a warehouse receipt is issued for the grade which goes into the terminal. Now, if a terminal wants for the purpose of conserving space in the elevator, to mix five or six different low grades of wheat together, and have something that perhaps our inspectors would grade sample grain or something like that, they must buy the grain from the Canadian Wheat Board at whatever price the Canadian Wheat Board puts on it. They must sell back to the Canadian Wheat Board the resultant mixture at whatever price the Canadian Wheat Board puts on it. The Wheat Board has a pretty sharp pencil; they have taken out any profit that there has been in the past in the mixing of those low grade grains.

Q. I do not like to take too much time, but in reference to strains of wheat, I have consistently grown Marquis when the season appeared right, but the grain business has deteriorated until there is no longer any advantage. Naturally as a farmer, I just wondered what had happened to it, and yet you sit here and talk about the old Marquis.—A. Well, sir, I do not know what you mean by saying the grading has deteriorated?

Q. Well, our Marquis is no better than anything else.

By Mr. Horner (Acadia):

Q. I would say the grading has tightened up. I do not say it has deteriorated. I would say it has tightened up. As pointed out, there has been a lot of combining done from 1940 and 1941 on; combines became more numerous, a lot of them moved into the west. Take from 1946 to 1950—there was a fair percentage of No. 1 wheat grown, but from 1956 on, we have been down below 10 per cent. In fact, only twice have we been above five per cent during that period.—A. Well, you realize it was the weather that gave us these enormous crops and at the same time down-graded that grain.

Q. I would think you would have to have a certain amount of moisture to have No. 1?—A. You do.

Q. In 1947 I think practically all the wheat I grew sold as No. 1 but I can say I have not sold any No. 1 wheat since, and it is not because I have not grown wheat to my knowledge that has not been as good.—A. Have you ever been in our inspection department?

Q. No, I have not.—A. Well, come on up.

Q. I would like to take the time.—A. The first time you come through Winnipeg we would be glad to have you come up. We do not change our inspection one iota from year to year.

Q. I think a lot of the farmers think a lot like me, that wheat is graded on the same standard as cattle, and when you have a lot of it, the grading is a lot tougher.—A. Let me answer that this way: what in the world would be the motive that would make one of our inspectors try to down-grade grain?

Q. It is not necessarily your inspectors. We all know that No. 1 wheat sells for a better price. They are having a hard time to sell wheat now, so why not buy No. 2. They could sell it much cheaper and still come out on top?—A. When

they ship it they have to conform to our export standards on grain. There is no inspector in our employ who likes to degrade grain. I can assure you of that. And they are all capable men.

Q. If you talk to elevator men you will find that before every crop year comes in, they have to set up in their own minds practically another standard of grading.

If you talk to them before the crop year comes in, they will say: we have to wait to see what the run of the crop will be. They say: we have to look at the crop before we can grade it.—A. Have you ever seen the book we put out which is called "The Farmer and the Country Elevator"?

You are fully protected in that regard under regulation 18. If you desire, the elevator agent will draw a sample. It is set forth in the regulations which are pasted up in every elevator driveway in western Canada, I mean a copy of those regulations. It tells you how to proceed.

You may take a sample to the company and they send it in a sealed box, and our inspector put a grade on it, and that will be the grade you will get.

Q. I have seldom had disputes with elevator agents. I get along very well with them. But I would point out these conditions: I have been told that before they will discuss the grades, they like to see four or five samples come in in a given crop year so that they might get an idea of how they are going to grade it in that crop year.—A. I cannot be responsible for the things that country elevator men may tell you, but as far as our board is concerned, and as far as the statutory grades are concerned, they do not change during the years.

By Mr. Forbes:

Q. You do not take the protein content into account in your grading?—

A. Not at all.

Q. What qualities do you take into account?—

Mr. M. J. CONACHER (*Chief Grain Inspector, Board of Grain Commissioners*): I think the best I can do is to read you the definition of Manitoba No. 1 Northern wheat which is to be found in the Canada Grain Act. The requirements of this grade are as follows: minimum weight per measured bushel in pounds, 60; variety, Marquis or any variety equal to Marquis; minimum percentage by weight of hard vitreous kernels, 65; degree of soundness, well matured, practically free from damaged kernels; maximum limits of foreign material, matter other than cereal grains, practically free; total including cereal grains other than wheat, practically free; wheat of other classes or varieties, Durum, practically free; total including Durum, about one per cent.

Mr. FORBES: You said anything equal to Marquis. Is Selkirk equal to Marquis?

Mr. CONACHER: Yes, it has been so established.

Mr. PASCOE: Does not colour enter into the grading at all?

Mr. CONACHER: It is covered under well matured, practically free from damaged kernels.

The WITNESS: If it were bleached, it would not be.

By Mr. Nasserden:

Q. Do not the standards which are followed by our board or by your inspection department vary a little from year to year?—A. No. As I said before, if we graded, A, sample No. 1 Northern six years ago, that is the same grade No. 1 Northern that we have today.

Q. It seems to be the general opinion among a lot of elevator agents, because every fall they seem to think they have to wait until a number of samples have been sent in before they can say what they can base their grades

on.—A. Let me tell you what we do in a case of that kind: most of the elevator agents send in samples as soon as they are threshed in their districts in order to determine the grades and to get a line up on their grading in that district.

For instance, we had a frost in Manitoba, and wheat was being bought in the country as No. 3 wheat which was in fact No. 5 wheat. There was an awful spread between these grades. But those fellows in Manitoba did not send in their samples and for a short time the producers certainly benefited from it. But they soon got lined up on their samples.

The elevator company managers instruct their agents to send in samples of the new crop as quickly as they can obtain them so that they can see for themselves what is going to be the grades in that district.

The agent is supposed to put what he thinks the grade is on the sample. It is inspected by an inspector of their company, and very often it is submitted to our inspection branch in the Board of Grain Commissioners, so that people are lined up properly on the grading.

By Mr. Southam:

Q. I was brought up on a farm and I know there has been this impression on the part of the grain farmers. Isn't there something we can do to allay or to rectify that wrong attitude?—A. Again, our chief inspector, Mr. Conacher—do you think there is anything we can do?

Mr. CONACHER (*Chief Inspector, Board of Grain Commissioners*): I think that Mr. Milner has touched on the matter which indicates the difference in the minds of some people as to changes in the grading. Actually I think it relates really to the timidity of grain companies at the start of the season.

Normally, in any one year, the grain will vary somewhat in grade from one year to another. It is comparable to cases where damage may occur which affects the grade. At the start of the crop year the companies generally are timid in the case of their country elevator agents starting out on a line of grading.

It is not simply a matter of grading at any time from one year to another by the inspection branch. It is rather a matter of the companies' policy, to make sure how its agents start out, having consideration to the fact that crops and qualities will vary from one year to another.

By Mr. Gundlock:

Q. Do you grade the wheat that is sold on the world market?—A. No Grain can leave Canada for export without carrying a certificate of the Board of Grain Commissioners.

Q. Are there grades for No. 2, 3 or 4 which, with some little extra caution, or handling, could have been upgraded? In other words, could No. 3 not be upgraded with the addition of some No. 1, to No. 2?—A. It would be a foolish thing to put it in. I cannot say that the elevator company would do it in the first place. There is no money to be made by putting No. 2 Northern wheat in No. 3.

Q. I mean if there is a relaxation of the grading?—A. They are not allowed to.

Q. If the upgrading of wheat does exist, as many farmers think it does, indirectly it might work out to their benefit, if it found its way to the world market as a little bit better grade.—A. We set up each year export standards for grades of grain which leave Canada. Those export standards are sent all over the world.

I have travelled all over European countries and talked to buyers concerning grading, and I have never yet heard a buyer say there was any grain received over there which was not equal to the standards of wheat we established.

Q. Does he receive a grade that is better than certified? I am thinking of a particular example which I could give you to explain perhaps better what I have in mind.

Two years ago I had a field that escaped the general frost in the area. Immediately when that grain arrived at the elevator—this was a half section field yielding 30 bushels to the acre—it frosted. I did not accept that grade. I did just as you suggested under section 18, and the second sample showed that it was not frosted. I would like to know what would have happened to that wheat if I accepted the original grade. That is the point I am getting at.—A. It would have been a grade gain to the elevator agent if you had been foolish enough—I will use that term—to accept his grade. He would very likely, had he been a man who knew grain, have been able to work that off in three northern or fourth wheat, or whatever grade was put on it. There is no prohibition for mixing the grades in country elevators. The prohibition that exists is in regard to mixing of the statutory grades in terminal elevators. There it cannot be touched.

By Mr. Nasserden:

Q. Some people who buy grain from the farmers want to mix in a certain grade?—A. If a person wanted to mix the grain he would have to buy it in separate lots and it would have to go out unmixed in the ocean vessel with canvas separations in the holds.

Mr. SOUTHAM: Just as Mr. Gundlock suggested in his specific example, this has happened in my experience. I agree with him that there should be more rigid supervision of these local grain buyers so that could not happen.

The WITNESS: I wish there was some way in which we could supervise this, sir. All we can do is point out the regulations and rights that a farmer has. You can understand that with 5,000 country elevators it is an impossibility for us to be there during all the transactions which occur.

Mr. FORBES: I have one further question to ask in regard to this important item covering grain grading.

Two or three years ago in my area we experienced what the elevators determined was ground tag which has an effect on the appearance only. Does this affect the milling quality of the grain, and is that the reason for grading the wheat down?

Dr. ANDERSON: That is a type of damage to individual kernels. The kernels showing that type of damage have to be classed by Mr. Conacher as damaged kernels when he is grading the grain.

Mr. FORBES: Does this affect the milling quality of the wheat? Many farmers think that it does not, and that the quality of the flour is just as good and that they should be given a No. 1 or No. 2 grade.

Dr. ANDERSON: I would like to answer that in a general way first.

I have travelled to a great many of the markets throughout the world and I have also met many farmers' groups of western Canada. I have received exactly the reverse pictures in these two positions.

The farmers always maintain that grading is too stiff and that many types of damage do not affect the milling quality of the grain. The people in the overseas markets say exactly the opposite. They suggest the grading is too lax and we should tighten it up. They point out every form of damage which occurs in our grain. "Ground tag" is a type of damage that affects the colour of the flour.

The CHAIRMAN: Gentlemen, we will now move to the next item.

Mr. MACLEOD:

The Board constituted Committees on western and eastern grain standards for the crop year 1957-58 in accordance with the provisions of section 25 of the Canada Grain Act. Personnel of these committees is given in appendix A.

A special meeting of the Western Committee took place at Winnipeg on January 15, 1957. The Committee decided to eliminate the commercial grade known as Extra No. 2 Feed Barley, effective August 1, 1957, and also named and defined new commercial grades of Rapeseed.

Regular meetings of this Committee were convened on October 17, 1957 and November 15, 1957 to receive reports concerning the quality of the current season's crops and to select and settle standard samples and standard export samples for various grades of Western grain.

The Eastern Committee met in Toronto on August 23, 1957 and November 21, 1957, to establish standard samples for statutory grades of Eastern grown grain.

In both divisions, continued use of previous standard samples was authorized in certain cases where suitable samples for established grades were not available.

The CHAIRMAN: Are there any comments gentlemen?

By Mr. Horner (Acadia):

Q. I would like to know if Mr. Milner would classify rapeseed as grain?—
A. We asked the Department of Justice for an opinion in this regard. The Department of Justice said, inasmuch as it was in the schedule attached to the act in their opinion it was grain.

I know that the transport board ruled that it was not grain under the meaning of the act. This is a legal problem which is over my head.

Q. I just wanted your opinion. I know that we have at this time, two definitions of grain. One definition includes rapeseed and the other does not. I just wanted your opinion in this regard.—A. You will remember that about a year ago there was a question in respect of flaxseed and it was established as a grain.

Mr. RAPP: As soon as it is established that it is a grain it will result in a new freight rate.

The WITNESS: As far as we are concerned it is grain. I do not know that our opinion in this regard will influence anybody else.

By Mr. Nasserden:

Q. In regard to rapeseed dockage where it is very extensive due to the collecting of this yellow stuff that you find in it, is there any way that a regulation could be put in so that farmers will secure some recompense for that operation which is called "dockage"? This must kill the yield of oil at the same time. I do not know whether Dr. Anderson can answer that or not.

Mr. MILNER: Mr. Chairman, I think this might work in the reverse if the principle were applied, because in the actual operation of cleaning rapeseed the elevators concerned have on the average removed more than was assessed as dockage. They have had quite a problem of disposing of the large quantity of material cleaned out of rapeseed at reduced prices as compared to wholly cleaned rapeseed.

Mr. NASSERDEN: They do not clean it out fully, do they? Most of it is put through a process to take the oil out of it, is that not right?

Mr. MILNER: That might apply where rapeseed is actually processed in Canada, but practically all of our rapeseed has been exported at a very low content of dockage. You might say that it is practically clean.

Mr. NASSERDEN: What do they do with the dockage?

Mr. MILNER: The dockage is removed, or partially removed and the rapeseed is shipped at a low percentage of dockage assessed. The material cleaned out has presented this problem of disposal which I mentioned.

Mr. NASSERDEN: Do they make oil out of that dockage?

Mr. MILNER: I presume they do.

The WITNESS: Some of it has been recleaned to see if they can get some of the stuff on the sieves. I can tell you that the experience of the elevator companies with respect to it is not a happy one.

This gentleman has said that there is too much dockage. I know from what I have been told by the individuals who are handling it that they are losing money on it because when they put it across there is too much broken stuff that comes through the sieves. There is an attempt being made now to find a different type of sieve for rapeseed.

I do know that this constitutes a problem both ways.

Mr. NASSERDEN: I have delivered rapeseed and flaxseed both and it seems to me that when it is being graded, the graders are not very particular as to whether it is 10 per cent, 12 per cent, 15 per cent or 20 per cent, or whatever figure they can get away with, having regard to dockage.

I have also watched when other farmers have taken it in and the same thing happens. It seems to me that the graders take a look at the farmer and his outfit.

The WITNESS: That must be a good look.

An Hon. MEMBER: You better get someone else to take it in for you.

By Mr. Nasserden:

Q. I do feel that there is a little bit of carelessness in the way that this is done. I would suggest that percentage-wise it would not take long to amount to a good deal of money.

When I look at the fine stuff that is in rapeseed I feel that there must be oil in it. If one takes it in his hand like this you can rub it into a little ball. I do not believe that this is being thrown away, and I do not believe that it is being sold very cheaply either. Even if it is sold as waste it goes into the making of oil.

I have seen people receive as high as 20 per cent or 27 per cent dockage from rapeseed in regard to big truckloads, one after another. That is quite a loss for a farmer to accept.—A. Well sir, again I say the farmer can get protection by doing what the gentleman did in connection with the grade of his wheat. We will be glad to assess dockage on rapeseed if you send us the samples. I think probably if it is the wish of the committee I will have our secretary instructed to send a booklet to each of you called "The Farmer and the Country Elevator" which outlines what can be done.

Q. I agree with you it is the farmer's responsibility as far as grade is concerned, but can you do something to make sure they will pay for that dockage or approve it, just the same as they paid for wild oats in some years?—A. Well, we would have to look it up.

Q. Rapeseed is getting to be quite a problem as far as western Canada is concerned.—A. The type of dockage varies in different districts all through the country. We will take it under consideration.

The CHAIRMAN: The next item is "Inspection of grain".

Mr. MACLEOD:

The 1957 crop of red spring wheat in the three prairie provinces, particularly in the southern regions, suffered from severe drouth reducing the yield of bushels per acre. This wheat graded no higher than No. 3 Manitoba northern.

In the central and northern areas all cereal grains were somewhat better, higher in weight per bushel and yield. Unfortunately considerable rain occurred during the third week in August, resulting in lower grades on account of mildew that took place after the grain had been swathed. Barley and oats also were degraded on this account.

A larger acreage of rapeseed was seeded, but owing to drouth the yield was sharply reduced, however, grades were maintained as Canada Rapeseed, and No. 2 Canada Rapeseed.

Flaxseed on the whole was far below an average crop owing to the disease 'Aster Yellow' that reduced the yield with lower weight per bushel.

The tame mustard seed acreage in southern Alberta, mostly of the oriental variety, was sharply reduced with the yield per acre reported lower than in 1956, but top grades were maintained.

Safflower seed was grown in volume for the first year in southern Alberta with the result the Western Grain Standards Committee has established commercial grades for this seed effective August 1, 1958.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Thomas:

Q. If I might ask one more question in regard to this grading business; are the local elevators in Ontario licensed?—A. No.

The CHAIRMAN: Will we go on to "research"?

Mr. MACLEOD:

Research

Information on the quality of 1957 crops of spring wheat, durum wheat, barley and oil seeds was published early in the fall in two protein maps and four crop bulletins, and was also presented at two meetings of the Committee on Western Grain Standards. A new quarterly bulletin on the quality of durum wheat cargoes exported from Canada was started as a companion to the corresponding bulletin on bread wheats. Steady demand for these bulletins shows that they are useful to overseas customers for Canadian wheats. Studies of the qualities of grain at various stages of marketing were also continued throughout the year.

The laboratory has worked in close co-operation with the inspection branch to provide information and services required in settling grading problems. Studies were made of the quality of standard and standard export samples and of samples of current crops on which laboratory tests were requested. Moisture testing and equipment in the board's inspection offices was supervised regularly, and C.A.E. electrical moisture meters were installed in ten of the offices. Requests for services to the Canadian Wheat Board, the grain division of the Department of Trade and Commerce, commercial counsellors and trade commissioners in importing countries, and other government agencies continued to increase. As in previous years the laboratory took a major part in studies, sponsored by the associate committee on grain research, of the quality of varieties developed by Canadian plant breeders. An active program of applied and basic research was maintained throughout the year.

The first award of the National Research Council postdoctorate fellowship, tenable in the board's laboratory, was made to professor Hiroshi Matsumoto of Osaka Women's University, Japan; he arrived last August and will spend a year working in the basic wheat research section. Dr. Walter Bushuk was awarded a National Research Council overseas fellowship and one of the two Rutherford memorial fellowships offered each year by the Royal Society of Canada; he was granted leave of absence for one year at the Centre des Recherches sur les Macromolécules at Strasbourg, France. During the year, three members of the staff went abroad to study problems relating to the utilization of Canadian grain in various markets. Dr. Irvine was a member of a mission to Japan in the spring, and returned through Europe. Dr. Meredith attended the European brewery congress and made other visits relating to barley utilization. In the fall, Dr. Anderson visited Scandinavia and the principal European markets for wheat.

Steady progress has been made in the expansion of the laboratory mentioned in last year's report. Additional space has been obtained on the ground floor for enlargement of the milling and baking section and for consolidation of all routine studies in one area. By the end of the year, the new sample room and laboratory for routine analysis were occupied, and remaining changes will be completed within a few months.

The CHAIRMAN: Are there any questions, gentlemen?

By Mr. Muir (Lisgar):

Q. Do you receive the money for this research through parliament?—
A. Yes, but it was voted through our estimates. Some time ago we did suggest some of our work might be subdivided and put under the National Research Council; but the government of the day thought it was best to leave it as it is. However, there is an enormous amount of research work which Dr. Anderson carries on up there. I do not know whether it matters or not—it is going to be spent anyway.

The CHAIRMAN: "Weighing of grain".

Mr. MACLEOD:

Weighing of Grain

The weighing branch of the board, in addition to providing the usual weighing services, investigated complaints received by the board on vessel and car out-turn shortages in an effort to determine the cause and where possible assign the liability. Scales at licensed terminal and eastern elevators were inspected periodically by the board's scale inspector. Additional scale inspections were made at any of these elevators where the board felt that reported out-turns were particularly unsatisfactory. During the latter part of the year, the weighing branch made a special examination and survey at all terminal elevators and at mill elevators receiving weighing services to determine the condition and general efficiency of equipment used in the receiving, weighing and shipping of grain. Details of the work of this branch are given in appendix F.

Mr. MILNER: You can see that on page 37.

The CHAIRMAN: Are there any observations on "weighing of grain"? If not, we will proceed to the next paragraph, "weighover of stocks, terminal and eastern elevators".

Mr. MACLEOD:

Weighover of Stocks, Terminal and Eastern Elevators

In accordance with the provisions of sections 139 and 140 of the Canada Grain Act, members of the board's weighing and inspection staffs weighed over 30 terminal and 21 eastern elevators during the 1956-57 crop year.

Deferments into the 1957-58 crop year were made at 11 terminal elevators at the Lakehead, 5 terminal elevators at other points and at 9 eastern elevators. It was found necessary to grant these deferments to avoid temporarily halting the operations of elevators concerned with the movement of grain for export commitments. However, it was possible to carry out ten of these deferred weighovers before the end of December, 1957.

Tables G-12 to G-16 of appendix G contain the results of 51 weighovers carried out in the 1956-57 crop year.

By Mr. Muir (Lisgar):

Q. Do you find this operation difficult with the terminals full?—A. Yes, we had to defer some, but as shipments occurred we were able to get our crews in and weigh them over. We have to lock all the spouts, and it is quite a job when there are millions of bushels in them. However, we did it.

The CHAIRMAN: "Terminal and eastern complaints".

Mr. MACLEOD:

Terminal and Eastern Complaints

During 1957, the board directed the investigation of 43 complaints regarding the handling of grain at terminal elevators and shipments to eastern Canada. All but 3 of these complaints related to reports of outturn shortages including 21 on vessel shipments from Fort William and Port Arthur to eastern Canada and the U.S.A., 17 on vessel shipments between licensed eastern elevators and 2 on carlot shipments unloaded at Fort William and Port Arthur.

These complaints were disposed of as follows:

	Weight	Miscel- laneous
No cause of reported discrepancy found	37	—
No grounds for complaint	1	2
Settlement effected	1	—
Complaint withdrawn	—	1
Not yet disposed of	1	—
Total	40	3

The CHAIRMAN: Are there any observations? As it is now 12:30, we will adjourn until 3:30 this afternoon. We will meet again in the same room.

AFTERNOON SESSION

TUESDAY, August 5, 1958
3.30 p.m.

The CHAIRMAN: Gentlemen, come to order. I believe we will proceed now from where we left off before the lunch hour, on page 14, complaints on export shipments.

Mr. MACLEOD:

Complaints on Export Shipments

The Board and its officials handled a total of 55 complaints relating to overseas shipments. Of these, 37 complaints concerned outturn weights at overseas destinations and the remaining 18 concerned the quality of grain cargoes.

Disposition of these complaints was as follows:

The CHAIRMAN: Gentlemen, shall we accept the table there as read?

	Quality	Weight
No cause of reported discrepancy found	—	27
No grounds for complaint	18	—
Settlement effected	—	4
Not yet disposed of	—	6
Totals	18	37

The CHAIRMAN: Are there any comments? If not we shall proceed to statistics.

Mr. MACLEOD: Statistics.

Statistics

Statistics relating to Canadian grain movement collected and compiled by the Board's Statistics Branch are presented in Appendix G of this Report.

(See appendix G as set out later in this report.)

The WITNESS: That is at page 40 in our report and there is one matter in the statisticians' report that perhaps you would like to ask a question on. If you are not interested in it, we will not bring it up, but you will remember there has been some talk of the hundredweight being used extensively. If it would be of interest I will have our statistician report to you as to what has happened.

Mr. W. BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman and gentlemen, the idea of changing over to the hundredweight from the bushel in the grain trade has been considered, for about 30 years. The interest, however, has become somewhat greater, during the past three or four years. Following representations made by the Alberta pool, the Interprovincial pool and the Canadian Feed Manufacturers Association, and acting under the section of the act which empowers the board to investigate all matters pertaining to the weighing of grain, the board agreed to investigate the points in favour and against such a change in the grain trade. Since the question was more a matter of recording the weights and handling the commercial transactions rather than the actual physical weighing of the grain, the job was passed over to me as chief statistician.

To carry out this investigation I established contact with senior officials of all of the major companies and grain organizations in Canada and with the various provincial governments. I also established contact with the parallel organizations in the United States because, as you are probably aware, a similar campaign and pressure was being put forward in the United States through their Department of Agriculture.

My investigation established that there was a substantial body of support for such a change. This support was based on the argument that the bushel as a unit of measure in the grain trade was cumbersome and out of date and of no particular value in determining the true value of grain and that it involved a lot of unnecessary work in the form of conversion calculations and extra office operations in the handling and processing of the commercial paper relating to the grain transactions.

In contrast to this support, the opposition, or at least the groups opposed, had brought forward the counter points, that first of all the change-over would represent a substantial conversion in thinking operations; everybody from the farmer through to the final exporter would have to change their

whole concept of quantities, particularly from the yield right on through the whole operation, and that the change in the office equipment, the business paper and stationery would also represent a substantial cost.

But perhaps most important was the fact that those people dealing with storage, these were the elevator people themselves, were going to have to turn around and do the reverse conversion operation. They were going to have to convert from the hundredweight to a volume unit in considering their volume in store. It was their contention that this would represent almost as great a problem to them as the present conversion from bushel to hundredweight for those dealing with weights of grain and it was on these two points that the argument has finally resolved itself.

I made a preliminary report to the department about a year ago indicating the initial findings, and after that I have concentrated my investigation on just what these so-called savings, or at least estimated savings, through the elimination of the conversion from bushel to pounds and pounds to bushels in the handling would represent to the companies.

The major grain companies have cooperated very closely with me on this and it has been my finding that the actual operations involved which are principally office operations, but which start back with the country elevator, can represent something of the order of \$125,000 to \$150,000 per year to the Canadian grain trade.

Now, I say that that is a cost figure. The question immediately is, could that ever be realized in the form of a saving; and it is there that there is a substantial difference of opinion. It is, I would say, my opinion on the matter that only a very small percentage of that would be realized because this \$125,000 represents the cost spread over all of the Canadian grain companies and organizations. So that it would be something of the order of \$9,000 or \$10,000 for these largest companies. That in turn would be divided amongst several offices and their various divisions; so that the actual saving in the way of eliminating a clerk or a calculator operator, or a piece of equipment is subject to a great deal of question and in many cases would never be achieved.

In contrast, those opposing the change say: "Well, all right, what you save on this side, you are going to increase on the other side" and that is more or less where the argument has resolved itself at the present time.

A similar situation exists in the United States. You may have seen the press releases there that they had a slogan put forward generally by the American Feed Manufacturers Association, "The hundredweight by fifty-eight". Last fall, in certain of their arrangements in connection with the commodity Credit Corporation, their storage contracts were originally designed to go out on a hundredweight basis.

There was opposition presented by the terminal associations and the millers associations. That proposal was dropped and, at the present moment, the matter is more or less at a stalemate in the United States.

As far as the Canadian situation is concerned, we are leaving the whole question still open and will continue to investigate and examine any proposal brought forward from either side.

Mr. JORGENSEN: Do the submissions fall into any specific categories? You mentioned there were some groups opposing it and some groups in favour of it?

Mr. BAXTER: Generally the main groups supporting it have been—the Alberta pool and the interprovincial pool organizations who were the ones that came forward with the first resolutions.

Through them and through the United Grain Growers also joining with them, the Canadian Federation of Agriculture, adopted a resolution supporting the introduction of the hundredweight. The Canadian Feed Manufacturers

Association has been another group supporting the change, for the reason that they deal generally on a weight basis in their operations. The elevator groups, the ones where savings would be greatest if realizable, are very skeptical of these savings and are very convinced in their own minds that costs and the difficulties involved in converting from a weight unit back to a volume unit as far as their storage arrangements are concerned would be more than the savings achieved.

So that is more or less the support and the opposition that is lined up in Canada.

By Mr. Forbes:

Q. When grain is sold for export, do you sell by the bushel or the hundred-weight or the ton?—A. By the bushel.

By Mr. Horner (Acadia):

Q. On that same point, I was not clear in my own mind as to whether the Alberta pool was for the change-over, but the rest of the elevator companies were not. Is that right?—A. Well, I think probably that is correct. There was a resolution came through which started the whole thing but it is a dead duck now. We do not hear anything about it anymore.

Q. I have seen those resolutions in farm organizations but I did not know whether the pool elevators or the elevator companies in general were in favour of it or against? A. I think it would be correct to say that no person is actively for it now or actively against it. The thing has just died down again as it did a number of times in the past 25 or 30 years.

By Mr. Nasserden:

Q. What do these other countries such as Australia or Argentina use? Are their sales made by hundredweight or bushel?—A. Some are on hundredweights and some are sold by bushels, and quintals in some of the countries. I would ask you to give me an estimate of how many pounds per acre you are going to get on your farm and you would have quite a time figuring it out.

Q. I could get used to it in a very short time, and I think from the point of thinking of seed being sold in parts of the country today, the hundred-weight would be a far better way to price grain than by the bushel, because the farmer could easily look at the price he is paying per hundredweight and he would have something to compare with what he is getting for the money he is paying out.

Today he has not that, unless he wants to do a little bit of figuring and he does not wish to take the time to do it.—A. Well, take for instance, your price of oats. When you are working on a hundredweight basis the price of oats would be higher than your price of wheat, would it not? You would have to reorganize all your thinking on that sort of thing. I think you would find yourself in quite a jumble, as I have done quite a lot of calculating on it and where it deals with lake freight rates there are a number of ways and it would certainly cause a lot of confusion for a number of years. I think it might work out ultimately. Anything could work out if you make up your mind to it. But as I say, there does not seem to be any interest in it at all at the moment.

The CHAIRMAN: Shall we proceed to information program.

By Mr. Muir (Lisgar):

Q. While we are on the question of statistics, we received some figures from the Wheat Board regarding grain in store. Can you tell us the difference

as between what was in store at the end of the crop year 1956-57 and July 31 this year?—A. Yes sir, we can give you that information. Would you go on then and let us give it to you in a minute or two while the statistician works it out.

Q. Yes.

Mr. MACLEOD:

Information Program

Early in 1957, the Board of Grain Commissioners purchased a mobile unit consisting of a one-ton truck (tractor) and a 23-foot semi-trailer and prepared a display and installed it in the trailer.

The main feature of the exhibit is a display of 22 of the main grades of grain in open containers so that farmers can handle and compare the different grades. Samples of fifty additional grades in plastic containers are carried in a cabinet to enable the inspector in charge to illustrate almost any grade that the visitor might be interested in.

Coloured photographs illustrate the various phases of the Board's operations and a separate panel of coloured photographs illustrates the types of wheat kernel damage, i.e., frost, immaturity, heat, insect, etc. These, together with pictures of loaves of bread baked from wheat containing the different types of damaged grain, are attached to the walls of the trailer. Murals painted on the outside of the trailer illustrate harvesting operations and pictures of country and terminal elevators.

A map showing the location and capacity of licensed country elevators forms a backdrop for a display of milling fractions and a display of equipment used in grading grain. Posters outlining the organization of the Board and the rights and privileges of the farmer are tacked to the walls.

A portable motor generator supplies electric power for a battery of fluorescent lights, so that the exhibit is not dependent upon an outside supply of power.

A large educational exhibit prepared by the Exhibition Branch of the Department of Trade and Commerce in 1953, has been shown at nearly all Class "A" and "B" Exhibitions in Western Canada. It has therefore nearly fulfilled its purpose and was used on only three occasions during the year.

This exhibit outlines the organization of the Board of Grain Commissioners with special reference to the provisions of the Canada Grain Act, which affect the farmer. Coloured transparencies illustrate the work of Inspection, Weighing and Research Branches. Average samples of the various grades are also displayed.

An Assistant Commissioner and one or more Grain Inspectors were in charge of the exhibits to answer farmer's questions about the work of the Board or specific questions on grading. Both displays were well patronized and many questions on grain grading and handling were answered to the satisfaction of the farmers and visitors.

The motion picture, "Grain Handling in Canada" was shown at a number of meetings and short courses and to several groups of visitors from foreign countries, during the year. This film is in colour and outlines the work of the Board of Grain Commissioners in supervising the handling of grain from the time it leaves the farmer's hands at the country elevator until it is aboard ship for export. It was taken by the National Film Board and is available through their libraries.

Visitors to the Board Office included a group of Cereal Chemists from The Netherlands, Belgium and Switzerland; a Barley Mission from the United Kingdom; eight Agricultural Experts from Russia; a Milling Mission from Germany; an Agricultural Delegation from Roumania; groups of Agriculturalists from Turkey, Pakistan, Burma and Austria.

Other visitors included Trade Commissioners from the United Kingdom, Australia, Germany, Japan, Belgian Congo, Belgium, India, Portugal and Colombia.

After meeting with members of the Board, the visitors were shown through the various Branches by departmental officials who outlined and demonstrated the work of the Board.

Members of the Board and senior officials addressed the annual meetings of producer organizations and meetings of other organizations interested in agriculture in various parts of Canada.

The WITNESS: May I say in addition that according to our tabulation 15,777 producers visited the exhibit that we had, and we handed out these booklets "The Farmer and the country elevator", and it was very well patronized all through the west.

The CHAIRMAN: Are there any comments or questions?

By Mr. Jorgenson:

Q. In reference to this information program, I think the members of the committee would be interested in knowing that there is a book here in the library which will give you a great deal of information about the Canadian grain trade. It is called "Canadian grain trade", and it is by Dr. McGibbon.

—A. Yes. He was once a member of this board.

By Mr. Muir (Lisgar):

Q. Is this trailer used at class A as well as class B fairs?—A. It is used mostly at class B fairs now because we have found that at class A fairs there is a little too much counter attraction, and at class B fairs, we have found the people to be much more interested in it.

By Mr. Thomas:

Q. Do you have more than one copy of that film?—A. The National Film Board have it. It might be interesting to show it to this committee at some time because it is a very good film.

As you will see from this report, we have visitors from all over the world who come to see our laboratories and our inspection system.

I would be very happy if any members of this committee, when coming through Winnipeg, would stop off, because I promise them an interesting day around our offices, showing them what we are doing in milling and baking tests, and our laboratories and inspection branch.

I think you would find it very interesting and instructive, and I extend to you a very sincere invitation to call in and see us, because I can promise you an interesting day.

The CHAIRMAN: I think it would be interesting, not only to western members who are farmers but also to eastern agriculturalists.

By Mr. Southam:

Q. I feel inclined to move that we try to procure this film to present it to this committee, although I realize that we are pressed for time.—A. Will you leave it this way: we shall determine whether it is here at the National Film Board. If there is nothing happening tomorrow, and if this committee would like to meet tomorrow, we would have somebody here who could answer questions about it.

By Mr. Nasserden:

Q. Would it be possible to provide something to go up on the wall of the elevator to point out to farmers that in order to get an official test of his grain, it

should be sent to the Board of Grain Commissioners at Winnipeg or to the inspection office at Winnipeg?—A. We have that now. It is part of the regulations of our board that it must be posted up in every driveway. They were posted here, there and all over the place, and our assistant commissioners got a little piece of plywood on which the Board of Grain Commissioners regulations are placed. Now that is put up in all the country elevators and our assistant commissioners are going around to see that it is there. On that board it says: "Board of Grain Commissioners Regulations" over the top, and we insist that it be put up in every country elevator. It is there now.

Q. I do not mean something in fine print that is usual in such regulations, but rather something which will point out to the farmer—because on many occasions the elevator agent will send the sample to his company's head office for an inspection. That may be all right, but I find sometimes there may be a difference when the sample is sent there, and when the sample is sent to the Winnipeg offices.—A. It is not according to the regulations that it be sent to the head office, but to the Board of Grain Commissioners, to our inspectors. That is stated very very clearly in the regulations.

We are going to send you copies of this booklet, "The Farmer and the country elevator" and you will see that it has to be put up there.

Last year we distributed 20,000 of these booklets around the country. They are available and we take them with us every time we go out to address a meeting. It will take a little time for every farmer to get one. However, we are doing the best we can to disseminate information.

The CHAIRMAN: Are there any questions or comments? If not, let us go on to Canadian government elevators.

Mr. MACLEOD:

Canadian Government Elevators

During the crop year 1956-57, receipts of grain at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethbridge and Prince Rupert were 17.0 million bushels and shipments 18.7 million bushels as compared with 12.4 million and 14.3 million bushels respectively, in the previous crop year.

In the fiscal year 1956-57, revenues exceeded expenditures by \$659,137.

Mr. PASCOE: Mr. Chairman, under this section, might I refer to appendix number one on page 60?

The CHAIRMAN: Certainly.

By Mr. Pascoe:

Q. I would like to know about the Moose Jaw interior elevator capacity of 5½ million, with stocks as of July 31, 1957 of 5,395,723, but with net shipments in that year away down compared with other elevators.—A. That is wheat board wheat. We do not attempt to dictate to them what they should do with their stocks of wheat. We wish they would ship it out because we would like to get more earnings for the elevators, but they did not ship it out.

Moose Jaw is not altogether a good place from which to ship grain.

Q. Can you tell me if the stocks at the end of July 31, 1958 are anyway near that figure? Is it full yet?—A. No. We have some space in Moose Jaw and we have it deliberately because we shall be handling certain grades through there. We always endeavour before the commencement of a crop, to leave some space in those elevators where we have good drying facilities for fear that we run into a damp crop such as we did in 1951-52.

If you remember, that year it was a good thing that we had all those facilities available. Even at that, we had to get a lot of grain dried in Buffalo and Duluth, which was Canadian grain.

Q. There are good drying facilities there?—A. Very good.

By Mr. McIntosh:

Q. Why do you suggest that Moose Jaw is not a good place from which to ship grain?—A. We prefer to use Saskatoon from which to ship clean grain to Churchill because in the freight rate structure it is on a direct line of haul from which the shipment came in. But if we ship out of Moose Jaw and we cannot ship it to Churchill—the wheat board can only make money out of putting grain into our interior terminals if they leave it there long enough to take advantage of our cheaper storage rates at those interior terminals. So that we are sort of boxed in.

Q. Has that any bearing on the quota for the people in southwestern Saskatchewan?—A. No, not to any extent, I would not think.

Q. What do you mean “any extent”?—A. You are talking to me now about a wheat board operation and I am going to “duck” that question.

Q. I just wanted some information on that point.

By Mr. Thomas:

Q. Who actually owns these elevators that the Board of Grain Commissioners operate?—A. The government of Canada.

Q. They would come under the jurisdiction of the Department of Public Works?—A. No, they come under the jurisdiction of the Department of Trade and Commerce, sir.

By Mr. Nasserden:

Q. Before we leave this subject I have another question. Is there anything besides cereal grains being stored in these elevators at Moose Jaw and Saskatoon?—A. Yes, wheat.

Q. Yes, but is flax or rapeseed stored there?—A. We put rapeseed through there, yes.

Q. What is the handling charge in respect of rapeseed as compared to the handling charge in respect of wheat at these points I mentioned?—A. The charge is ten cents per hundred. Those are special contracts we make with these people which are not covered under the tariff. We approve of all contracts that are made which are not within our tariff. Our charge there is ten cents per hundred.

Q. Do you clean the rapeseed too?—A. Yes, we do.

By Mr. Kindt:

Q. Mr. Chairman, due to the variations in prospective crop yields throughout western Canada, in all likelihood in certain areas there will be a good crop—such as in my district along the foothills area of Alberta—whereas in the dried out areas like Lomond, in eastern Alberta, there will be very little if any yield.

I was out in that area last week and the farmers were asking me about grain quotas this year. The problem is always to get rid of the grain as soon as it is harvested in order to save the cost of building grain elevators and bins, and so on.

The farmers in that area were asking me if it was possible, or if there was any thought being given, by the Board of Grain Commissioners—of course,

they do not have the say in this regard—to issuing the quota of 2, 3 or even higher in the fall of the year so that the farmers can get their grain to the elevator, because of the pattern of crop problems this year.—A. I am sure that the wheat board will give that every consideration. They are just as anxious to get the quotas up as anybody in the different areas. I think I heard Mr. McNamara say yesterday that they would raise the quotas just as soon as it was possible to do so.

That, of course, is outside our jurisdiction. This is completely a wheat board item.

Q. It is within your jurisdiction when you relate it to terminal elevator storage?—A. Yes, but the grain that is stored in those terminal elevators is owned by somebody else, and we are required to store that grain until the owner of the grain tells us to ship it out.

In this instance the wheat board is the owner of the grain. I wish you could get them to ship it out. We would do better at our government elevators if we had better movement.

By Mr. Thomas:

Q. Does the operation of these elevators with the charges as listed here at the bottom of page 60 prove profitable? Does the Board of Grain Commissioners make a profit on the operation of these elevators?—A. I do not want to mislead you about the operation of these government elevators. If we had to operate the elevators—I have done it during my time in the grain business—I would not like to think the government elevators were operated as a commercial money-making proposition. There is no costing in the first place and no write-off. We do not have to make a profit. We receive the amount of money that is allotted to us by the government in their estimates to look after repairs and so on.

As a commercial venture, this is unprofitable. We do not carry insurance, for instance. As you know, the government of Canada does not carry insurance. There are a lot of costs that a commercial organization would have to have which we avoid in operating these as a government project.

Q. Do you operate them as closely as you can in order to keep even?—A. No, we hope to make a profit on them but that is not the prime motive. The prime motive is to provide a service to the producer.

I would not like to operate anything that is showing a loss, but we are going to show a loss this year, I am afraid, on these same government elevators.

The CHAIRMAN: Nothing is written off for depreciation?

The WITNESS: No.

By Mr. Nasserden:

Q. Mr. Chairman, in regard to these rapeseed screenings, are they retained by the person who cleans them?—A. They are retained by the owner of the rapeseed.

By Mr. McIntosh:

Q. You say that the elevators are going to operate at a loss this year. Could you tell us why that is so?—A. We are getting a very small handling.

Q. You mean the grain is not moving, and not being sold?—A. It is not moving through our terminals. There is a fair movement of grain. As I pointed out before, there is a stopover charge by the railways on grain coming in there. The wheat board has to leave the grain in there for a time and they are charged 1/45 storage at the terminal just as a convenience.

You have asked me if we are trying to make money out of this operation. We could charge 1/30, but we left the rate at 1/45 for the sole purpose of attracting business there.

Q. Perhaps Moose Jaw will make a profit this year?—A. You cannot operate an elevator on storage alone, you have to have handling.

Mr. THOMAS: I was thinking if it were possible we could perhaps persuade the government of Canada to build an elevator in southwestern Ontario.

By Mr. Kindt:

Q. In relation to the capacity which the Canadian government has, as of now, with respect to storage at terminal storage facilities, is there any thought to the expansion of terminal storage facilities, or do you feel that surplus grain on the prairies is a thing of the past?—A. There are two factors which determine whether there will be a surplus of grain or not. Those factors are; the amount that is sold for export, and the size of the crops. Those are the two determining factors. These two factors are not definite yet so I would hesitate to make any forecast as to whether we will have a larger or a smaller surplus at the end of next year.

Q. I would take it that the Board of Grain Commissioners considers the present storage facilities adequate to handle the Canadian grain crop?—A. Sir, it is not part of our duty to consider questions of that nature. We have to administer the Canada Grain Act.

Q. The administration of the Canada Grain Act involves the administration of the terminal storage facilities, is that right?—A. Only the operation of our own terminal storage facilities, sir.

In the matter of administering the other terminal storage facilities, they must conform in their operations to the provisions of the Canada Grain Act. They must operate at those charges which are set by our board.

Q. Let me put it another way. If a request were to come forward for additional terminal storage, who would that request come from?—A. It would come from the people who thought it was required, I presume.

Q. And what government agency administers this?—A. I imagine, in view of the set-up as it is now, it would go to the Minister of the Department of Trade and Commerce, and the government in its wisdom would do what it thought fit under the circumstances.

Q. Would not the government consult with the Board of Grain Commissioners?—A. I do not think they would. I think they would consult with the Canadian Wheat Board and use their own knowledge. We will supply them with the figures but we are not going to make up their minds for them.

Q. You would not go so far as to make a recommendation?—A. I might make a personal recommendation, but I do not think the Board should make a recommendation.

By Mr. McIntosh:

Q. In regard to terminal storage, you stated all these points where your elevators are; under whose control is the grain from, say, abandoned airports, and so on? Is it under your control?—A. Yes, we license these buildings.

Q. Have you any idea how much is in that type of building at the present time?—A. 14.6 millions.

Q. And what condition is the grain in? Is it in a good condition, the same as the grain in your elevators?—A. I would say yes, the grain is in good condition; we have to export it. And I did say today—I used a word which I do not think Dr. Anderson agrees with—I called it “tired wheat”, and I told you it was not quite as good for milling as grain that has not been in there as long as the other wheat. The wheat board and our board are working together to try to get these stocks run out; we would like to see it moved.

Q. What is the longest period that any grain has stayed in these buildings? How old is that 14 million bushels of wheat?—A. Approximately five years of age.

The CHAIRMAN: Shall we go on now to "lake freight rates"?

By Mr. Gundlock:

Q. Just a moment, Mr. Chairman; I was wondering, in running out this tired wheat that you speak of, is that a process of mixing with better wheat?—A. Mixing wheat with the same grade. As this is almost a public hearing, there are going to be public reports on it. I prefer not to talk now about it, if the committee will agree to that. If anyone who wants to talk about that would contact either Dr. Anderson or myself after the meeting, we will be glad to discuss it with you.

The CHAIRMAN: I would suggest if the members have any questions to ask in this regard that they could contact Mr. Milner after the meeting.

Mr. McINTOSH: I want to apologize for asking some of these questions; I am new on the committee.

The CHAIRMAN: Shall we proceed to "lake freight rates"?

Mr. MACLEOD:

Lake Freight Rates

The maximum rates authorized by the Board's Order No. 20 of September 28, 1954, as follows, remained in effect throughout the 1957 season of navigation:

	Wheat and Rye	Barley	Oats
	—cents—		
(a) From: Fort William or Port Arthur, Ontario,			
To: Georgian Bay Ports, Goderich, Sarnia and			
Walkerville	5½	5¼	5
Port Colborne	7½	7¼	6¾
Toronto	8	7½	7¼
Kingston	8¾	8¼	8
Prescott	9	8½	8¼
Montreal, Sorel, Three Rivers and Quebec			
City, Direct or Transferred at Intermediate			
Ports	16	15¼	14

(b) For grain loaded during the month of December in any year these maximum rates are increased two cents (2c) per bushel to compensate for increased insurance rates.

The average rates charged during the season are given in Table 11 of Appendix G.

Mr. MILNER: G is on page 48. I may say in explanation of this, these rates are set under the authority of the Inland Water Freight Rates Act, which is a permissive clause only, that our board shall set maximum freight rates on cargos between Canadian ports. All charters are required to be filed with our board before the loading of the vessel.

By Mr. Kindt:

Q. May I ask what effect the new seaway will have on these rates?—A. That is a matter wherein there is quite a considerable difference of opinion. There is a meeting tomorrow to discuss these tolls, and that is one of the reasons I am down here.

As you know, the St. Lawrence seaway has suggested certain tolls for carriage of grain. The tolls which have been suggested are six cents (per ton)

on the registered tonnage of the vessel and forty-two cents per ton on the cargo carried. That amounts to one-and-a-half cents a bushel on grain between Fort William and Montreal. I am assuming that a boat is coming back light, which is the case in most of our grain carrying boats. There has, up to this time, been no toll in the Welland canal for shipment of grain, so there is proposed now a toll of one-and-a-half cents a bushel which heretofore has not applied on grain shipments. If this toll is accepted, there will be a distinct saving on the transfer costs.

Perhaps I should go into this and explain it to you in a little more detail. A 600,000 bushel boat leaving Fort William going to a transfer point must transfer at Port Colborne, Prescott or Kingston into canal-sized vessels of about 100,000 bushels capacity. So you have six canal vessels that take the load through the canals. Now it must be obvious that there is a saving if you can operate one vessel from the head of the lakes right straight through to Montreal, rather than run six vessels from a transfer point down. So the savings in the transfer charge at the transfer elevator about offset the tolls that have been suggested by the toll committee. It has not been established yet as to whether a 600,000 bushel boat going through a canal system is an economic operation. It has been suggested that these large boats were built to carry full capacity at high rates of speed. The saving should be considerable and the amount of the saving I think will depend largely on the length of time that is elapsed in the canal system.

In figuring costs of transportation of vessels a rough estimate would be,—and it is generally accepted,—about \$2,100 a day for one operation of a full-sized vessel. Now, therefore, you will understand that if a vessel is delayed it is costly to the vessel when it costs that much to operate it. There is again the question of the berthing facilities where they have to deliver the grain, and the question in regard to the congestion there. There is no question about the fact there will be a saving, and it has been established to be probably four cents a bushel. At the moment I am not going to quarrel with that figure, but I will be interested to hear tomorrow at this tolls committee hearing what the vessel operators and others have to say about the savings that can be effected.

Q. Do I understand you to say the toll committee is the one that sets the rate?—A. Well, I do not know whether they will set them or whether the government of the country will set them. I imagine the St. Lawrence seaway authority will be the ones that will set the tolls under the direction of the government. There is a meeting being held simultaneously in Washington by the tolls committee there. This was a joint committee that suggested this toll structure.

Q. What I am anxious to get at is who is representing the farmers of western Canada in the setting of these sea-going rates? Is the case of the farmers of western Canada properly presented to those who are making the decisions?—A. I will not know until tomorrow whether the farmers have made representations to this toll committee or not. There has been some newspaper publicity about it and I suppose there will be representations from interested groups.

Q. I have one other question to ask: To what extent will the board of grain commissioners represent the interest of the farmers in western Canada in setting those rates?—A. We will not have anything to do with the toll rates, nor will we appear on that behalf. Under the Inland Waters Freight Rates Act, there is a permissive clause by which we can set maximum rates. If our board thought that the rates which were being charged for the movement of grain from Fort William to Montreal and through the seaway were discriminatory,

or were not in accordance with the rates charged from American ports to the same destination, we have the right under the Inland Waters Freight Rates Act to set maximum rates.

This is also only my own personal opinion, but I have always been of the opinion that when you set maximum rates that they tend to become the effective rates. You can see the maximum rate which we set and when you look at the charters; they were all made at the maximum. I have always been of the opinion that maximum rates tend to become the effective rates. It might be better to do away with it and let the market find its own level.

Q. Would there be sufficient competition to set that level?—A. I would think so. There is another provision of the Inland Water Freight Rates Act which we do not know how we can handle. But, if as expected, British built ships, come into the head of the lakes and take cargo direct to the United Kingdom, it is difficult for us to assess what portion of the rate quoted from Fort William to Liverpool is under our jurisdiction, because our jurisdiction is only in the Canadian inland waters. That is something which the government will have to give us some direction on.

By Mr. Muir (Lisgar):

Q. You said that the operating cost of a vessel would be \$2,100 a day?—A. Yes.

Q. Would it be reasonable, if they could operate to Montreal and return with cargos of iron ore that that would help reduce their costs?—A. Yes. However, there is no iron available at Montreal. They would have to go to Baie Comeau or Seven Islands and they would have to deliver at Cleveland on the way back. You can be assured if there is any money in it, that is the way the boats will operate.

Mr. HORNER (*Acadia*): I was interested in the discussion as to the reduced rates and the possibility of there being a reduced rate on the St. Lawrence seaway. I would certainly hope there is somebody there who is prepared to place the farmers' case before them, because if there is not a reduction, then, to a great many of the farmers in western Canada the seaway was not worth the effort to build; but I go along with others and hope there will be a reduction of 4 cents or more.

On the table it has the lake freight rate from Fort William to Montreal of 16 cents and we were given by the wheat board a figure of 27 cents. I wonder where the difference is.—A. I think the wheat board gave the total cost including the fobbing of the grain out of Fort William, the wharving charges and the re-fobbing at Montreal. This only represents the freight rate.

By Mr. McIntosh:

Q. Is this freight rate set down at a fixed rate or is it determined on the average? If the steamers go back and are willing to take it back at so many shillings less—A. That will be a very strong competitive market.

By Mr. Kindt:

Q. Mr. Chairman, I notice these rates in the table at the bottom of page 15 are set on the basis of space rather than weight, is that true—largely on the basis of space? In other words your rate on wheat and rye is 16 cents, on barley is 15½ cents and on oats 14 cents?—A. That is correct.

Q. In other words, it is a space matter rather than weight?—A. That is the basis of all tonnage rates that you have on the high seas and everywhere else; they have what they call a heavyweight rate and a lightweight rate.

The CHAIRMAN: Gentlemen, shall we proceed to the Prairie Farm Assistance Act?

Mr. MACLEOD:

Prairie Farm Assistance Act

Under the provisions of Section 11 of the Prairie Farm Assistance Act, the Board continued to collect the one per centum levy on grain purchased by licensees under the Canada Grain Act. During the crop year 1956-57, the amount collected was \$6,205,862.54. Collections by the Board since the inception of the Prairie Farm Assistance Act to July 31, 1957 total \$101,196,715.41.

The CHAIRMAN: Are there any comments?

By Mr. Muir (Lisgar):

Q. Do you just collect that and turn it over to the Government?—A. That is correct, sir, we check the figures that are turned in to us by various companies of grain handlers.

The CHAIRMAN: We will proceed to organization and personnel.

Mr. MACLEOD:

Organization and Personnel

Chief Commissioner R. W. Milner visited Great Britain and the Continent during the month of May, 1957, in connection with various matters relating to the Board's work.

The Director of Administrative Services, John Rayner, returned to duty after one year's leave of absence during which he served in Turkey with the Food and Agriculture Organization of the United Nations.

Dr. J. A. Anderson, Chief Chemist, was presented with the Thomas Burr Osborne Medal by the American Association of Cereal Chemists.

Dr. H. E. Gray of the Department of Agriculture was transferred to the staff of the Board to assume full time duties in the control of insect infestation in grain elevators.

P. J. Marples, Chairman of the Grain Appeal Tribunal at Calgary, retired on account of age after 48 years service and he was succeeded by R. E. Forrester, Inspector in Charge at Edmonton was appointed as Chairman of the Grain Appeal Tribunal at Edmonton. J. H. McLean, Grain Inspector in Charge at Moose Jaw assumed the duties vacated by Mr. Creighton. H. A. Munro succeeded Mr. McLean at Moose Jaw.

At December 31, 1957, the Board's staff totalled 935, an increase of 7 over 1956. The staff of the Canadian Government Elevators numbered 211 including 33 casuals. This is a decrease of 11 during the year.

A chart of the Board's organization will be found immediately following.

By Mr. Kindt:

Q. Mr. Chairman, to what extent has the work of Doctor H. E. Gray on insect infestation reached down to the problem of the farmer with insect infestation in stored grain on farms?—A. He did make spot checks on farms last year but he has not been able because of the immense amount of work that he had to do in connection with elevator stocks primarily which kept him busy to do a great deal of work on farm stocks, although he has at various places gone in and talked to farmers about their stocks.

By Mr. Forbes:

Q. Who assumes the loss that is estimated by this grain in storage in the elevator?—A. The person who owns the grain or the person who has charge of it. For instance, if it was Wheat Board grain in the elevator and it was damaged because of that, that is a loss to the terminal.

By Mr. Pascoe:

Q. It is mentioned here, the staff in the Canadian government elevators is 211. Are they in the Civil Service?—A. Not entirely, my secretary tells me. I never can understand where these people are.

Mr. MACLEOD: The situation, sir, is that they are under the Minister. They have all the benefits of the Civil Service. The Minister makes the appointment on the recommendations of the board.

The WITNESS: They receive all the benefits.

By Mr. Gundlock:

Q. Mr. Chairman, in the case of personnel that are loaned or whatever it might be to foreign countries,—is that a fact that they are loaned?—A. Yes, they were taken off our payroll, if that is what you mean and they were paid by the United Nations Organization at the request of the Department of Trade and Commerce. They asked for some person who was able to go over there and discuss with them the grain handling business. We had in this country our Mr. Rayner who at that time was chief administrative officer of the board and he was chosen by the department as the man who should go. They have another man there now taken from the grain trade but it did not cost us anything as far as our board is concerned or the government is concerned.

Q. I was not interested so much in the cost but the loss of the personnel.—A. Well, they asked us if we could get along without him. At the time he was looking over a revision of the Canada Grain Act section by section and discussing it with the board and we thought that could be deferred until he came back.

By Mr. Nasserden:

Q. Mr. Chairman, all of us appreciate, all of us who know Dr. Anderson appreciate what he has done and I was wondering what this medal is for?—A. It is the highest decoration, I think, that can be obtained as a chemist.

By Mr. McIntosh:

Q. Mr. Chairman, one other question on organization and personnel. Mr. Milner made visits to Great Britain and the continent in connection with various matters in connection with the board's work. Would you care to say a few words in connection with the board's work that you conducted?—A. Yes, sir, I have no hesitation. We had complaints from a miller in Carlisle, England, on wheat from a ship called the Warkworth out of Churchill and Doctor Anderson made very exhaustive tests on the wheat from the sample we had and we could not find anything the matter with it and other people who had shipped on the Warkworth also had no complaints on it. Mr. Carr is a gentleman who has been in the business making Carr's biscuits for a hundred years. Any of you who have been in the Old Country will have seen signs of Carr's biscuits. He is a big buyer and a consistent buyer of Canadian wheat and we felt it desirable that we should go over and discuss it with him. Doctor Anderson was also over and discussed it with him.

Then there was the matter of the weight of cargoes being delivered in Ireland and other places on the continent and I wanted to see what kind of equipment they had and what the trouble was in connection with weight.

All of the matters I went over on were satisfactorily settled. There were other matters in connection with the Wheat Board office that Lawrie wanted me to look over in London and I met with the people from the Liverpool Corn Grain Association in London and discussed matters in connection with Canadian grain.

Q. That is what I wanted to bring out. There were no actual complaints on grading and inspection?—A. No, very, very few. We do get them on barley, but very, very little in the matter of wheat. We had a situation, I think probably we had more than we ordinarily had last year. Some member was talking about the freight angle and at the time of the Suez crisis a lot of freight was taken by shippers. I was in Hamburg and there was an importer there unloading a carload of barley. It was Canadian barley so naturally I got down and started looking at it and talking to him about it. He said, "I do not like this barley", so I said, "Do you not like the barley or do you not like the freight?" It was 10,000 tons of barley which he had booked at \$16.50 a ton and he had booked this vessel for three consecutive voyages and when I was there the freight was \$8.50 a ton at Montreal, so he was losing \$80,000 a cargo on that grain and so he did not like the grain or anything about it.

That, I think, was the reason we had a good many complaints on grain. They did not like anything about the shipments but we managed to convince the buyers in every case that our grain was all right. That is as far as the grades were concerned.

The CHAIRMAN: Expenditure and revenue?

Expenditure and Revenue

Total expenditure and accrued revenue of the Board, exclusive of the Canadian Government Elevators, for the fiscal year 1956-57 compared with 1955-56 was as follows:

The CHAIRMAN: Shall we take the statement as read?

	<u>1956-57</u>	<u>1955-56</u>
Expenditure	\$4,084,163.00	\$3,616,657.78
Revenue	3,038,945.00	2,330,380.66

Expenditure for the nine months of the 1957-58 fiscal year to December 31, 1957 totalled \$2,930,732 as against \$3,070,293 for the comparable period during 1956-57. Cash revenue for the same nine-month period amounted to \$1,946,092 as compared with \$2,274,201 in the previous year.

Attached hereto is a series of Appendices which outline in greater detail the work of the Board's Branches.

Respectfully submitted,

R. W. MILNER,
Chief Commissioner

S. LOPTSON,
Commissioner

W. J. MacLEOD,
Secretary

GEO. N. McCONNELL,
Commissioner

By Mr. Muir:

Q. What source of revenue do you have outside of Canadian government elevators?—A. Inspection and weighing fees, sir.

By Mr. Horner (Acadia):

Q. Would Mr. Milner care to comment on why the expenditures are higher—of course the revenues are higher too?—A. Salary accounted for, I think, \$230,000—not the board's salary. It was a civil service increase in salary.

Q. Then how come the revenue went up nearly \$700,000?—A. Well, I presume, that was just a heavy movement of grain. We must maintain our inspection and weighing services and if there is not a very heavy movement of grain, the staffs are there and we cannot collect inspection and weighing fees. In fact, the auditor general has told our board that we should raise the inspection and weighing fees so that we can come out even on our operation. But our board has been loathe to do that because the farmer, after all, is going to have to pay for it, so we have just left them the way they are and we are going along and hoping we will get a big handling.

Q. Do not put any more burden on the poor farmer.

By Mr. McIntosh:

Q. Why are the Canadian government elevators treated separately under expenditures and revenue?

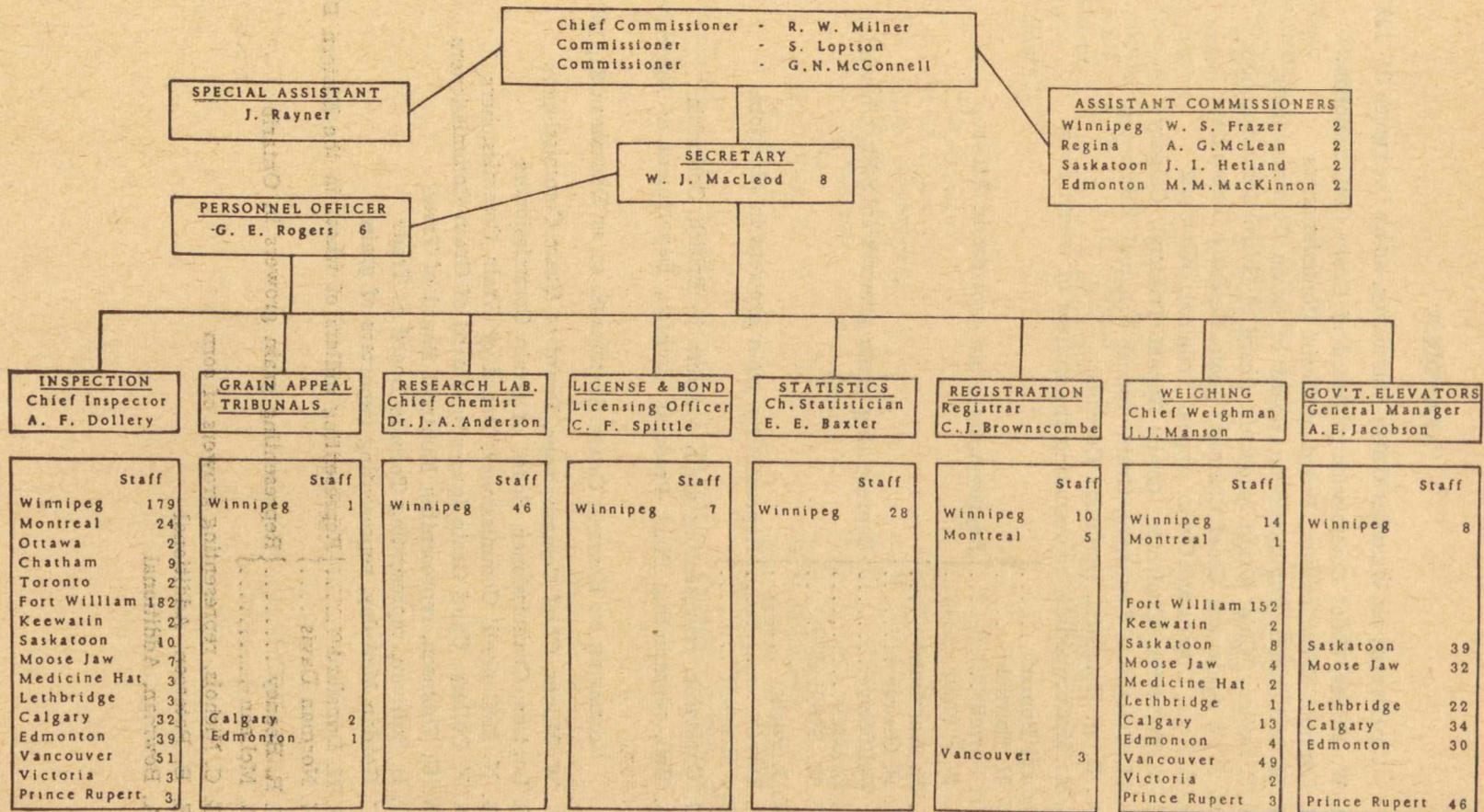
A. There are two different estimates coming up in the house. One is for administration and the other for operation of our elevators.

The CHAIRMAN: Gentlemen, we will go on to the appendices.

COMMISSIONER
GEO. H. McCOMBELL

W. J. McLEOD
Secretary

BOARD OF GRAIN COMMISSIONERS FOR CANADA



APPENDIX A

COMMITTEE ON WESTERN GRAIN STANDARDS, AS AT DECEMBER 31, 1957

- R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 S. Lopston, Commissioner, Board of Grain Commissioners
 G. N. McConnell, Commissioner, Board of Grain Commissioners
 A. F. Dollery, Chief Grain Inspector, Board of Grain Commissioners
 Dr. J. A. Anderson, Chief Chemist, Grain Research Laboratory
 D. E. Ross, Chairman, Grain Appeal Tribunal, Winnipeg
 R. E. Forrester, Chairman, Grain Appeal Tribunal, Calgary
 A. M. Creighton, Chairman, Grain Appeal Tribunal, Edmonton
 Dr. D. G. Hamilton, Dominion Cerealist
 L. A. McCorquodale, representing the millers of wheat flour
- | | |
|-----------------------|--|
| George Bennett | } Representing grain growers in Alberta |
| W. H. Fairfield | |
| Uri Powell | |
| B. S. Plumer | |
| J. H. Harrison | } Representing grain growers in Saskatchewan |
| A. P. Gleave | |
| J. Wellbelove | |
| L. L. Gray | |
| N. W. Strelloff | |
| W. J. Parker | } Representing grain growers in Manitoba |
| R. Barrett | |
| Ray Mitchell | |
- G. Constable, representing grain growers in British Columbia
 L. Bell, representing Plant Products Division, Department of Agriculture

COMMITTEE ON EASTERN GRAIN STANDARDS, AS AT DECEMBER 31, 1957

- R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 S. Lopston, Commissioner, Board of Grain Commissioners
 G. N. McConnell, Commissioner, Board of Grain Commissioners
 A. F. Dollery, Chief Grain Inspector, Board of Grain Commissioners
 W. G. Thomson, representing Montreal Board of Trade
 E. D. Sullivan, representing Toronto Board of Trade
 C. Gordon McAuley, representing exporters of grain
- | | |
|-----------------------|---|
| F. H. Dunsford | } Representing millers of wheat in the Eastern Division |
| H. Norman Davis | |
| J. R. Heaney | } Representing grain growers in Ontario |
| A. McLean | |
- G. C. Nichols, representing growers of corn
 E. B. Paterson, Additional
 A. Bowman, Additional

APPENDIX B

GRAIN APPEAL TRIBUNALS

WINNIPEG

D. E. Ross
 (Chairman)
 E. A. Sangster
 Wm. E. McLeod
 G. A. Turner
 James Gregory
 R. C. Sproule
 J. F. Lazenby
 D. K. Mills
 G. I. Rocan
 N. Kawka
 (Secretary)

CALGARY

R. E. Forrester
 (Chairman)
 B. Jenkins
 J. Tranter
 W. M. Pringle
 A. E. Jones
 W. G. McLeod
 G. C. Arbuthnott
 A. Watson
 G. R. Deeton

EDMONTON

A. M. Creighton
 (Chairman)
 C. C. Young
 M. G. Wood
 J. F. Schofield
 T. Stickney
 D. G. MacKeracher
 H. A. Haggarty
 C. E. Sage
 Ross Saunders

TORONTO

C. H. Coatsworth
 R. C. Pratt
 C. W. Heimbecker
 W. A. Robertson
 E. D. Sullivan
 J. Elder
 D. C. Kay, Jr.
 (Secretary)

MONTREAL

P. J. Smith
 (Chairman)
 A. W. Brown
 E. B. Paterson
 J. A. Byrne
 J. M. Vittie
 G. D. Robinson
 Mrs. Muriel B. Hunter
 (Secretary)

For information on Appeals of Carlot Inspections refer to Appendix E, Table E-7.

APPENDIX C

LICENCE AND BONDING BRANCH

C. F. SPITTLE, *Licensing officer*

Licences are issued by the Board under the provisions of Section 79 of the Canada Grain Act which section also provides that every applicant for a licence shall furnish security by bond or otherwise for the due performance by the licensee of all obligations imposed upon him by the Act.

The Act provides that no railway company or vessel shall receive any Western grain from any elevator or discharge any such grain into any elevator unless such elevator is licensed.

The Act also provides that, except for contracts for the purchase of grain the consideration payable under which is to be paid in full in cash at the time of the making thereof or contracts for the purchase of grain made on the premises of a recognized grain exchange by or through brokers who are members of such exchange, no person in the Western division may make any contract for the purchase of Western grain by reference to any grade name nor act on behalf of any other person in making such contract on a commission basis, unless he is licensed under the Canada Grain Act as a grain dealer, track buyer or grain commission merchant.

During the crop year 1956-57, 5,540 licences were issued to 109 firms and individuals to handle grain under the Canada Grain Act, or fifteen less than in the previous crop year. In addition, country elevator licensees were authorized to use 417 special annexes, comprising flour sheds, coal sheds, skating rinks and other buildings.

On July 31, 1957, with 5,468 elevator licences in force and 403 buildings authorized for supplementary storage, the total licensed storage capacity was 613,160,260 bushels in elevators, and 15,142,090 bushels in special annexes to country elevators. In addition, 50 Track Buyers' Commission Merchants' and Grain Dealers' licences were also in force. The following table gives a comparative statement of numbers and classes of licences in force and storage capacity:

Kind of Licence	Licences in force July 31		Licensed storage capacity July 31	
	1957	1956	1957	1956
Country Elevators.....	5,360	5,378	360,886,950	353,884,150
Special Annexes to Country Elevators.....	*	*	15,142,090	14,518,640
Terminals and Mill Elevators.....	78	77	158,171,010	154,093,810
Eastern Elevators.....	30	30	94,102,300	92,182,300
Track Buyers, Commission Merchants and Grain Dealers.....	50	53	†	†
Totals.....	5,518	5,538	628,302,350	614,678,900

*493 buildings at July 31, 1957, and 402 buildings at July 31, 1956.

†These licences do not cover grain storage facilities.

During the crop year, twenty-two elevator licences were cancelled, one on account of licensee ceasing operation, three destroyed by fire, ten dismantled by licensees, and eight converted into annexes. The authorities covering fourteen special annexes were also cancelled.

Seventy country elevator licences were suspended by the Board for varying periods during rehabilitation and reconstruction of buildings, and one for infraction of the Act. Sixty-seven of these were subsequently reinstated, one was cancelled and three were still under suspension at July 31, 1957.

Guarantee bonds in the amount of \$29,972,836.50 executed by fifteen approved surety companies were deposited with the Board as security under Section 79 of the Canada Grain Act to cover operations of licensees during 1956-57. Three licensees deposited negotiable Government bonds with a par value of \$8,500 in lieu of furnishing the usual form of surety bonds.

At December 1, 1957, at which date essentially all licences were issued for the 1957-58 crop year, there were 5,461 elevator licences in force. In addition, 377 buildings other than elevators were authorized for supplementary storage. The total licensed storage capacity as at December 1, 1957, was 617,239,060 bushels in elevators and 14,952,690 bushels in special annexes, or a total increase of 10,014,050 bushels since December 1, 1956. The total storage capacity by provinces is: Manitoba, 59.7 million; Saskatchewan, 214.3; Alberta, 141.6; British Columbia 26.6; Ontario, 153.1; and Quebec and the Maritimes, 36.9 million bushels.

TABLE C-1

NUMBER AND KIND OF LICENCES ISSUED AND LICENSED STORAGE CAPACITY* AS AT DECEMBER 1ST EACH YEAR FOR THE PAST FIVE YEARS

Kind of Licence	1957	1956	1955	1954	1953
NUMBER OF LICENCES					
Public Country Elevator.....	5,343	5,354	5,369	5,352	5,326
Private Country Elevator.....	10	9	10	10	10
Mill Elevator.....	33	32	33	36	40
Public Terminal Elevator.....	—	5	5	6	6
Semi-Public Terminal Elevator.....	40	34	35	34	35
Private Terminal Elevator.....	5	5	5	7	6
Eastern Elevator.....	30	30	30	29	29
Track Buyer.....	21	21	21	21	21
Commission Merchant.....	23	23	25	25	26
Grain Dealer.....	5	5	7	8	9
Totals.....	5,510	5,518	5,540	5,528	5,508
LICENSED CAPACITY					
	thousands of bushels				
Public Country Elevator.....	364,661	356,263	343,953	332,454	318,224
Special Annexes.....	14,953	15,080	8,522	5,369	4,411
Private Country Elevator.....	369	337	349	349	349
Mill Elevator.....	13,513	13,451	13,525	13,429	13,495
Public Terminal Elevator.....	—	17,100	17,100	18,350	18,350
Semi-Public Terminal Elevator.....	137,524	118,774	116,624	112,873	114,523
Private Terminal Elevator.....	7,070	7,070	7,070	7,295	7,220
Eastern Elevator.....	94,102	94,102	92,182	90,845	84,929
Totals.....	632,192	622,177	599,325	580,964	561,501

STANDING COMMITTEE

TABLE C-2

LICENSED ELEVATORS AND STORAGE AS AT DECEMBER 1, 1957

Kind of Elevator	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Quebec and Maritimes	Totals
NUMBER OF ELEVATORS							
Public Country.....	2	697	2,921	1,706	17	—	5,343
Private Country.....	—	3	2	5	—	—	10
Mill.....	3	7	6	10	7	—	33
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	24	2	2	3	9	—	40
Private Terminal.....	2	2	—	1	—	—	5
Eastern.....	18	—	—	—	—	12	30
Totals.....	49	711	2,931	1,725	33	12	5,461
STORAGE CAPACITY							
			thousands of bushels				
Public Country.....	65	47,863	190,743	124,202	1,788	—	364,661
Special Annexes†.....	1,400	495	7,549	5,509	—	—	14,953
Private Country.....	—	75	61	233	—	—	369
Mill.....	1,480	2,095	4,916	4,095	927	—	13,513
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	90,517	6,000	11,000	6,100	23,907	—	137,524
Private Terminal.....	2,435	3,145	—	1,490	—	—	7,070
Eastern.....	57,161	—	—	—	—	36,941	94,120
Totals.....	153,058	59,673	214,269	141,629	26,622	36,941	632,192

† Offsite storage.

COLLECTION OF ONE PER CENT LEVY

The collection during the crop year 1956-57 of the one per cent levy made by this office under provisions of the Prairie Farm Assistance Act is recorded at \$6,205,862.54, a decrease of \$34,038.23 from collections during the previous crop year.

TABLE C-3

AMOUNTS COLLECTED AND GRAIN PURCHASED UNDER THE ONE PER CENT LEVY, PRAIRIE FARM ASSISTANCE ACT, CROP YEAR 1956-57

Province	Wheat	Oats	Barley	Rye	Total
	\$	\$	\$	\$	\$
Manitoba.....	507,732.59	126,356.85	224,004.29	6,479.84	864,573.57
Saskatchewan.....	2,915,981.87	186,722.64	480,772.20	24,862.43	3,608,339.14
Alberta.....	1,241,482.94	113,837.30	365,203.94	12,337.15	1,732,861.33
Totals.....	4,665,197.40	426,916.79	1,069,980.43	43,679.42	6,205,774.04
Amount not allocated to provinces.	—	—	—	—	88.50
Total collections Aug. 1, 1956 to July 31, 1957.....	—	—	—	—	6,205,862.54
GRAIN PURCHASES					
thousands of bushels					
Manitoba.....	39,918	21,696	24,207	637	86,458
Saskatchewan.....	223,607	27,511	53,818	2,572	307,508
Alberta.....	99,058	19,878	42,949	1,248	163,133
Totals.....	362,583	69,085	120,974	4,457	557,099

"APPENDIX D"

REGISTRATION BRANCH

C. J. BROWNSCOMBE, Registrar

Section 127 of the Canada Grain Act requires the operators or managers of Public terminal, Semi-Public terminal and Eastern Elevators to issue warehouse receipts for all grain taken into store. Regulations No. 1 and No. 2 made by the Board under the provisions of Section 15 (22) of the Canada Grain Act require that all such warehouse receipts be registered with the Board as to grade and quantity at the time of issue and that these warehouse receipts be surrendered to the Board for registration for cancellation when the grain which they represent has been shipped out.

During the Crop Year 1956-57, registration service was provided for licensees of 5 public terminal elevators, 35 semi-public terminal elevators and 30 eastern elevators at the offices maintained by the Board at Montreal, Winnipeg and Vancouver.

Table D-1 of this appendix presents the total bushels, by grains, for which warehouse receipts were registered against unloads of grain and registered for cancellation against shipments of grain together with the averages of these handlings for the past ten years for comparison. In addition to these handlings, service was provided to licensees in the Western Division for the daily registration and registration for cancellation of splits, consolidations, grade adjustments and re-issue of warehouse receipts to facilitate the handling of grain and this work remained at normal levels throughout the crop year.

Records were maintained for each licensee in both the Eastern and Western Divisions, by grade, showing the total quantities registered, registered for cancellation or still outstanding daily, while a separate series of records was maintained to provide the full history of registration and cancellation particulars for all warehouse receipts issued by these licensees. Certified statements of outstanding warehouse receipt grade totals and of handlings for the non-mixing grades of wheat were issued as required for use in connection with the annual weigh-over of stocks of grain as carried out by Board officials at all terminal and eastern elevators.

The total registrations and registrations for cancellation of all grains for elevators in the Western Division show increases of 45.0 million and 14.0 million bushels respectively over those of the previous crop year and 61.0 million and 45.0 million bushels increases respectively, over those of the ten-year average. While the total bushels registered and registered for cancellation for elevators in the Eastern Division show a decline in comparison to similar handlings for the previous crop year, they show an increase of 44.0 million and 32.0 million bushels respectively, over those of the ten-year average.

Fees for registration services were charged at the rate of 4 cents a thousand bushels for registration and for registration for cancellation in the Western Division, and one cent a thousand bushels for similar service in the Eastern Division. The overall increase in the volume of handlings for registration purposes as shown for the combined Eastern and Western Divisions is reflected in the total fees collected for registration service of \$50,149.67 as compared to the ten-year average of \$45,155.86.

TABLE D-1

WAREHOUSE RECEIPT REGISTRATIONS FOR PRIMARY AND TRANSFER RECEIPTS AND SHIPMENTS AT PUBLIC AND SEMI-PUBLIC TERMINAL ELEVATORS AND EASTERN ELEVATORS, BY AREA AND GRAIN, CROP YEAR 1956-57 AND 10-YEAR AVERAGE.

Area	Grain	Crop Year 1956-57		10-Year Average, 1946-47 to 1955-56	
		Registered	Registered for Cancellation	Registered	Registered for Cancellation
—thousands of bushels—					
WESTERN DIVISION— Winnipeg, including Lake- head and Churchill.	Wheat.....	212,094	191,096	199,022	196,378
	Oats.....	49,174	52,303	69,106	71,063
	Barley.....	71,431	70,040	67,247	66,354
	Flax.....	22,611	21,419	7,412	7285
	Rye.....	6,600	6,739	11,002	10,862
	Mixed Grain...	477	472	963	635
	Corn.....	—	—	41	52
	Other Grains..	375	446	84	85
	INTERIOR ELEVATORS— Calgary, Edmonton, Lethbridge, Moose Jaw and Saskatoon.	Wheat.....	4,048	5,168	5,234	3,932
Oats.....		161	206	498	589
Barley.....		1,194	1,285	1,623	1,708
Flax.....		629	626	216	221
Rye.....		28	31	40	37
Mixed Grain...		—	35	5	25
Corn.....		15	8	16	12
Other Grains..		3,393	2,831	333	293
VANCOUVER AND PRINCE RUPERT AREA—		Wheat.....	107,234	105,221	81,141	80,182
	Oats.....	560	1,809	2,686	3,724
	Barley.....	30,212	31,585	8,660	8,446
	Flax.....	3,523	3,127	209	220
	Rye.....	—	—	70	66
	Mixed Grain...	1	46	49	53
	Corn.....	—	—	284	283
	Other Grains..	3,208	3,197	104	104
	WESTERN DIVISION— All Points—	Wheat.....	323,376	301,485	285,397	280,492
Oats.....		49,895	54,318	72,290	75,376
Barley.....		107,837	102,910	77,530	76,508
Flax.....		26,763	25,172	7,837	7,726
Rye.....		6,628	6,770	11,112	10,965
Mixed Grain...		478	553	1,017	713
Corn.....		15	8	341	347
Other Grains..		6,976	6,474	521	482
Totals—All Grains.....		516,968	497,690	456,045	452,609
EASTERN DIVISION—	Wheat.....	294,474	277,531	288,833	284,654
	Oats.....	48,334	48,847	44,134	44,475
	Barley.....	81,498	81,444	68,580	68,357
	Flax.....	37,418	37,153	11,611	11,626
	Rye.....	2,866	3,199	8,910	8,846
	Mixed Grain...	470	477	512	491
	Corn.....	11,103	10,876	16,519	16,578
	Screenings....	2,826	2,936	1,030	1,015
	Peas.....	241	241	48	54
	Soybeans.....	5,234	5,079	1,977	1,975
	Buckwheat....	298	189	279	280
	Other Grains..	1,804	1,793	98	97
Totals—All Grains.....	486,566	469,765	442,531	438,448	

APPENDIX E

INSPECTION BRANCH

A. F. DOLLERY, *Chief Grain Inspector*

Under Section 32 of the Canada Grain Act, the Grain Inspection Branch in the Western Division samples and grades all grain enroute from country points to terminal and mill elevators or other destinations, at the primary inspection points of Winnipeg, Edmonton and Calgary. All grain is also sampled and graded on delivery to terminal or mill elevators at Saskatoon, Moose Jaw, Medicine Hat and Lethbridge, if such grain has not passed through an inspection point. In addition, inspectors resample and check primary grading of all grain unloaded into terminal and mill elevators at the Lakehead, Churchill, Pacific Coast and interior points, as well as sampling and grading all grain shipped from terminal or mill elevators.

In the Eastern Division, sampling and grading service is provided on request at Chatham and Toronto for Eastern grown grain. At Montreal, Quebec, Sorel, Three Rivers, St. John and Halifax, grain loaded into vessels for export is sampled and the grades are checked. Grades of all grain in store in all terminal and eastern elevators weighed over during the crop year are verified by Inspection Branch officials.

In the crop year ended July 31, 1957, inspections of Western grain at primary points totalled 298,635 carlots compared with 285,521 carlots in the previous crop year. This total is 3.6 per cent higher than the average for the past ten years.

The predominant grade in Red Spring Wheat was No. 3 Manitoba Northern with 29.1 per cent of total wheat inspections. This was mainly due to several heavy frosts experienced in the beginning of the crop year. With 28.8 per cent grading No. 2 Manitoba Northern and 1.3 per cent grading No. 1 Manitoba Northern, the first three grades totalled 59.2 per cent as compared with 65.2 per cent in the previous crop year. Of the Durum Wheat inspected, 46.2 per cent graded No. 4 C.W. No. 2 C.W. showed a percentage of 4.9 per cent—No. 3 C.W. 15.8 per cent—Extra No. 4 C.W. 19.9 per cent—No. 5 C.W. 9.6 per cent and No. 6 C.W. 1.1 per cent, of total Amber Durum inspections.

In this year's crop 48.1 per cent of the Oats inspected graded No. 1 Feed compared with 54.4 per cent in the previous year. In the higher grades of No. 3 C.W. and Extra No. 1 Feed, the percentages were 24.3 per cent and 20.8 per cent respectively, as compared with 21.0 per cent and 13.1 per cent respectively in the previous year.

The predominant grade in Barley was No. 1 Feed with 31.4 per cent, followed by 3 C.W. 6 Row with 28.2 per cent and Extra 2 Feed with 14.1 per cent. In Rye 52.3 per cent graded 3 C.W. and 22.2 per cent 2 C.W., as compared to the previous crop year, 46.6 per cent and 32.3 per cent respectively. The quality of Flax was good this year with 69.2 per cent grading 1 C.W. and 26.6 per cent 2 C.W., or 95.8 per cent of total flax inspections as compared to the previous year of 80.8 per cent and 15.9 per cent respectively.

Mustard seed carlots inspected this crop year were much higher with 580 carlots as compared to 18 the previous year. The main grade in Mustard Seed was No. 1 Canada Western Oriental with 82.1 per cent.

This crop year showed a vast increase in acreage of Rapeseed with 2,375 carlots being inspected as compared to 642 carlots in the previous crop year.

There was a noticeable increase this year in the number of two pound samples "subject to grade and dockage" submitted. Total inspected being 30,363 as compared to 15,575 the previous year.

Grain inspections on loadings to vessels at the Lakehead, Pacific Coast and Churchill terminal elevators totalled 475 million bushels as compared with 452 million bushels in the previous crop year. Export cargoes shipped from St. Lawrence and Atlantic ports, totalling 145 million bushels, were sampled and checked for grade at loading as compared with 191 million bushels in the previous crop year. Cargoes received at Montreal totalling 82 millions were also sampled and grades checked, as compared with 85 million in the previous crop year.

Eastern grown grain sampled and inspected in carlots totalled 8,143 cars of which 7,335 cars were handled by the Chatham office. In the previous crop year the totals were 11,752 and 10,861 respectively. Wheat accounted for 3,773 cars.

WESTERN DIVISION

TABLE E-1

PRIMARY CARLOT INSPECTIONS BY GRAINS, CROP YEAR 1956-57, COMPARED WITH 1955-56 AND 10-YEAR AVERAGE 1946-47 TO 1955-56

	10-Year Average	1956-57	1955-56	10-Year Average	1956-57	1955-56
		Carlots		Percent of total		
Wheat.....	194,921	198,796	190,537	67.6	66.5	66.7
Oats.....	34,791	20,868	21,844	12.1	7.0	7.7
Barley.....	45,174	55,168	54,625	15.7	18.5	19.1
Rye.....	6,321	3,339	6,630	2.2	1.1	2.3
Flaxseed.....	5,505	16,257	10,248	1.9	5.4	3.6
Mixed Grain.....	580	241	243	0.2	0.1	0.1
Corn.....	151	182	212	0.1	0.1	0.1
Buckwheat.....	63	122	143	*	*	0.1
Screenings.....	457	471	322	0.2	0.2	0.1
Rapeseed.....	98	2,375	642	*	0.8	0.2
Sunflower Seeds.....	1	—	—	*	—	—
Peas.....	85	234	57	*	0.1	*
Mustard Seed.....	2	580	18	*	0.2	*
Sample Grain.....	—	2	—	—	*	—
Totals.....	288,149	298,635	285,521	100.0	100.0	100.0

*Less than 0.05%

TABLE E-2

PRIMARY CARLOT INSPECTIONS BY POINTS, CROP YEAR 1956-57, COMPARED WITH 1955-56 AND 10-YEAR AVERAGE 1946-47 TO 1955-56

	10-Year Average	1956-57	1955-56	10-Year Average	1956-57	1955-56
		Carlots		Percent of total		
Winnipeg.....	201,036	188,149	185,714	69.8	63.1	65.0
Calgary.....	35,792	46,993	40,971	12.4	15.7	14.3
Edmonton.....	29,887	39,526	34,944	10.4	13.2	12.2
Moose Jaw.....	4,789	4,454	4,503	1.7	1.5	1.6
Saskatoon.....	6,910	7,304	7,780	2.4	2.4	2.7
Lethbridge.....	129	628	28	*	0.2	*
Medicine Hat.....	3,074	1,796	2,275	1.1	0.6	0.8
Vancouver.....	1,837	585	508	0.6	0.2	0.2
Churchill.....	4,695	9,200	8,798	1.6	3.1	3.2
Totals.....	288,149	298,635	285,521	100.0	100.0	100.0

*Less than 0.05%

TABLE E-3

PRIMARY CARLOT INSPECTIONS CROP YEAR 1956-57, BY GRAIN AND GRADES

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT			
1 Manitoba Northern	2,412	1.3	—
2 Manitoba Northern	53,489	28.8	—
3 Manitoba Northern	53,918	29.1	—
4 Manitoba Northern	25,758	13.9	—
No. 4 Special	51	*	—
No. 5	29,049	15.6	—
No. 5 Special	123	0.1	—
No. 6	8,372	4.5	—
Feed	423	0.2	—
Sample	358	0.2	—
Smutty	173	0.1	—
Rejected	5,373	2.9	—
Tough	6,222	3.3	—
Damp	41	*	—
Broken Red Spring	2	*	—
Condemned	4	*	—
Total Red Spring Wheat	185,768	100.0	93.5
2 Canada Western Garnet	5	1.8	—
3 Canada Western Garnet	190	67.6	—
4 Canada Western Garnet	14	5.0	—
Smutty Canada Western Garnet	1	0.4	—
Rejected Canada Western Garnet	8	2.8	—
Tough Canada Western Garnet	63	22.4	—
Total Garnet Wheat	281	100.0	0.1
1 Canada Western Amber Durum	14	0.1	—
2 Canada Western Amber Durum	545	4.9	—
3 Canada Western Amber Durum	1,758	15.8	—
Extra 4 Canada Western Amber Durum	2,225	19.9	—
4 Canada Western Amber Durum	5,146	46.2	—
5 Canada Western Amber Durum	1,076	9.6	—
6 Canada Western Amber Durum	118	1.1	—
Smutty Canada Western Amber Durum	17	0.2	—
Rejected Canada Western Amber Durum	117	1.0	—
Tough Canada Western Amber Durum	116	1.0	—
Damp Canada Western Amber Durum	5	*	—
Sample Canada Western Amber Durum	20	0.2	—
Total Amber Durum Wheat	11,157	100.0	5.6
2 Canada Western Soft White Spring	38	19.1	—
3 Canada Western Soft White Spring	94	47.2	—
4 Canada Western Soft White Spring	65	32.7	—
Tough Canada Western Soft White Spring	2	1.0	—
Total Soft Western White Spring	199	100.0	0.1
1 Canada Western Mixed Wheat	12	10.3	—
2 Canada Western Mixed Wheat	7	6.0	—
3 Canada Western Mixed Wheat	34	29.3	—
4 Canada Western Mixed Wheat	25	21.6	—
5 Canada Western Mixed Wheat	11	9.5	—
6 Canada Western Mixed Wheat	17	14.7	—
Smutty Canada Western Mixed Wheat	1	0.9	—
Rejected Canada Western Mixed Wheat	5	4.3	—
Tough Canada Western Mixed Wheat	4	3.4	—
Total Mixed Wheat	116	100.0	0.1

TABLE E-3
PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—Continued

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT—Concluded			
1 Alberta Red Winter.....	210	16.5	—
2 Alberta Winter.....	714	56.0	—
3 Alberta Winter.....	250	19.6	—
4 Alberta Winter.....	61	4.8	—
Smutty Alberta Winter.....	10	0.8	—
Rejected Alberta Winter.....	30	2.3	—
Total Alberta Winter Wheat.....	1,275	100.0	0.6
Total All Wheats.....	198,796	—	100.0

Grade	Carlots	Percentage
OATS		
2 Canada Western.....	29	0.1
Extra 3 Canada Western.....	426	2.0
3 Canada Western.....	5,077	24.3
Extra 1 Feed.....	4,331	20.8
1 Feed.....	10,032	48.1
2 Feed.....	581	2.8
3 Feed.....	100	0.5
Mixed Feed Oats.....	4	*
Rejected Oats.....	31	0.2
Sample Oats.....	34	0.2
Tough.....	218	1.0
Damp.....	3	*
Mixed Feed Oats Groats.....	2	*
Total Oats.....	20,868	100.0

BARLEY		
2 Canada Western Six Row.....	899	1.6
3 Canada Western Six Row.....	15,572	28.2
4 Canada Western Six Row.....	2,001	3.6
1 Canada Western Two Row.....	2	*
2 Canada Western Two Row.....	203	0.4
3 Canada Western Two Row.....	4,200	7.6
1 Feed.....	17,263	31.4
Extra 2 Feed.....	7,798	14.1
2 Feed.....	3,344	6.1
3 Feed.....	1,147	2.1
Rejected.....	187	0.3
Sample.....	45	0.1
Tough.....	2,490	4.5
Damp.....	17	*
Total Barley.....	55,168	100.0

STANDING COMMITTEE

TABLE E-3

PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—Continued

Grade	Carlots	Percentage
RYE		
1 Canada Western.....	2	0.1
2 Canada Western.....	740	22.2
3 Canada Western.....	1,749	52.3
4 Canada Western.....	403	12.1
Ergoty Rye.....	337	10.1
Rejected.....	21	0.6
Sample.....	3	0.1
Tough.....	79	2.4
Damp.....	1	*
Ergot and Other Grains.....	4	0.1
Total Rye.....	3,339	100.0
FLAXSEED		
1 Canada Western.....	11,251	69.2
2 Canada Western.....	4,321	26.6
3 Canada Western.....	457	2.8
4 Canada Western.....	7	*
Rejected.....	17	0.1
Sample.....	25	0.2
Tough.....	153	0.9
Damp.....	26	0.2
Total Flaxseed.....	16,257	100.0
MIXED GRAIN		
1 Canada Western.....	35	14.5
2 Canada Western.....	22	9.1
3 Canada Western.....	95	39.5
4 Canada Western.....	3	1.2
Rejected.....	16	6.6
Sample.....	53	22.0
Tough.....	9	3.7
Damp.....	8	3.4
Total Mixed Grain.....	241	100.0
CORN		
1 Canada Western Yellow.....	10	5.5
2 Canada Western Yellow.....	37	20.3
3 Canada Western Yellow.....	19	10.4
4 Canada Western Yellow.....	8	4.4
5 Canada Western Yellow.....	2	1.1
Tough.....	5	2.8
Others.....	1	0.6
U.S.A. Origin.....	100	54.9
Total Corn.....	182	100.0

TABLE E-3
PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—*Concluded*

Grade	Carlots	Percentage
MUSTARD SEED		
Extra 1 Canada Western Yellow.....	1	0.2
2 Canada Western Yellow.....	1	0.2
1 Canada Western Oriental.....	477	82.1
2 Canada Western Oriental.....	23	4.0
3 Canada Western Oriental.....	4	0.7
1 Canada Western Brown.....	30	5.2
2 Canada Western Brown.....	4	0.7
3 Canada Western Brown.....	2	0.3
Sample Canada Western Oriental.....	1	0.2
Sample Canada Western Brown.....	3	0.5
Others.....	22	3.8
U.S.A. Mustard Seed.....	12	2.1
Total Mustard Seed.....	580	100.0
SCREENINGS		
1 Feed.....	7	1.5
Uncleaned.....	316	67.1
Refuse.....	113	24.0
Sample.....	35	7.4
Total Screenings.....	471	100.0
Buckwheat.....	122	—
Peas.....	234	—
Rapeseed.....	2,375	—
Sample Grain.....	2	—
Grand Total.....	298,635	—

*Less than 0.05%

TABLE E-4.
CARLOTS OF TOUGH, DAMP AND STRAIGHT GRAIN INSPECTED AT PRIMARY
INSPECTION POINTS, CROP YEAR 1956-57

Grain	Tough	Damp	Tough and Damp	Straight	Total
Wheat.....	6,407	46	6,453	192,343	198,796
Oats.....	218	3	221	20,647	20,868
Barley.....	2,490	17	2,507	52,661	55,168
Rye.....	79	1	80	3,259	3,339
Flaxseed.....	153	26	179	16,078	16,257
Others.....	14	8	22	4,185	4,207
All Grains.....	9,361	101	9,462	289,173	298,635
PERCENTAGE OF TOTAL					
Wheat.....	3.2	*	3.2	96.8	100.0
Oats.....	1.0	*	1.1	98.9	100.0
Barley.....	4.5	*	4.5	95.4	100.0
Rye.....	2.4	*	2.4	97.6	100.0
Flaxseed.....	0.9	0.2	1.1	98.9	100.0
Others.....	0.3	0.2	0.5	99.5	100.0
All Grains.....	3.1	*	3.2	96.8	100.0

*Less than 0.05%

TABLE E-5

NUMBER OF TWO POUND SAMPLES "SUBJECT TO GRADE AND DOCKAGE"
INSPECTED CROP YEAR 1956-57 COMPARED WITH THE CROP YEAR 1955-56

Point	1956-57	1955-56
	Number of Samples	
Winnipeg.....	23,183	11,110
Calgary.....	2,148	1,271
Edmonton.....	1,913	1,079
Moose Jaw.....	228	66
Saskatoon.....	1,184	748
Lethbridge.....	1,647	1,246
Medicine Hat.....	60	55
Totals.....	30,363	15,575

TABLE E-6

CARLOTS RE-INSPECTED, CROP YEAR 1956-57

Point	In-spected	Re-in-spected	Un-changed	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
	Number of Carlots						
Winnipeg.....	188,149	13,150	5,378	3,682	276	303	3,511
Calgary.....	46,993	4,406	1,758	1,330	83	176	1,059
Edmonton.....	39,526	5,902	2,524	1,363	39	283	1,693
Saskatoon.....	7,304	324	295	28	—	—	1
Moose Jaw.....	4,454	351	323	26	2	—	—
Medicine Hat.....	1,796	76	42	23	9	—	2
Lethbridge.....	628	—	—	—	—	—	—
Vancouver.....	585	16	13	3	—	—	—
Churchill.....	9,200	—	—	—	—	—	—
Totals.....	298,635	24,225	10,333	6,455	409	762	6,226
	Percentage of Total Re-inspections						
	%	%	%	%	%	%	%
Winnipeg.....	—	100	40.9	28.0	2.1	2.3	26.7
Calgary.....	—	100	39.9	30.2	1.9	4.0	24.0
Edmonton.....	—	100	42.7	23.1	0.7	4.8	28.7
Saskatoon.....	—	100	91.1	8.6	—	—	0.3
Moose Jaw.....	—	100	92.0	7.4	0.6	—	—
Medicine Hat.....	—	100	55.3	30.3	11.8	—	2.6
Lethbridge.....	—	100	—	—	—	—	—
Vancouver.....	—	100	81.2	18.8	—	—	—
Churchill.....	—	100	—	—	—	—	—
Totals.....	—	100	42.7	26.6	1.7	3.1	25.9
	Percentage of Total Inspections						
	%	%	%	%	%	%	%
Winnipeg.....	100	7.0	2.9	2.0	0.1	0.2	1.9
Calgary.....	100	9.4	3.7	2.8	0.2	0.4	2.3
Edmonton.....	100	14.9	6.4	3.4	0.1	0.7	4.3
Saskatoon.....	100	4.4	4.0	0.4	—	—	—
Moose Jaw.....	100	7.9	7.3	0.6	—	—	—
Medicine Hat.....	100	4.2	2.3	1.3	0.5	—	0.1
Lethbridge.....	100	—	—	—	—	—	—
Vancouver.....	100	2.7	2.2	0.5	—	—	—
Churchill.....	100	—	—	—	—	—	—
Totals.....	100	8.1	3.5	2.2	0.1	0.3	2.1

TABLE E-7

SUMMARY OF CARLOT INSPECTIONS APPEALED, CROP YEAR 1956-57

Item	Winnipeg		Edmonton		Calgary		Total	
	Cars	Percent	Cars	Percent	Cars	Percent	Cars	Percent
Left as graded....	684	93.8	220	77.7	598	85.9	1,502	87.9
Grades Raised....	45	6.2	62	21.9	96	13.8	203	11.9
Grades Lowered..	—	—	1	0.4	2	0.3	3	0.2
Totals.....	729	100.0	283	100.0	696	100.0	1,708	100.0
Total Cars Inspected.....							298,635	100.00
Total Appeals.....							1,708	0.57
Total Grades Changed.....							206	0.07

TABLE E-8

VESSEL SHIPMENTS INSPECTED, CROP YEAR 1956-57

Grain	Fort William and Port Arthur	Vancouver	Victoria	Prince Rupert	Churchill	Total
	bu.	bu.	bu.	bu.	bu.	bu.
Wheat.....	171,357,190	102,882,125	1,199,669	492,883	16,250,319	292,182,186
Oats.....	47,728,441	527,895	—	—	101,200	48,357,536
Barley.....	72,481,270	22,556,631	—	8,157,986	—	103,195,887
Rye.....	5,872,794	—	—	—	—	5,872,794
Flaxseed.....	13,689,845	2,438,195	711,590	—	—	16,839,630
Buckwheat.....	162,717	—	—	—	—	162,717
*Sample Grain.....	219,328	—	—	—	—	219,328
*Screenings.....	4,189,426	—	—	424	110,800	4,300,650
*Canada Rapeseed.....	—	1,340,220	1,051,947	—	—	2,392,167
*Mustard Seed.....	—	1,111,665	—	—	—	1,111,665
*U.S.A. Mustard Seed..	—	66,907	—	—	—	66,907
Totals.....	315,701,011	130,923,638	2,963,206	8,651,293	16,462,319	474,701,467

* In bushels of 50 pounds.

TABLE E-9

CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1956-57

Grain	Winnipeg	Fort William and Port Arthur	Calgary	Edmonton	Moose Jaw
		Number of Carlots			
Wheat.....	644	1,980	566	230	1,087
Oats.....	271	2,124	25	120	121
Barley.....	321	1,303	729	35	49
Flaxseed.....	56	4,051	165	206	24
Rye.....	1	440	16	—	1
Mixed Grain.....	87	—	27	2	4
Corn.....	10	—	—	—	—
Buckwheat.....	3	4	—	—	—
Peas.....	71	—	—	—	—
Rapeseed.....	4	110	98	397	—
Screenings.....	356	5,240	238	140	110
Sample Grain.....	—	254	—	—	—
Totals.....	1,824	15,506	1,864	1,130	1,396

TABLE E-9

CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1956-57
—Concluded

Grain	Saskatoon	Lethbridge	Medicine Hat	Vancouver, Victoria and Prince Rupert	Churchill
Wheat.....	1,632	542	13	549	—
Oats.....	128	—	9	339	—
Barley.....	29	—	—	214	—
Flaxseed.....	15	19	171	8	—
Rye.....	—	—	—	1	—
Mixed Grain.....	—	1	—	18	—
Corn.....	—	—	—	—	—
Buckwheat.....	—	—	—	—	—
Peas.....	—	—	—	—	—
Rapeseed.....	287	—	—	4	—
Mustard Seed.....	—	1	—	—	—
Screenings.....	689	1	3	1,663	8
Totals.....	3,320	564	196	2,796	8

TABLE E-10

EASTERN DIVISION
CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57,
BY GRAINS AND POINTS

Grain	Montreal	Toronto	Chatham	Total
	Carlots			
Wheat.....	—	453	3,320	3,773
Oats.....	—	—	—	—
Barley.....	—	9	159	168
Rye.....	—	—	30	30
Buckwheat.....	1	—	17	18
Corn.....	1	4	1,870	1,875
Beans.....	—	—	259	259
Soybeans.....	—	338	1,680	2,018
Flaxseed.....	—	2	—	2
Totals.....	2	806	7,335	8,143

TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS,
GRADES AND POINTS

Grade	Montreal	Toronto	Chatham	Total
	Carlots			
WHEAT				
1 Canada Eastern White Winter.....	—	25	555	580
2 Canada Eastern White Winter.....	—	123	988	1,111
3 Canada Eastern White Winter.....	—	12	149	161
4 Canada Eastern White Winter.....	—	—	14	14
5 Canada Eastern White Winter.....	—	—	9	9
1 Canada Eastern Mixed Winter.....	—	—	143	143
2 Canada Eastern Mixed Winter.....	—	—	146	146
3 Canada Eastern Mixed Winter.....	—	—	19	19
6 Canada Eastern Winter.....	—	8	15	23
Tough.....	—	272	1,179	1,451
Smutty.....	—	—	2	2
Weevilly.....	—	—	15	15
Infested.....	—	—	12	12
Damp.....	—	5	30	35
Sample.....	—	7	42	49
Condemned.....	—	1	2	3
Totals, Wheat.....	—	453	3,320	3,773

TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS, GRADES AND POINTS—Continued

Grade	Montreal	Toronto	Chatham	Total
	Carlots			
BARLEY				
2 Canada Eastern Six Row	—	—	1	1
3 Canada Eastern Six Row	—	—	10	10
4 Canada Eastern	—	1	82	83
5 Canada Eastern	—	1	6	7
6 Canada Eastern	—	—	1	1
Tough	—	2	55	57
Damp	—	1	3	4
Sample	—	4	1	5
Totals, Barley	—	9	159	168
RYE				
2 Canada Eastern	—	—	15	15
4 Canada Eastern	—	—	1	1
Tough	—	—	11	11
Damp	—	—	2	2
Sample	—	—	1	1
Totals, Rye	—	—	30	30
BUCKWHEAT				
2 Canada Eastern	—	—	1	1
Tough	—	—	6	6
Damp	1	—	10	11
Totals, Buckwheat	1	—	17	18
CORN				
Extra Dry 1 Canada Eastern Yellow	—	—	50	50
1 Canada Eastern Yellow	—	—	489	489
Extra Dry 2 Canada Eastern Yellow	—	—	95	95
2 Canada Eastern Yellow	1	—	339	340
Extra Dry 3 Canada Eastern Yellow	—	—	122	122
3 Canada Eastern Yellow	—	—	167	167
Extra Dry 4 Canada Eastern Yellow	—	—	51	51
4 Canada Eastern Yellow	—	—	38	38
Extra Dry 5 Canada Eastern Yellow	—	—	3	3
5 Canada Eastern Yellow	—	1	2	3
Tough	—	—	240	240
Damp	—	—	184	184
Moist	—	—	80	80
Wet	—	—	9	9
Sample	—	3	1	4
Totals, Corn	1	4	1,870	1,875

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TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS,
GRADES AND POINTS—*Concluded*

Grade	Montreal	Toronto	Chatham	Total
	Carlots			
BEANS				
1 Canada Eastern Pea.....	—	—	71	71
2 Canada Eastern Pea.....	—	—	105	105
3 Canada Eastern Pea.....	—	—	12	12
4 Canada Eastern Pea.....	—	—	1	1
Tough.....	—	—	69	69
Damp.....	—	—	1	1
Total, Beans.....	—	—	259	259
SOYBEANS				
1 Canada Yellow.....	—	83	751	834
2 Canada Yellow.....	—	233	378	611
3 Canada Yellow.....	—	6	166	172
4 Canada Yellow.....	—	1	118	119
5 Canada Yellow.....	—	—	29	29
Tough.....	—	15	213	228
Damp.....	—	—	20	20
Moist.....	—	—	2	2
Sample.....	—	—	3	3
Totals, Soybeans.....	—	338	1,680	2,018
FLAXSEED				
Tough.....	—	2	—	2
Totals, Flaxseed.....	—	2	—	2
Totals, All Grains.....	2	806	7,335	8,143

TABLE E-12

CARGO INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Wheat.....	—	—	—	852,112	852,112
Corn.....	—	—	—	1,326,621	1,326,621
Soybeans.....	127,224	210,400	337,471	1,309,597	1,984,682
Totals.....	127,224	210,400	337,471	3,488,330	4,163,425

TABLE E-12A

CARGO INSPECTIONS, WESTERN GRAIN, CROP YEAR 1956-57

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Flaxseed.....	7,401,543	618,898	—	—	8,020,441
Rapeseed.....	—	11,146	—	—	11,146
Totals.....	7,401,543	630,044	—	—	8,031,587

TABLE E-13

INSPECTIONS, EASTERN GRAIN IN BINS OR WAREHOUSES, CROP YEAR 1956-57

Grain	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.
Oats.....	7,087	—	—	7,087
Buckwheat.....	12,537	—	—	12,537
Beans.....	—	—	152,474	152,474
Totals.....	19,624	—	152,474	172,098

TABLE E-14

INWARD AND EXPORT CARGOES SAMPLED AND GRADE CHECKED, CROP YEAR 1956-57

—	Montreal	Sorel	Three Rivers	Quebec	Halifax and Saint John	Total
	bu.	bu.	bu.	bu.	bu.	bu.
EASTERN GRAIN						
Inward.....	1,889,681	—	—	—	—	1,889,681
Export.....	1,328,806	—	—	—	342,607	1,671,413
WESTERN GRAIN						
Inward.....	77,881,954	112,707	—	—	—	77,994,661
Export.....	85,200,540	13,136,257	11,601,522	10,685,864	21,517,667	142,141,850
U.S. GRAIN						
Inward.....	2,248,527	—	—	—	—	2,248,527
Export.....	1,272,832	—	—	—	—	1,272,832
Totals.....	169,822,340	13,248,964	11,601,522	10,685,864	21,860,274	227,218,964

TABLE E-15

GRAIN SAMPLED BUT NOT INSPECTED, CROP YEAR 1956-57

—	Montreal	Toronto and Chatham	Sorel, Three Rivers and Quebec	Halifax and Saint John	Total
EASTERN GRAIN					
Carlots.....	22	12	—	—	34
Inward Cargoes..... (bu.)	82,330	—	—	—	82,330
Outward Cargoes..... (bu.)	156,239	—	—	—	156,239
Bin Lots..... (bu.)	484,539	—	—	—	484,539
WESTERN GRAIN					
Carlots.....	57	9	—	—	66
Inward Cargoes..... (bu.)	310,041	—	5,722	—	315,763
Outward Cargoes..... (bu.)	2,998,835	—	1,053,733	966,027	5,018,595
Bin Lots..... (bu.)	145,273	333,960	88,882	—	568,115
U.S.A. GRAIN					
Carlots.....	49	—	—	—	49
Inward Cargoes..... (bu.)	1,554,245	—	—	—	1,554,245
Bin Lots..... (bu.)	412,968	—	95,570	—	508,538
Totals—Cars.....	128	21	—	—	149
—Bushels.....	6,144,470	333,960	1,243,907	966,027	8,688,364

APPENDIX F

GRAIN WEIGHING BRANCH

J. J. MANSON, *Chief Grain Weighman*

Under the provisions of Sections 33 and 124 of the Canadian Grain Act, all grain received at or shipped from licensed terminal elevators is weighed under the supervision of the Board's weighing staffs. Weighing services are also provided at licensed mill elevators.

During the Crop Year 1956-57, forty-five public, semi-private and private terminal elevators and twenty-eight mill elevators in the Western Division were serviced.

All scales and the equipment for transferring grain to scales on receipt and for shipment in all licensed terminal elevators and serviced mill elevators were regularly inspected during the crop year under the provisions of Section 92 of the Act. In accordance with the special arrangement with the Standards Branch of the Department of Trade and Commerce, all scales in licensed terminal and eastern elevators were inspected, verified, and stamped by the Board's Scale Inspector acting as an inspector under the Weights and Measures Act. A semi-annual inspection was also made of all scales at terminal elevators to ascertain if scales were maintaining their accuracy. Special inspections were also made when any doubt arose as to the accuracy of any particular scale.

New installations of dust control and other elevator equipment in terminal and eastern elevators were inspected to ensure that such equipment did not affect the accuracy of the weighing of grain received at or shipped from these elevators.

During the crop year under review, 305,276 carlots of grain were weighed on receipt at terminal and mill elevators in the Western Division and of these car lots, 56,141 or 18.3% were reported leaking and 7,877 or 2.5% were without seals or had defective seals.

This Branch maintained a close checking of reported outturns at eastern elevators of cargoes loaded at Lakehead terminals and investigations were made in cases of reported excessive shortages with a view to assessing the liability in cases where such could be established.

Under provisions of Sections 139 and 140 of the Canada Grain Act, weighovers were conducted at thirty terminal elevators and at twenty-one eastern elevators. Results were submitted to the Board's Statistics Branch for comparison with outstanding warehouse receipts and preparation of official statements.

The following tables summarize the grain weighed and other information relating to the work of this Branch.

TABLE F-1

GROSS QUANTITIES OF ALL GRAINS WEIGHED AT TERMINAL ELEVATORS IN THE WESTERN DIVISION DURING
1956-57 CROP YEAR

Point	Wheat	Oats	Barley	Rye	Flaxseed	Canadian Corn	Canadian Buckwheat	Canadian Peas	Miscel- laneous
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	lbs.
RECEIPTS									
Fort William-Port Arthur.....	201,127,804	50,906,446	80,389,194	6,780,120	26,347,739	—	205,070	3,302	91,530,723
Vancouver-New Westminster.....	108,765,472	563,973	22,464,424	—	3,072,573	—	—	—	114,069,539
Victoria.....	1,506,560	4,249	1,250	—	869,482	—	—	—	52,500,090
Prince Rupert.....	—	—	8,215,368	—	—	—	—	—	—
Churchill.....	16,576,265	—	—	—	—	—	—	—	—
Calgary.....	512,000	3,013	1,129,476	28,145	344,388	—	—	—	1,214,170
Edmonton.....	390,240	114,953	63,546	—	357,933	15,070	—	—	47,979,590
Lethbridge.....	584,015	—	—	—	30,586	—	—	—	—
Moose Jaw.....	1,203,458	—	1,968	—	3,218	—	—	—	—
Saskatoon.....	1,466,213	43,344	—	—	—	—	—	—	110,658,880
North Transcona.....	348,946	34,706	62,269	2,231	16,006	—	—	—	4,460,300
Total Receipts.....	332,480,973	51,670,684	112,327,495	6,810,496	31,041,925	15,070	205,070	3,302	422,314,292
SHIPMENTS									
Fort William-Port Arthur.....	174,244,302	52,930,425	77,104,511	6,737,285	21,774,473	—	166,046	3,032	720,182,204
Vancouver-New Westminster.....	103,982,322	1,778,906	22,969,991	—	2,454,188	—	—	—	275,525,104
Victoria.....	1,201,035	30,160	1,360	—	711,591	—	—	—	57,924,780
Prince Rupert.....	37,417	—	8,613,453	—	—	—	—	—	7,354,100
Churchill.....	16,484,320	101,200	—	—	—	—	—	—	6,069,371
Calgary.....	879,112	5,889	1,221,361	30,691	301,382	—	—	—	13,857,230
Edmonton.....	424,112	124,872	61,061	—	301,025	8,820	—	—	50,657,640
Lethbridge.....	1,045,121	—	375	—	27,930	—	—	—	81,520
Moose Jaw.....	798,795	—	1,968	—	3,218	—	—	—	2,838,820
Saskatoon.....	2,020,566	75,505	—	—	—	—	—	—	113,215,830
North Transcona.....	371,714	18,851	60,759	2,231	15,913	—	—	—	4,323,300
Total Shipments.....	301,488,816	55,065,839	110,034,839	6,770,207	25,589,720	8,820	166,046	3,302	1,252,029,889

TABLE F-2

NUMBER OF CARS LEAKING AND CARS WITH MISSING SEALS AT THE LAKEHEAD, AT OTHER POINTS AND AT WINNIPEG YARDS, BY RAILWAYS, FOR THE CROP YEAR 1956-57

Destination	Cars Leaking		Missing Seals	
	C.N.R.	C.P.R.	C.N.R.	C.P.R.
Lakehead Elevators and Yards.....	20,623	20,670	1,971	3,188
Other Points.....	6,852	7,996	1,370	1,348
Totals.....	27,475	28,666	3,341	4,536
Totals, both Railways.....	56,141		7,877	
Winnipeg Yards.....	1,191	1,613	858	980

TABLE F-3

NUMBER OF CARS WEIGHED AT ALL POINTS AND PERCENTAGE OF SUCH CARS FOUND LEAKING OR WITH DEFECTIVE SEALS, CROP YEARS 1955-56 AND 1956-57

	Number		Percentage of Total	
	1956-57	1955-56	1956-57	1955-56
Cars Weighed In.....	305,276	293,489	100.0	100.0
Inward Cars Leaking.....	56,141	54,349	18.3	18.5
Inward Cars with Missing or Defective Seals.....	7,877	6,923	2.5	2.4
Cars Weighed Out.....	30,171	32,615	—	—

TABLE F-4

AVERAGE REPORTED OUTTURN SHORTAGES ON VESSEL SHIPMENTS OF GRAIN FROM FORT WILLIAM-PORT ARTHUR TO CANADIAN AND UNITED STATES PORTS DURING THE 1956-57 CROP YEAR.

Grain	Bushels Shipped	Shortage in Pounds per 1,000 Bushels	
		1956-57	1955-56
CANADIAN PORTS			
Wheat.....	148,497,650	31.1	28.4
Durum Wheat.....	16,817,014	15.4	35.9
Oats.....	37,164,830	21.1	19.1
Barley.....	51,412,138	28.7	30.3
Rye.....	1,589,056	46.9	42.4
Flaxseed.....	13,557,206	21.3	29.3
Buckwheat.....	121,313	51.1	44.1
Mixed Grain (in lbs.).....	3,259,154	.4 lbs.	—
Sample Grain (in lbs.).....	8,680,897	per 1,000 lbs. .8 lbs.	1.1 lbs.
Screenings (in tons).....	54,553	per 1,000 lbs. 1.1 lbs. per ton	per 1,000 lbs. 1.7 lbs. per ton
UNITED STATES PORTS			
Wheat.....	5,442,247	63.7	53.3
Durum Wheat.....	—	—	—
Oats.....	10,480,376	53.1	17.2
Barley.....	21,363,155	43.6	43.7
Rye.....	4,300,526	36.1	5.6
Flaxseed.....	28,231	124.0	—
Buckwheat.....	41,404	111.2	—
Sample Grain (in lbs.).....	—	—	1.3 lbs. per 1,000 lbs.
Screenings (in tons).....	50,183	—	—
TOTAL CANADIAN AND UNITED STATES PORTS			
Wheat.....	153,939,897	32.3	29.3
Durum Wheat.....	16,817,014	15.4	35.9
Oats.....	47,645,206	28.2	19.0
Barley.....	72,775,293	33.1	35.2
Rye.....	5,889,582	39.0	31.5
Flaxseed.....	13,585,437	21.6	29.3
Buckwheat.....	162,717	64.7	44.1
Mixed Grain (in lbs.).....	3,259,154	.4 lbs.	—
Sample Grain (in lbs.).....	8,680,897	per 1,000 lbs. .8 lbs.	1.1 lbs.
Screenings (in tons).....	104,736	per 1,000 lbs. .5 lbs. per ton	per 1,000 lbs. .9 lbs. pr ton

APPENDIX G

STATISTICS BRANCH

E. E. BAXTER, *Chief Statistician*

The Statistics Branch receives regular reports from all elevators licensed under the Canada Grain Act and from these returns compiles and publishes basic statistics relating to the storage and handling of grain within the Canadian elevator system. It prepares audit statements of the operations of all terminal and eastern elevators, verifies the insurance carried on grain stocks, supplies for review by the Board a detailed analysis of country and terminal grain handlings and cooperates with other Board offices in the maintenance of detailed records of principal operations.

The general statistical bulletins released by this office were continued with only normal adjustments in form during 1956-57. A further expansion in the demand for the weekly "Canadian Grain Position" bulletin indicated the increasing use of this current reference document within the grain trade and related fields. The wider adaption of all grain statistics was also reflected in additional requests for special studies and reports. The Branch's machine accounting unit was adjusted and expanded during the year to meet the needs for further records and statistics in connection with terminal and country elevator records, vessel shipping studies and special scientific analyses carried out by the Board's Grain Research Laboratory. Particular extensions were made in those control records related to terminal and country elevator weigh-overs.

Following representations from certain trade organizations an investigation was initiated regarding the advisability of changing the unit of grain measurement from the bushel to the hundredweight. A report covering the basic proposition and initial findings was presented to the Department in May and further study is being carried out.

The facilities and procedures of the office were made available for examination by representatives of foreign nations studying Board operations under the Colombo Plan.

The responsibilities of the office under provisions of the Inland Water Freight Rates Act were met by the examination of vessel charter confirmations covering all lake grain cargoes shipped from Fort William-Port Arthur during the 1957 season. These records covered a total vessel movement from Fort William-Port Arthur elevators of 278.6 million bushels of the five principal grains in 1,072 separate cargoes from the opening of the 1957 season of navigation on April 10 to its closing on December 14, 1957.

The records and statements prepared in connection with the grain audits of terminal and eastern elevators under Sections 139 and 140 of the Canada Grain Act have been expanded to provide additional details for Board analysis. Study was made of records procedures necessary to meet proposed changes in screenings dust disposal at terminals.

Detailed records of Canadian grain prices have been maintained as required under Section 21 of the Canada Grain Act, and in pursuance of Section 102, storage value reports and grain insurance documents have been examined to ensure adequate protection to the owners of grain held in licensed elevators.

Annual stock and handling returns from 5,360 country elevators covering 1956-57 operations were examined and tabulated as a basis for statistical records and special analytical reports for Board review. The reporting procedure with respect to country elevator weighups instituted late in 1955-56 was further developed to facilitate the administrative work of the Executive Branch and the Assistant Commissioners.

Summary grain statistics with respect to the 1956-57 crop year and the 1957 season of navigation are presented in table form below. Complete details are published in the Branch's annual export publication—"Canadian Grain Exports 1956-57" and in the "Grain Trade of Canada" released jointly by this office and the Agriculture Division of the Dominion Bureau of Statistics.

TABLE G-1
SUPPLY AND DISPOSITION OF CANADIAN GRAIN, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
Carry-over July 31, 1956.....	579,573,811	119,105,841	110,947,935	15,313,037	2,507,471
Production in 1956.....	573,062,000	524,445,000	269,065,000	8,584,000	34,463,000
Total Supply.....	1,152,635,811	643,550,841	380,012,935	23,897,037	36,970,471
DISPOSITION					
Exported Overseas.....	256,884,039	1,065,973	55,318,712	1,094,209	21,582,468
Exported to U.S.A.....	5,871,501	17,615,326	21,562,199	4,353,311	—
Consumed in Canada*.....	160,677,838	398,799,416	160,400,136	4,289,281	7,807,435
Total Disposition*.....	423,433,378	417,480,715	237,281,047	9,736,801	29,389,903
CARRY-OVER (July 31, 1957)					
On Farms (estimated).....	319,160,000	172,100,000	80,980,000	10,640,000	1,520,000
In Country Private Terminal and Mill Elevators.....	242,003,946	41,860,937	39,095,328	1,521,342	1,704,862
In Public and Semi-Public Terminal Elevators.....	75,878,162	5,008,836	15,216,469	1,100,752	2,666,281
In Store at and Afloat to Eastern Elevators.....	73,269,834	4,728,890	5,433,604	424,075	853,402
In Eastern Flour Mills.....	2,340,000	168,000	75,000	1,000	—
In Transit by Rail—Eastern and Western Divisions.....	16,339,432	2,098,932	1,845,250	455,067	836,020
In Store and in Transit to the United States.....	211,059	104,531	86,235	18,000	—
Total in Store July 31, 1957*	729,202,433	226,070,126	142,731,886	14,160,236	7,580,565

*Subject to revision.

TABLE G-2.

PRODUCTION AND PRODUCERS' MARKETINGS IN WESTERN CANADA,
BY PROVINCES, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
PRODUCTION (DBS estimate)					
Manitoba.....	56,000,000	92,000,000	42,000,000	1,100,000	8,000,000
Saskatchewan.....	355,000,000	165,000,000	99,000,000	4,100,000	19,000,000
Alberta and British Columbia...	141,175,000	147,460,000	123,147,000	1,338,000	7,236,000
Totals.....	552,175,000	404,460,000	264,147,000	6,538,000	34,236,000
PRODUCERS' MARKETINGS					
(a) At Country Elevators					
Manitoba.....	39,147,481	21,657,694	24,168,542	619,392	6,544,145
Saskatchewan.....	220,759,115	27,034,752	53,058,039	2,283,722	15,855,980
Alberta.....	98,132,888	19,706,228	42,904,639	1,106,547	5,619,413
Totals.....	358,039,484	68,398,674	120,131,220	4,009,661	28,019,538
(b) At Public and Semi-Public Terminals					
Manitoba.....	8,621	19,857	17,372	—	—
Saskatchewan.....	—	—	—	—	—
Alberta.....	542,283	107,691	42,102	—	2,739
Totals.....	550,904	127,548	59,474	—	2,739
(c) At Interior Private and Mill Elevators					
Manitoba.....	245,569	55,075	45,991	2,146	260,177
Saskatchewan.....	1,845,595	235,100	212,441	1,807	169,897
Alberta.....	1,660,173	395,322	135,628	37,276	510,848
Totals.....	3,751,337	685,497	394,060	41,229	940,922
(d) Loaded over Platforms					
Manitoba.....	3,429	21,881	1,702	—	1,765
Saskatchewan.....	52,769	—	8,837	1,600	15,262
Alberta.....	56,041	20,740	65,823	10,800	32,420
Totals.....	112,239	42,621	76,362	12,400	49,447
Total Producers' Marketings					
Manitoba.....	39,405,100	21,754,507	24,233,607	621,538	6,806,087
Saskatchewan.....	222,657,479	27,269,852	53,279,317	2,287,129	16,041,139
Alberta.....	100,391,385	20,229,981	43,148,192	1,154,623	6,165,420
Totals.....	362,453,964	69,254,340	120,661,116	4,063,290	29,012,646

TABLE G-3.
RECEIPTS AND SHIPMENTS OF CANADIAN GRAIN AT TERMINAL
ELEVATORS, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
Fort William-Port Arthur—					
Receipts.....	195,262,256	49,603,513	77,675,031	5,888,463	22,570,376
Shipments.....	173,912,620	52,473,080	75,822,174	6,019,663	21,377,931
Vancouver-New Westminster—					
Receipts.....	105,689,077	523,674	22,162,647	—	2,797,724
Shipments.....	103,891,341	1,746,446	22,969,989	—	2,408,095
Victoria—					
Receipts.....	1,463,987	1,838	1,250	—	710,874
Shipments.....	1,201,035	30,160	1,360	—	704,475
Prince Rupert—					
Receipts.....	—	—	8,048,192	—	—
Shipments.....	37,417	—	8,613,453	—	—
Churchill—					
Receipts.....	16,160,117	—	—	—	—
Shipments.....	16,484,320	101,200	—	—	—
Transcona—					
Receipts.....	343,043	34,395	61,822	2,231	16,006
Shipments.....	371,684	18,851	60,759	2,231	15,913
Calgary—					
Receipts.....	506,835	3,013	1,128,183	28,125	300,309
Shipments.....	879,112	5,889	1,221,361	30,691	297,362
Edmonton—					
Receipts.....	385,981	114,649	63,429	—	297,944
Shipments.....	424,112	124,872	61,061	—	297,533
Lethbridge—					
Receipts.....	569,985	—	—	—	27,697
Shipments.....	1,045,121	—	375	—	27,681
Moose Jaw—					
Receipts.....	1,171,686	—	1,967	—	3,218
Shipments.....	798,795	—	1,967	—	3,218
Saskatoon—					
Receipts.....	1,413,976	43,287	—	—	—
Shipments.....	2,020,566	75,504	—	—	—
Total Receipts.....	322,966,943	50,324,369	109,142,521	5,918,819	26,724,148
Total Shipments.....	301,066,123	54,576,002	108,752,499	6,052,585	25,132,208

TABLE G-4.
SHIPMENTS OF FOREIGN GRAIN FROM CANADIAN ELEVATORS INTO
CANADIAN CONSUMER CHANNELS, CROP YEAR 1956-57

From	United States Flaxseed	United States Corn	United States Soybeans	United States Rice	Iran Rice
	bu.	bu.	bu.	bu.	bu.
Eastern Elevators.....	47,040	6,223,301	1,714,801	113,657	48,148
Fort William-Port Arthur.....	—	—	—	—	—
Interior Terminals.....	—	—	—	—	—
Interior Private and Mill Elevators	—	1,059,697	—	—	—
Pacific Coast Elevators.....	—	—	—	—	—

STANDING COMMITTEE

TABLE G-5

PRIMARY RECEIPTS AND SHIPMENTS AT EASTERN ELEVATORS, CROP YEAR
1956-57

	Receipts	Shipments
	bu.	bu.
Canadian Grain—		
Wheat.....	170,138,510	153,430,147
Oats.....	38,842,719	39,693,102
Barley.....	48,093,642	48,846,074
Rye.....	1,691,314	2,020,125
Flaxseed.....	21,378,233	21,006,474
Corn.....	2,510,755	2,976,734
Beans.....	2,263,806	2,212,832
Buckwheat.....	298,322	187,965
Peas.....	241,010	240,660
Rapeseed (lbs.).....	82,094,660	81,541,810
Mixed Grain (lbs.).....	282,766	—
Sample Grain (lbs.).....	12,681,790	13,286,145
United States Grain—		
Wheat.....	—	137,384
Flaxseed.....	2,093,279	1,782,760
Corn.....	8,203,155	7,445,183
Soybeans.....	1,806,570	1,714,801
Rice.....	113,657	113,657
Other Foreign Grain—		
Iran Rice.....	48,148	48,148

TABLE G-6

SUPPLY AND DISPOSITION OF CANADIAN GRAIN IN UNITED STATES POSITIONS,
CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
In Store and in Transit U.S.A.....	770,887	820,675	—	73,723	—
Receipts direct from Canada.....	6,388,557	16,899,182	21,562,199	4,297,588	195,983
Total Supply.....	7,159,444	17,719,857	21,562,199	4,371,311	195,983
DISPOSITION					
Exported.....	480,137	—	—	—	195,983
Returned to Canada.....	729,054	—	—	—	—
Used Domestically.....	5,871,501	17,615,326	21,562,199	4,353,311	—
Total Disposition.....	7,080,692	17,615,326	21,562,199	4,353,311	195,983
In store and in Transit, July 31, 1957	78,752	104,541	—	18,000	—

TABLE G-7

EXPORTS OF CANADIAN WHEAT, BY SEABOARD SECTORS, BY MONTHS, CROP YEAR 1956-57

	Via Canadian Pacific Ports	Via Canadian St. Lawrence- Atlantic Ports	Via Churchill	Via Fort William- Port Arthur Direct	Via United States Atlantic Ports	United States Imports ¹		Total All Wheat	Wheat Flour ²	Total Wheat and Wheat Flour
						For Domestic Use	Milling in Bond			
1956	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
August.....	10,457,624	9,265,882	6,383,640	—	—	222,657	—	26,329,803	3,434,137	29,763,940
September.....	7,139,734	8,632,846	8,704,023	—	—	86,272	59,490	24,622,365	2,781,128	27,403,493
October.....	8,200,568	11,320,183	1,162,657	—	—	221,937	—	20,905,355	3,359,384	24,264,739
November.....	8,244,519	12,332,770	—	—	—	874,536	—	21,451,825	3,196,380	24,648,205
December.....	9,478,220	7,070,050	—	—	480,137	763,141	70,971	17,862,519	2,907,296	20,769,815
1957										
January.....	9,427,980	5,003,423	—	—	—	486,757	—	14,918,160	3,343,186	18,261,346
February.....	8,043,622	3,894,696	—	—	—	114,812	—	12,053,130	2,796,915	14,850,045
March.....	7,888,192	5,846,866	—	—	—	168,321	—	13,903,379	2,776,353	16,679,732
April.....	7,071,193	5,309,207	—	—	—	295,718	—	12,676,118	3,055,258	15,731,376
May.....	9,232,341	10,261,922	—	—	—	371,925	858,581	20,724,769	2,316,619	23,041,388
June.....	8,464,153	13,578,776	—	—	—	734,393	60,676	22,837,998	1,848,816	24,686,814
July.....	10,471,065	9,019,344	—	—	—	416,938	64,366	19,971,713	2,682,934	22,654,647
Total Crop Year 1956-57....	104,119,211	101,535,965	16,250,320	—	480,137	4,757,417	1,114,084	228,257,134	34,498,406	262,755,540
Total Crop Year 1955-56....	98,322,316	150,556,005	12,818,845	18,667	227,233	6,676,014	562,395	269,181,475	39,999,990 ³	309,181,465
5-Year Average 1951-1952 to 1955-56.....	99,893,747	136,362,144	10,442,143	96,836	1,624,552	12,751,713	3,439,257	264,610,392	46,894,367	311,504,759

¹ Compiled from returns of Canadian elevator licensees and shippers and advice from American grain correspondents.

² Canadian Customs returns converted to bushels—unadjusted from time lag.

³ Revised—adjusted to remove effect of time lag in reports made by the Customs.

TABLE G-8

OVERSEAS EXPORTS OF CANADIAN GRAIN, BY SEABOARD SECTORS, BY GRADES, CROP YEAR 1956-57

Grades	Via Canadian Pacific Ports	Via Canadian St. Lawrence-Atlantic Ports	Via Churchill	Via United States Atlantic Ports	Total
	bu.	bu.	bu.	bu.	bu.
WHEAT—					
1 Manitoba Northern.....	940,088	5,536,629	260,618	—	6,737,335
2 Manitoba Northern.....	30,800,376	37,102,679	13,532,788	—	81,435,843
3 Manitoba Northern.....	36,894,595	22,742,185	1,700,533	480,137	61,817,450
4 Manitoba Northern.....	7,472,471	4,872,057	264,165	—	12,608,693
No. 5.....	24,047,231	12,309,496	65,399	—	36,422,126
No. 6.....	1,466,070	26,966	—	—	1,493,036
2 C.W. Garnet.....	—	1,991	—	—	1,991
3 C.W. Garnet.....	259,840	—	—	—	259,840
1 Alberta Red Winter.....	222,477	—	—	—	222,477
2 Alberta Winter.....	777,925	—	—	—	777,925
3 Alberta Winter.....	234,845	—	—	—	234,845
Other Western.....	1,003,293	6,371,546	426,817	—	7,801,656
Eastern.....	—	508,413	—	—	508,413
2 C.W. Amber Durum.....	—	848,381	—	—	848,381
3 C.W. Amber Durum.....	—	1,895,694	—	—	1,895,694
Extra 4 C.W. Amber Durum.....	—	3,096,383	—	—	3,096,383
4 C.W. Amber Durum.....	—	6,083,020	—	—	6,083,020
Other Durum.....	—	140,525	—	—	140,525
Totals.....	104,119,211	101,535,965	16,250,320	480,137	222,385,633
OATS—					
2 C.W.....	883	—	—	—	883
Extra 3 C.W.....	—	16,487	—	—	16,487
3 C.W.....	7,059	164,733	—	—	171,792
Extra 1 Feed.....	5,294	—	—	—	5,294
1 Feed.....	34,706	12,035	—	—	46,741
Mixed Feed.....	479,953	—	—	—	479,953
Eastern.....	—	3,295	—	—	3,295
Totals.....	527,895	196,550	—	—	724,445
BARLEY—					
3 C.W. Six-Row.....	1,378,875	435,270	—	—	1,814,145
3 C.W. Two-Row.....	9,504,287	1,265,989	—	—	10,770,276
1 Feed.....	14,913,499	1,186,494	—	—	16,099,993
Extra 2 Feed.....	4,189,219	1,406,684	—	—	5,595,903
2 Feed.....	1,184,168	19,753,417	—	—	20,937,585
Other Western.....	—	100,810	—	—	100,810
Totals.....	31,170,048	24,148,664	—	—	55,318,712
RYE—					
2 C.W.....	—	265,538	—	—	265,538
3 C.W.....	—	828,671	—	—	828,671
Totals.....	—	1,094,209	—	—	1,094,209
FLAXSEED—					
1 C.W.....	2,009,010	14,080,045	—	195,983	16,285,038
2 C.W.....	1,141,406	4,156,024	—	—	5,297,430
Totals.....	3,150,416	18,236,069	—	195,983	21,582,468

TABLE G-9
OVERSEAS EXPORTS OF CANADIAN GRAIN, BY PORTS, CROP YEAR 1956-57

Loaded at	Wheat (All varieties)	Oats	Barley	Rye	Flaxseed	Total All Grains
	bu.	bu.	bu.	bu.	bu.	bu.
Vancouver-New Westminster.....	102,882,125	527,895	22,556,595	—	2,438,825	128,405,440
Victoria.....	1,199,669	—	—	—	711,591	1,911,260
Prince Rupert.....	37,417	—	8,613,453	—	—	8,650,870
Montreal.....	52,869,592	196,550	17,614,733	269,767	10,668,133	81,618,775
Sorel.....	8,075,293	—	4,895,900	—	165,075	13,136,268
Three Rivers.....	10,748,034	—	853,520	—	—	11,601,554
Quebec.....	11,036,301	—	—	—	—	11,036,301
Saint John.....	1,077,066	—	—	—	35,993	1,113,059
West Saint John.....	8,862,006	—	784,511	5,946	4,719,318	14,371,781
Halifax.....	8,867,673	—	—	818,496	2,647,550	12,333,719
Churchill.....	16,250,320	—	—	—	—	16,250,320
Totals—Canadian Ports.....	221,905,496	724,445	55,318,712	1,094,209	21,386,485	300,429,347
Baltimore.....	480,137	—	—	—	—	480,137
Boston.....	—	—	—	—	167,814	167,814
New York.....	—	—	—	—	28,169	28,169
Totals—U.S.A. Ports.....	480,137	—	—	—	195,983	676,120
Totals to Overseas.....	222,385,633	724,445	55,318,712	1,094,209	21,582,468	301,105,467
Wheat Flour ¹	34,498,406	—	—	—	—	34,498,406
Rolled Oats and Oatmeal ¹	—	341,528	—	—	—	341,528
U.S.A. Imports ²	5,871,501	17,615,326	21,562,199	4,353,311	—	49,402,337
Grand Totals.....	262,755,540	18,681,299	76,880,911	5,447,520	21,582,468	385,347,738

¹ Canadian Customs Returns—converted to bushels.

² Compiled from returns of Canadian Elevator licensees and shippers and advice from American grain correspondents.

TABLE G-10.

TOUGH AND DAMP GRAIN DRIED, BY STORAGE POSITION, CROP YEAR 1956-57

	Artificial Drying			Natural Drying	Total
	Tough	Damp	Tough and Damp		
	bu.	bu.	bu.	bu.	bu.
LAKEHEAD					
Wheat.....	959	10,292	11,251	3,715,320	3,726,571
Durum Wheat.....	—	4,064	4,064	91,325	95,389
Oats.....	—	1,992	1,992	349,916	351,908
Barley.....	—	1,945	1,945	1,379,403	1,381,348
Rye.....	391	—	391	106,663	107,054
Flaxseed.....	—	6,806	6,806	120,090	126,896
Totals.....	1,350	25,099	26,449	5,762,717	5,789,166
PACIFIC COAST					
Wheat.....	216,239	—	216,239	4,426,298	4,642,537
Oats.....	—	—	—	14,397	14,397
Barley.....	415,738	—	415,783	1,872,577	2,288,360
Rye.....	—	—	—	—	—
Flaxseed.....	—	—	—	41,911	41,911
Totals.....	632,022	—	632,022	6,355,183	6,987,205
INTERIOR					
Wheat.....	—	82	82	70,491	70,573
Flaxseed.....	10,617	1,843	12,460	—	12,460
Totals.....	10,617	19,25	12,542	70,491	83,033
CHURCHILL					
Wheat.....	—	—	—	13,898	13,898
Totals, All Positions.....	643,989	27,024	671,013	12,202,289	12,873,302

TABLE G-11.

WEIGHTED AVERAGE LAKE FREIGHT RATES ON CANADIAN GRAIN FROM FORT WILLIAM-PORT ARTHUR, SEASON OF NAVIGATION, 1957

Port of Discharge	Wheat	Oats	Barley	Rye	Flaxseed
	(cents per bushel)				
Georgian Bay Ports, Goderich, Sarnia and Walkerville.....	5.530	5.0	5.25	5.5	—
Port Colborne.....	7.552	6.75	7.25	7.5	—
Toronto.....	8.0	7.25	7.5	—	8.515
Kingston.....	9.556	8.0	8.25	—	—
Prescott.....	9.0	8.25	8.5	9.0	—
Montreal (Direct).....	16.0	13.0	15.25	16.0	17.0
Montreal via Bay Ports.....	16.0	13.0	15.25	—	—
Montreal via Port Colborne.....	16.0	13.0	15.25	16.0	17.0
Montreal via Toronto.....	16.0	—	15.25	16.0	17.0
Montreal via Kingston.....	16.0	13.0	15.25	16.0	17.0
Montreal via Prescott.....	16.0	13.0	15.25	16.0	17.0
Sorel (Direct).....	16.0	13.0	15.25	—	—
Sorel via Bay Ports.....	16.0	13.0	15.25	—	—
Sorel via Port Colborne.....	16.0	13.0	15.25	—	17.0
Sorel via Prescott.....	16.0	13.0	15.25	—	17.0
Three Rivers (Direct).....	16.0	—	—	—	—
Three Rivers via Bay Ports.....	16.0	—	—	—	—
Three Rivers via Port Colborne.....	16.0	—	—	—	—
Three Rivers via Toronto.....	16.0	—	—	—	—
Three Rivers via Kingston.....	—	—	—	—	—
Quebec (Direct).....	16.00	13.0	15.25	16.0	—
Quebec via Port Colborne.....	—	13.0	15.25	—	—
Quebec via Prescott.....	16.0	13.0	15.25	—	—
Buffalo.....	8.072	6.881	7.621	7.998	—
Chicago.....	8.377	6.689	7.5	7.955	—
Detroit.....	—	—	8.622	—	—
Duluth-Superior.....	6.0	—	5.5	—	—
Huron.....	9.0	6.331	—	—	—
Manitowoc.....	—	—	7.556	—	—
Milwaukee.....	—	6.5	7.538	—	—
Toledo.....	—	5.870	—	—	—

NOTE.—Rates originally quoted in United States Funds have been converted to Canadian currency at the prevailing rates of exchange.

TABLE G-12

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57

NOTE.—The figures shown in this table represent differences between outstanding registered warehouse receipts and quantities of grain disclosed at weighover.

Date of Weighover	Licensee	Wheat		Oats		Mixed Feed Oats		Barley		Rye		Flaxseed		Canadian Corn		U.S.A. Corn		Rapeseed		Mixed, and Sample Grain		
		Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	
		bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	lbs.	lbs.	lbs.	lbs.
1957	CANADIAN GOVERNMENT ELEVATORS																					
June 17-28	Calgary, Alta.....	—	2,038.3	—	46.4	—	—	262.6	—	28.0	—	134.5	—	—	—	—	—	—	—	—	—	—
May 13-17	Edmonton, Alta.....	—	8,783.3	792.5	—	100.0	—	1,069.7	—	—	—	857.7	—	—	35.0	—	34.0	—	—	—	—	—
May 6-10	Lethbridge, Alta.....	951.9	—	—	—	105.6	—	—	113.7	—	—	19.1	—	—	—	—	—	—	—	—	—	—
June 10- July 5	Saskatoon, Sask.....	1,419.5	—	—	—	22,402.9	—	422.9	—	—	—	—	41.2	—	—	—	—	—	840	—	—	—
	Totals.....	2,371.4	10,821.6	792.5	46.4	22,608.5	—	1,755.2	113.7	28.0	—	1,011.3	41.2	—	3.50	—	34.0	—	840	—	—	—
	Net Totals—Overages....	—	—	746.1	—	22,608.5	—	1,641.5	—	28.0	—	970.1	—	—	—	—	—	—	—	—	—	—
	Shortages.....	8,450.2	—	—	—	—	—	—	—	—	—	—	—	35.0	34.0	—	840	—	—	—	—	—

TABLE G-13

EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57

Date of Weighover	Licensee	EXCESS						DEFICIENCY					
		1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet	1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet
		bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
1957	CANADIAN GOVERNMENT ELEVATORS												
June 17-28.....	Calgary, Alta.....	—	—	—	—	—	—	—	85.8	1,465.3	750.3	—	45.9
May 13-17.....	Edmonton, Alta.....	—	—	—	—	—	—	—	—	58.2	6,300.1	—	435.7
May 6-10.....	Lethbridge, Alta.....	—	—	—	788.3	—	—	—	20.2	308.5	—	—	—
June 10-July 5.....	Saskatoon, Sask.....	—	—	23,482.8	—	—	—	—	22.3	—	30,888.6	—	—

TABLE G-14

EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN
SEMI-PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57

Date of Weighover	Licensee	EXCESS						DEFICIENCY					
		1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet	1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet
		bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
FORT WILLIAM-PORT ARTHUR													
Dec. 17-20, 1956.....	Canadian Consolidated Grain Co. Ltd. Empire.....	—	—	—	—	—	—	—	—	1,488.9	39.1	—	—
Jan. 8-18, 1957.....	Eastern Terminal Elevator Co. Ltd....	—	—	12,293.3	—	—	—	—	13,723.9	—	24,273.6	—	—
Dec. 14-18, 1956.....	Fort William Elevator Co. Ltd. Elevator "E".....	—	—	—	—	—	—	—	—	—	—	—	—
Manitoba Pool Elevators													
Aug. 7-9, 1956.....	Elevator No. 1.....	—	—	—	—	—	—	—	4.8	843.3	675.9	—	—
Aug. 10-15, 1956.....	Elevator No. 2.....	—	—	—	—	—	—	—	174.9	1,704.8	762.3	—	—
Aug. 16-24, 1956.....	Elevator No. 9.....	—	—	—	—	—	—	—	124.6	2,610.9	1,409.4	—	—
Dec. 13-17, 1956.....	McCabe Grain Co. Ltd.....	—	—	—	—	—	—	—	284.7	1,719.9	4,822.3	18.5	17.6
Dec. 17-26, 1956.....	National Grain Terminal.....	—	—	—	—	—	—	—	696.5	10,629.3	34,739.0	—	—
Dec. 11-17, 1956.....	Ogilvie Flour Mills Co. Ltd.....	—	—	—	—	—	—	—	210.3	3,057.1	106.8	—	—
Dec. 26, 1956- Jan. 4, 1957.....	Saskatchewan Wheat Pool Elevator No. 7.....	—	—	—	—	—	—	—	2,513.6	45,925.8	37,063.3	—	3.7
Dec. 12-22, 1956.....	Searle Grain Co. Ltd.....	—	—	—	—	—	—	—	660.4	10,890.6	18,742.7	—	3.7
July 15-18, 1957.....	Superior Elevator Co. Ltd.....	—	—	2,565.5	—	—	—	—	36.1	—	5,154.2	—	—
Jan. 9-Feb. 15, 1957..	Westland Elevators Ltd.....	—	—	—	—	—	—	—	5,997.7	101,268.4	41,679.1	—	3.7
VANCOUVER-NEW WESTMINSTER													
Jan. 12-19, 1957.....	Alberta Wheat Pool.....	—	—	—	—	—	—	—	1.0	15,528.0	26,826.3	—	10.2
May 3-10, 1957.....	Burrard Terminals Ltd.....	—	31.2	—	—	—	—	—	—	6,342.7	7,346.4	—	—
Sept. 7-12, 1956.....	Cargill Grain Co. Ltd.....	—	—	8,136.5	1,706.4	—	—	—	12,314.2	—	—	—	—
Jan. 11-18, 1957.....	Pacific Elevators Ltd. Elevator No. 1.....	—	—	—	—	—	—	—	3,630.3	62,529.5	49,475.5	—	452.5

Aug. 13-16, 1956.....	James Richardson & Sons Ltd. Elevator No. 4 (N.H.B.).....	—	—	—	—	—	—	—	14.2	210.1	191.6	—	3.7
Oct. 9-15, 1956.....	Searle Grain Co. Ltd.....	—	—	112.4	—	—	—	—	131.5	—	948.8	—	—
VICTORIA, B.C.													
June 20-25, 1957.....	Victoria Elevator Ltd.....	—	—	—	—	—	—	—	1,439.1	7,700.8	14,108.5	—	—
PRINCE RUPERT, B.C.													
June 3-11, 1957.....	Canadian Government Elevator.....	—	—	—	—	—	—	—	—	—	—	—	—

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TABLE G-15

EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY
WEIGHOVERS OF GRAIN STORED IN PRIVATE TERMINAL ELEVATORS,
CROP YEAR 1956-57

Grade of Wheat	Excess	Deficiency
	bu.	bu.
1 Hard.....	—	—
1 Northern.....	—	—
2 Northern.....	—	—
3 Northern.....	—	—
1 C.W. Garnet.....	—	—
2 C.W. Garnet.....	—	—

No wheat of the above grades was handled or in store in the following elevators:

Date of Weighover	Elevator Company	Location
July 29th, 1957.....	Canada Malting Co. Ltd.....	Calgary, Alberta
December 27th, 1956.....	Canada Malting Co. Ltd.....	Winnipeg, Manitoba
December 27th, 1956.....	Canada Malting Co. Ltd.....	Port Arthur, Ontario
December 21st, 1956.....	Dominion Malting Co. Ltd.....	Transcona, Manitoba
December 21st, 1956.....	National Grain Feed Mill.....	Fort William, Ontario

TABLE G-16

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA
WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS,
CROP YEAR 1956-57

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
			bu.	bu.
1957				
Mar. 21-28	COLLINGWOOD Collingwood Terminals Ltd.....	Canada Western Wheat.....	—	5,085.0
		Canada Western Oats.....	—	5,399.1
		Canada Western Barley.....	—	181.1
		Canada Western Rye.....	—	205.6
		Canada Western Peas.....	—	1.9
		Canada Western Screenings.....	*16,421	—
Mar. 12-19	GODERICH Upper Lakes and St. Lawrence Transportation Co. Ltd.....	Canada Western Wheat.....	—	1,504.3
		Canada Western Oats.....	—	3,182.5
		Canada Western Barley.....	—	1,557.4
		Canada Western Screenings.....	—	*35,598
		U.S.A. Corn.....	—	7.8
Jan. 29- Feb. 11	KINGSTON Canada Steamship Lines Ltd....	Canada Western Wheat.....	—	9,392.5
		Canada Western Oats.....	—	305.9
		Canada Western Barley.....	—	2,523.8
		Canada Western Rye.....	—	699.7
		Canada Western Flaxseed.....	—	1,457.2
		U.S.A. Corn.....	—	406.6
Sept. 27, 1956	LAKEFIELD Lakefield Elevator Co.....	Canada Western Wheat.....	—	4,602.8
Mar. 8-27	MIDLAND Canada Steamship Lines Ltd....	Canada Western Wheat.....	—	4,353.1
		Canada Western Oats.....	—	64.5
		Canada Western Barley.....	—	2.0
		Canada Western Rye.....	—	89.7
Feb. 21- Mar. 7	Canadian National Railways.....	Canada Western Wheat.....	—	15,741.0
		Canada Western Barley.....	—	18.7
		Canada Western Rye.....	—	183.7
Mar. 19-29	Midland-Simcoe Elevator Co. Ltd	Canada Western Wheat.....	—	4,869.3
		Canada Western Oats.....	—	579.3
		Canada Western Barley.....	—	597.4

TABLE G-16

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA
WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS,
CROP YEAR 1956-57—Continued

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1957			bu.	bu.
Mar. 28- April 2	Renown Investments Ltd.....	Canada Western Wheat.....	—	1,353.5
		Canada Western Oats.....	—	67.9
		Canada Western Rye.....	—	3.0
Mar. 11-15	MONTREAL Dominion Elevator Ltd.....	Canada Western Wheat.....	—	2,426.5
		Canada Western Oats.....	—	1,274.6
		Canada Western Barley.....	—	869.0
		Canada Western Sample Grain.....	—	*3,169
		Canada Western Screenings.....	—	*22,398
		U.S.A. Corn.....	—	155.2
Mar. 18- April 5	OWEN SOUND Great Lakes Elevator Co. Ltd....	Canada Western Wheat.....	—	7,451.2
		Canada Western Oats.....	—	1,924.5
		Canada Western Barley.....	—	851.3
		Canada Western Screenings.....	—	*33,464
Mar. 11-15	PORT COLBORNE Maple Leaf Milling Co. Ltd.....	Canada Western Wheat.....	—	7,096.9
		Canada Western Oats.....	—	142.3
		Canada Western Barley.....	—	1,689.3
		Canada Western Rye.....	—	252.4
		Canada Western Flaxseed.....	—	18.7
		Canada Western Sample Grain.....	—	*775
		Canada Western Screenings.....	—	*1,123
		U.S.A. Corn.....	—	22.3
April 1-9	National Harbours Board.....	Canada Western Wheat.....	—	13,182.5
		Canada Western Oats.....	—	1,325.3
		Canada Western Barley.....	—	12,605.1
		Canada Western Rye.....	—	1,297.7
		Canada Western Flaxseed.....	—	2,117.0
		Canada Western Buckwheat.....	—	15.6
		U.S.A. Soybeans.....	—	557.3
April 8-16	PORT MCNICOLL Canadian Pacific Railway Co....	Canada Western Wheat.....	—	9,037.5
		Canada Western Oats.....	—	11.1
		Canada Western Barley.....	—	196.1
Feb. 26- Mar. 8	PRESCOTT National Harbours Board.....	Canada Western Wheat.....	2,300.6	—
		Canada Western Oats.....	1,112.3	—
		Canada Western Barley.....	—	2,724.1
		Canada Western Rye.....	—	1,109.0
		Canada Western Flaxseed.....	—	1,970.5
		Canada Western Screenings.....	—	*304
		U.S.A. Flaxseed.....	—	128.0
		U.S.A. Corn.....	—	5,083.8
Feb. 13-22	QUEBEC National Harbours Board.....	Canada Western Wheat.....	—	11,124.2
		Canada Western Oats.....	—	2,620.3
		Canada Western Barley.....	—	2,496.2
		Canada Western Rye.....	—	49.9
		Canada Western Sample Grain.....	—	*50
		Canada Western Screenings.....	—	*4,350
Feb. 25- Mar. 7	SOREL North American Elevators Ltd..	Canada Western Wheat.....	—	7,250.7
		Canada Western Oats.....	—	638.7
		Canada Western Barley.....	—	4,047.1
		Canada Western Rye.....	—	511.3
		Canada Western Flaxseed.....	—	147.7
Feb. 26- Mar. 15	TORONTO Toronto Elevators Ltd.....	Canada Western Wheat.....	—	6,571.9
		Canada Western Oats.....	—	2,889.8
		Canada Western Barley.....	—	2,936.4
		Canada Western Rye.....	—	95.7
		Canada Western Flaxseed.....	—	2,997.6
		Canada Western Sample Grain.....	—	*4,459
		Canada Western Screenings.....	—	*3,872
		U.S.A. Corn.....	95.7	—
		U.S.A. Soybeans.....	—	951.4

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TABLE G-16.

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN
AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1956-57

—Concluded

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1957			bu.	bu.
April 1-11	WALKERVILLE Hiram Walker & Sons Grain Corp. Ltd.....	Canada Western Wheat..... Canada Western Oats..... Canada Western Barley..... Canada Western Rye..... Screenings, Origin Unknown... U.S.A. Corn.....	— — — — — —	3,722.2 75.0 41.2 145.3 *1,361 129.1
April 5-9	ST. JOHN Canadian National Railway Co..	Canada Western Wheat..... Canada Western Flaxseed..... Canada Western Soybeans..... Canada Western Rapeseed.....	— — — —	768.1 22.5 11.9 *527
April 15-18	WEST ST. JOHN Canadian Pacific Railway Co. Elevator "B".....	Canada Western Wheat..... Canada Western Barley..... Canada Western Flaxseed..... Canada Western Screenings.... Canada Western Peas..... Canada Western Rapeseed.....	— — — — — —	2,210.0 72.5 747.4 *980 7.1 *13,080
April 11-12	Canadian Pacific Railway Co. Elevator "H".....	Canada Western Wheat..... Canada Western Barley..... Canada Western Rye..... Canada Western Flaxseed..... Canada Western Screenings.... Canada Western Peas..... Canada Western Rapeseed.....	— — — — — — —	2,144.8 433.3 3.7 1,016.0 *1,734 11.5 *13,258

*Pounds.

APPENDIX H

THE GRAIN RESEARCH LABORATORY

J. ANSEL ANDERSON, *Chief Chemist*

Section 22 of the Canada Grain Act requires that "the Board shall maintain an efficient and adequately equipped laboratory for research work in relation to grain".

The following summary of the Laboratory's work for 1957 deals with the quality of Canadian grain marketed in the 1956-57 crop year, the quality of 1957 crops, research and other activities. In accordance with past practice, a separate annual report will be published by the Laboratory to put on record data on the quality of Canadian grain and progress made in research.

Quality of Grain Marketed in 1956-57

Studies of the qualities of spring wheat, durum wheat, barley, oil seeds, and other cereal grains, at various stages of marketing, were continued throughout the 1956-57 crop year. Although a considerable volume of wheat carried over in country elevators and on farms was moved during the crop year, average quality of grain moved to terminal elevators reflected the characteristics of the 1956 crop; a cool wet season increased bushel weight but kept protein content well below average for the fifth successive year.

Spring wheat marketed in 1956-57 was high in bushel weight and flour yield. Protein content and baking strength were below the long-term averages, but levels for the Northern grades were very similar to those of the previous crop year. Carrying power for weaker wheats was good considering the protein level. The large durum wheat crop was predominantly No. 4 C.W. and the macaroni-making quality of this grade was comparatively good; the new commercial grade, Extra No. 4 C.W., continued to find wide acceptance in European markets. Malting quality of barley was good and similar to that of the previous crop year. The record flax crop was high in oil content and iodine value and was classed as a crop of excellent quality. Western Canada rapeseed became a large enough crop to warrant a comprehensive survey; average oil content was 45%, which represents a high level for this crop.

Estimated Quality of 1957 Crops

The weather at harvest time was not favourable and much grain lost grade in the swath. It is estimated that the bulk of the wheat crop (348 million bushels, including 44 million of durum) will grade Nos. 2, 3 and 4 Northern, with No. 3 Northern as the largest grade. As a result of the relatively dry summer, the 1957 wheat crop has a protein content of 14.1%, and baking strength and carrying power for weaker wheats are excellent. The new crop thus has the high quality long associated with the "Manitobas". Bushel weight is not so high as in recent years, but the Northern grades mill very satisfactorily and give high yields of flour of good color and low ash. Doughs handle very well, and baking absorption and gassing power are both at satisfactory levels.

Despite a 56% increase in seeded acreage, the durum wheat crop is only about 5 million bushels greater than in 1956, and No. 3 C.W. is expected to be the largest grade. The crop will be higher in protein than for several years and bushel weight a little lower. As the top three grades contain only high quality varieties, they again produce macaroni of excellent color; lipoxidase activity is also low for each of these grades. Extra No. 4 C.W. is expected to be somewhat better in macaroni color this year, and No. 4 C.W. will probably be similar to last year's grade.

The new barley crop is estimated to be 216 million bushels, and over 60% is expected to enter the malting grades. Malting quality is about average, but percentages of plump barley are high in the top grades. In line with the higher nitrogen content, malt extract yields are lower than for last year's samples. Enzymic activity is high for the malting grades this year.

The flax crop is estimated to be 23 million bushels and is below average in grade. Oil content and iodine value are both lower than in 1956, but protein content is higher. The second survey of rapeseed shows that oil content is 41.8% and that protein content is 42.5%; the former is lower and the latter higher than in 1956.

Bulletins and Maps

Preliminary information on the quality of different grades of 1957 crops of spring wheat, durum wheat, barley and oil seeds, was published in two protein maps and four crop bulletins (two on wheat, one on barley, and one on flax and rapeseed). Information contained in these bulletins was also presented at two meetings of the Committee on Western Grain Standards. These publications were sent by the Laboratory to domestic and foreign buyers of Canadian grain, and separate distribution of some of them was made by the Canadian Wheat Board. The bulletin on the quality of the wheat crop was also distributed to Canadian Trade Commissioners throughout the world by the Grain Division, Department of Trade and Commerce, Ottawa. Press releases preceded publication of the maps and bulletins.

The quarterly bulletins on Canadian wheat cargoes, started two years ago, were continued throughout 1957. The four issues were distributed mainly by Canadian Trade Commissioners who received their supplies direct by airmail. With the first quarter of the 1957-58 crop year the Laboratory began a second series of quarterly bulletins that deals with the quality of durum wheat cargoes exported from Canada. Comprehensive quality data for average samples of different grades, and data for moisture content, bushel weight and protein content of individual cargoes, are presented and discussed in much the same way as in the spring wheat cargo bulletins.

Service to the Inspection Branch

The Laboratory continued to work in close co-operation with the Inspection Branch to provide information and service required in settling grading problems. Studies were made of the quality of tentative standard and standard export samples of different grains prepared by the Chief Inspector for approval by the Committee on Western Grain Standards. From time to time special tests of current crops were made to provide information that would assist in grading. For example, scab damage in White Winter Wheat was examined and found to be a great deal more severe than the appearance of the kernels would indicate. Supervision of moisture testing and of equipment in the Board's Inspection offices was continued throughout the year, and C.A.E. electrical moisture meters were installed in 10 of the offices. Increased use is being made of these moisture meters to segregate samples that are well below the maximum for straight grade and need not be tested by the longer Brown-Duvel method. Studies aimed at maintenance of uniformity in protein contents of export cargoes of top grades of wheat have been continued.

Variety Testing

As in previous years, the Laboratory took a major part in studies, sponsored by the Associate Committee on Grain Research, of the quality of spring wheat, durum wheat and malting barley varieties developed by Canadian plant breeders. The 1957 studies showed that some of the new rust-resistant

wheat varieties now being developed are promising in quality. Final tests of Traill barley showed that it does not have "fair malting quality" and that it cannot be distinguished in kernel characteristics from the unlicensed variety Kindred which is still being grown on a small acreage in Manitoba. Neither Traill nor Kindred will be graded higher than No. 1 Feed after August 1, 1958. Small-scale prediction tests developed by the Laboratory for durum wheat and malting barley are now being used to advantage in providing plant breeders with preliminary information on the quality of early generation hybrids. Progress in basic research has made it feasible to re-examine the possibility of developing a more comprehensive set of small-scale prediction tests for quality in spring wheats; these studies are being undertaken in co-operation with the Canada Department of Agriculture.

Service to Other Organizations

Laboratory services and technical advice to the Canadian Wheat Board, to the Grain Division of the Department of Trade and Commerce, to Commercial Counsellors and Trade Commissioners in importing countries, and to other government agencies, continue to expand steadily. This work relates mainly to promotion of sales of Canadian wheat. Inquiries relating to the quality of Canadian grains in general, of specific grades, and of individual cargoes, were received from many sources. Considerable time and numerous comparative studies of the qualities of various samples were required to deal adequately with this section of the Laboratory's service work. Visits to foreign countries by members of the Laboratory's staff, mentioned later in this report, also play an important role in dealing with these matters.

Close liaison has continued with the Brewing and Malting Barley Research Institute, Winnipeg, and with the Northwest Crop Improvement Association, Minneapolis. The Laboratory has continued to carry its share of the work of the American Association of Cereal Chemists, and is collaborating with other cereal chemists throughout the world in the formation of an International Association for Cereal Chemistry.

Research

Like other comparable institutions, the Grain Research Laboratory endeavours to maintain a balanced program of short, intermediate and long-term research projects. On the one hand, the short-term projects represent mainly applied research seeking such prompt solutions to immediate practical problems as can be obtained in the light of existing knowledge; on the other hand, the long-term projects represent basic research designed to add to existing knowledge on fundamental biochemical principles relating to quality in various cereal grains.

In applied research on wheat, priority is being given to development of a more effective group of tests for evaluating breadmaking quality. A wide range of laboratory milling tests, baking tests, dough and gluten tests, and analytical procedures has been developed throughout the world. Each importing country tends to use its own procedures and modifications in examining Canadian wheat. The Board's Laboratory must be familiar with all such tests and should be able to reproduce them. At present, a number of the available tests, and certain modifications of them developed in this Laboratory, are being applied to a wide variety of different types of wheat with the object of re-examining the possibilities for selecting better groups of tests for use in the Laboratory's service studies. The development of suitable laboratory milling procedures continues to present special problems. Moreover, no single baking test is wholly adequate for any given purpose, and the development of a limited battery of baking tests designed to provide required information

effectively, is no small task. A number of other types of tests for quality have proved useful and are advocated by various laboratories, but these cannot replace milling and baking. Since the Laboratory is testing new varieties, grade averages, individual samples of cargoes of Canadian wheat, and a wide range of competing wheats, a very comprehensive set of methods is required for routine work.

Applied research on the quality of stored flour is continuing, and a constant check is being kept on the quality of wheat in store in Western Canada.

In basic research on wheat, attention has been focused on the role of flour lipids in relation to the improving action of bromate. Another problem of fundamental importance in dough chemistry is the part played by the sulfhydryl group. The new reagent *N*-ethylmaleimide holds promise for work on this problem, and a preliminary kinetic investigation of its reaction with cysteine has been completed. Studies are also being made in application of the technique of amperometric titration to the determination of the sulfhydryl group. Active research is continuing in the study of the physical properties of dough in relation to quality.

In barley research, the new malting equipment has been thoroughly tested and is now in operation. This equipment is designed primarily for final testing of the quality of new varieties of barley. It is also being used for investigating certain biochemical changes that occur in producing malt from barley. Previous studies indicated that there is a relation between cytolytic activity and malting quality of Canadian barley varieties, and this work has been extended to include examination of the non-starch polysaccharide (gum) components of barley varieties as these are substrates for cytolytic enzymes. Changes in the polysaccharide components during malting are also being followed. As there are indications that the cytolytic enzyme system is a mixture of several enzymes, studies on the characterization of types of enzyme activity are being made.

Staff and Facilities

The first award of the National Research Council Postdoctorate Fellowship, tenable in the Board's Laboratory, was made to Professor Hiroshi Matsumoto of Osaka Women's University. Professor Matsumoto arrived in August and will spend a year working with Dr. Hlynka on the role of the sulfhydryl group.

Dr. W. Bushuk was awarded a National Research Council Overseas Fellowship and one of the two Rutherford Memorial Fellowships offered each year by the Royal Society of Canada. He has been granted leave of absence and will spend a year with Professor H. Benoit at the Centre des Recherches sur les Macromolécules à Strasbourg. Mr. M. H. Birnboim is still on leave for studies towards the degree of Ph.D at the University of Wisconsin.

Good progress is being made with the expansion of the Laboratory recommended in the Annual Report of the Board for 1956. Two chemists, Mr. R. R. Matsuo and Miss M. E. McMullan, joined the professional staff, and five additions were made to the subprofessional staff during the year.

An additional 5,000 sq. ft. of space has been obtained on the ground floor adjoining existing laboratories. This will permit consolidation of all routine studies and services on the ground floor, leaving the eighth floor laboratories for applied and basic research. Provision is being made on the ground floor for doubling the size of the milling and baking sections, for a section to house the malting equipment and associated analyses, and for general analytical laboratory. The workshop, darkroom, drafting and statistical services, will be moved to the ground floor, and larger quarters will be provided for the

sample room, library, and general office. By the end of the year, the new analytical laboratory, sample room and workshop, were occupied. Remaining reconstruction should be completed within the next six to eight months.

Overseas Visits and Visitors

During the year, three members of the staff went abroad on official visits. Dr. G. N. Irvine, with Mr. A. W. Alcock of the Maple Leaf Milling Company, undertook a technical mission to Japan to study the cereal processing industries and related research. Dr. Irvine also visited Hong Kong and Karachi en route to Europe where he spent several weeks, on behalf of the Canadian Wheat Board, on investigations relating to durum wheat in Italy, Germany, France, Netherlands and Switzerland.

Dr. W. O. S. Meredith, who was on furlough leave in the United Kingdom, accepted an invitation to present a paper at the European Brewery Convention Congress in Copenhagen, and subsequently visited centres of barley research in Denmark, Sweden, Holland, Germany, France, Ireland and the United Kingdom.

Dr. J. A. Anderson was in France, as a representative of the Department of Trade and Commerce, and subsequently made additional visits in Belgium, Netherlands, Germany and the United Kingdom.

The Laboratory was especially pleased to welcome five well known cereal chemists from Europe: Ing. E. Maes of Belgium, Dr. G. L. Bertram of the Netherlands, Dr. S. Wagner of Switzerland, Dr. W. Schafer of Germany, and Dr. F. Muntoni of Italy.

Two missions from the United Kingdom, two from Turkey and one each from Poland, Pakistan, Burma, the Soviet Union, Germany, and Roumania visited the Laboratory. Other overseas visitors came from Australia, Austria, France, Greece, Ireland, Japan, South Africa and Switzerland. Canadian Commercial Counsellors or Trade Commissioners from Bogota, Belgium, Germany, Philippines and Portugal, also visited the Laboratory during 1957.

APPENDIX I

CANADIAN GOVERNMENT ELEVATORS

A. E. JACOBSON, *General Manager*

In accordance with the provisions of Section 166 of the Canada Grain Act and Order-in-Council P.C. 1372 of August 19, 1925, the Board manages and operates five interior terminal elevators at Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and one terminal elevator at Prince Rupert, and leases one terminal elevator at Port Arthur.

In the 1956-57 crop year the interior elevators were operated under Public Terminal Elevator Licence. The Prince Rupert elevator was operated under a Semi-Public Terminal Elevator Licence and the Port Arthur elevator continued under lease to McCabe Grain Company Limited.

Handlings

Receipts at 17.0 million bushels in the 1956-57 crop year were 36 per cent higher than the previous year while shipments at 18.7 million bushels were 31 per cent higher. Shipments were 1.7 million bushels higher than receipts, which is reflected in lower stocks in store at the end of the crop year. Receipts of wheat and barley at 13.2 million bushels constituted 75 per cent of total receipts. Receipts at Prince Rupert were composed entirely of barley. Receipts and shipments by elevators were:

Elevator	Capacity	Stocks August 1, 1956	Net Receipts	Net Shipments	Stocks July 31, 1957
	million bu.	bu.	bu.	bu.	bu.
Moose Jaw.....	5.50	5,020,858	1,178,847	803,982	5,395,723
Saskatoon.....	5.50	3,807,796	3,360,049	3,891,856	3,272,128
Calgary.....	2.50	1,742,266	2,160,721	2,625,927	1,277,060
Edmonton.....	2.35	873,170	1,694,169	1,722,057	842,982
Lethbridge.....	1.25	1,167,245	597,682	1,073,176	692,714
Prince Rupert.....	1.25	956,583	8,048,192	8,650,870	349,697
Totals.....	18.35	13,567,918	17,039,660	18,767,868	11,830,304

Charges

Storage and elevation charges at the interior terminals remained unchanged. Storage charges were 1/45c per bushel per day. Storage charges at Prince Rupert were increased on September 13, 1956 from 1/35c per bushel per day to 1/30c per bushel per day, the same as in effect at the Lakehead and other Pacific Coast elevators. The same applies to elevation charges but at interior elevators, elevation charges on wheat, oats, barley and corn at 1½c per bushel were lower by 1c and on rye at 1½c per bushel and flax at 2¼c per bushel were lower by 1½c per bushel than charges at Lakehead and other Pacific terminal elevators.

Maintenance

Elevator buildings, equipment and trackage were maintained in good repair. The installation of a Dust Control System in the Moose Jaw elevator commenced in 1956 was completed in September, 1957. A similar installation is in progress at the Saskatoon elevator and is scheduled for completion in

September, 1958. Fire Escapes and Stairwell Enclosures were completed at all elevators. Repairs to concrete surfaces at the Edmonton elevator were completed. Similar repair at the Port Arthur elevator is scheduled for completion in 1958. The first phase of converting the Morris Steam Drier at the Moose Jaw elevator to a direct oil heat system was completed.

Complete new Man-Hoists were installed in the Moose Jaw, Saskatoon and Calgary elevators replacing obsolete and worn out equipment.

A start has been made toward equipping Millwright workshops throughout with power tools to enable repairs to be made in the plant instead of being sent to outside shops as formerly. This will save time and reduce repair costs.

Staff

Staff employed as at December 31, 1957, compared with figures at December 31, 1956, is as follows:

	1957		1956	
	Continuing Establishment	Casuals	Continuing Establishment	Casuals
Winnipeg (Head Office).....	8	—	8	—
Moose Jaw.....	31	1	27	4
Saskatoon.....	29	10	26	15
Calgary.....	32	2	30	6
Edmonton.....	30	—	27	13
Lethbridge.....	19	3	18	1
Prince Rupert.....	29	17	23	24
	178	33	159	63

Revenue and Expenditure

Revenue and expenditure for the fiscal year 1956-57 compared with the previous fiscal year were as follows:

	1956-57	1955-56
	\$	\$
Revenue.....	1,982,430	1,634,032
Expenditure.....	1,323,293	1,143,983
Surplus.....	659,137	490,049

For the first nine months of the current fiscal year revenue was \$1,480,470 and expenditure was \$880,554.

APPENDIX J

TABLE J-1

EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED
MARCH 31, 1957

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
WINNIPEG					
Executive.....	58,958.03	9,129.68	5,741.98	12,634.75	86,464.44
Assistant Commissioners.....	11,139.96	836.80	1,633.57	331.38	13,941.71
License and Bonding.....	25,100.98	2,100.00	22.15	2,245.28	29,468.41
Registration.....	34,366.44	3,135.00	384.10	1,479.19	39,464.73
Research Laboratory.....	157,685.66	18,838.00	7,215.56	45,591.50	229,330.72
Statistics.....	82,876.22	6,603.32	953.30	27,645.86	118,078.70
Appeal Tribunal.....	9,443.27	589.08	—	1,602.29	11,634.64
Standards Committee.....	—	—	3,961.85	2,750.00	6,711.85
Inspection.....	638,626.90	26,325.72	4,152.42	39,103.85	708,208.89
Weighing.....	61,420.44	1,560.40	571.80	1,069.99	64,622.63
CHURCHILL					
Inspection.....	22,349.28	—	6,005.65	1,009.39	29,364.32
Weighing.....	12,094.04	—	3,421.38	342.94	15,858.36
KEEWATIN					
Inspection.....	6,815.40	—	—	20.40	6,835.80
Weighing.....	9,162.64	—	—	58.46	9,221.10
REGINA					
Assistant Commissioner.....	11,285.41	1,897.56	2,391.66	407.21	15,981.84
SASKATOON					
Assistant Commissioner.....	11,980.98	—	1,730.56	182.92	13,894.46
Inspection.....	38,868.24	877.00	—	1,064.47	40,809.71
Weighing.....	30,001.57	—	671.69	31.50	30,704.76
MOOSE JAW					
Inspection.....	34,873.36	1,440.00	154.39	1,226.19	37,693.94
Weighing.....	18,455.29	—	574.79	31.83	19,061.91
MEDICINE HAT					
Inspection.....	11,340.00	841.00	—	277.93	12,458.93
Weighing.....	11,520.89	—	—	38.70	11,559.59
LETHBRIDGE					
Inspection.....	10,570.24	—	—	141.13	10,711.37
Weighing.....	4,630.00	—	—	11.75	4,641.75
CALGARY					
Assistant Commissioner.....	1,976.66	138.00	323.32	37.95	2,475.93
Inspection.....	107,075.96	6,581.00	723.21	4,408.18	118,788.35
Weighing.....	50,080.04	712.34	1,205.06	419.43	52,416.87
Appeal Tribunal.....	6,120.00	892.50	—	1,200.33	8,212.83
EDMONTON					
Assistant Commissioner.....	9,883.30	1,660.00	3,943.81	679.78	16,166.89
Inspection.....	121,208.53	8,764.00	107.90	4,593.46	134,673.89
Weighing.....	13,700.76	—	70.70	115.28	13,886.74
Appeal Tribunal.....	6,120.00	1,170.00	—	891.78	8,181.78
VANCOUVER					
Inspection.....	195,575.55	6,965.40	158.90	6,266.16	208,966.01
Weighing.....	181,266.60	2,675.40	223.32	2,814.68	186,980.00
Registration.....	10,776.78	1,795.20	—	301.83	12,873.81
VICTORIA					
Inspection.....	9,030.69	—	443.20	7.00	9,480.89
Weighing.....	7,985.10	—	62.00	—	8,047.10
PRINCE RUPERT					
Inspection.....	12,537.98	—	597.81	74.00	13,209.79
Weighing.....	10,143.22	—	223.26	76.00	10,442.48

TABLE J-1

EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED MARCH 31, 1957—*Concluded*

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
FORT WILLIAM					
Inspection.....	792,421.20	19,598.00	4,951.94	14,871.57	831,842.71
Weighing.....	610,660.80	4,210.00	21,780.39	8,481.64	645,132.83
TORONTO					
Inspection.....	8,756.24	1,200.00	516.70	853.02	11,325.96
Weighing.....	4,380.00	—	—	4.00	4,384.00
CHATHAM					
Inspection.....	39,026.96	1,380.00	13,653.98	1,470.82	55,531.76
OTTAWA					
Inspection.....	—	499.00	3,748.02	928.77	5,175.79
MONTREAL					
Inspection.....	114,062.58	4,296.00	12,156.01	4,142.23	134,656.82
Weighing.....	5,077.50	939.36	460.67	853.16	7,330.69
Registration.....	14,700.00	1,664.64	—	989.58	17,354.22
Totals.....	3,646,131.69	139,314.40	104,937.05	193,779.56	4,084,162.70

TABLE J-2

ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1957

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
WINNIPEG				
Executive.....	—	—	460.00	460.00
License and Bonding.....	29,254.00	—	—	29,254.00
Registration.....	33,499.43	—	7.00	33,506.43
Appeal Tribunal.....	2,133.00	—	—	2,133.00
Research Laboratory.....	—	—	3.68*	3.68
Inspection.....	431,834.25	11,998.13	5,347.60	449,179.98
Weighing.....	27,647.57	—	2,320.98	29,968.55
CHUCHILL				
Inspection.....	52,156.64	—	—	52,156.64
Weighing.....	26,264.32	—	—	26,264.32
KEEWATIN				
Inspection.....	6,020.40	486.64	407.16	6,914.20
Weighing.....	7,537.58	—	—	7,537.58
SASKATOON				
Inspection.....	26,765.63	873.93	—	27,639.56
Weighing.....	14,828.21	—	—	14,828.21
MOOSE JAW				
Inspection.....	14,742.97	482.40	—	15,225.37
Weighing.....	7,733.60	—	—	7,733.60
MEDICINE HAT				
Inspection.....	11,220.93	324.17	—	11,545.10
Weighing.....	12,418.14	—	1,127.35	13,545.49
LETHBRIDGE				
Inspection.....	2,547.00	146.05	—	2,693.05
Weighing.....	485.00	—	—	485.00

TABLE J-2

ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1957
—Concluded

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
CALGARY				
Inspection.....	103,085.33	2,305.36	406.51	105,797.20
Weighing.....	18,390.26	—	1,183.80	19,574.06
Appeal Tribunal.....	1,422.00	—	—	1,422.00
EDMONTON				
Inspection.....	99,318.26	1,960.88	439.25	101,718.39
Weighing.....	4,810.59	—	8.64	4,819.23
Appeal Tribunal.....	969.00	—	—	969.00
VANCOUVER				
Inspection.....	279,363.39	8,852.53	552.20	288,768.12
Weighing.....	218,402.86	—	355.95	218,758.81
Registration.....	11,853.73	—	—	11,853.73
VICTORIA				
Inspection.....	6,644.63	131.32	—	6,775.95
Weighing.....	5,095.47	—	—	5,095.47
PRINCE RUPERT				
Inspection.....	17,364.87	154.07	—	17,518.94
Weighing.....	12,655.16	—	—	12,655.16
FORT WILLIAM				
Inspection.....	789,279.00	14,710.22	4,347.25	808,336.47
Weighing.....	606,778.97	—	4,798.42	611,577.39
TORONTO				
Inspection.....	3,473.03	90.00	166.07	3,729.10
Weighing.....	4,380.00	—	—	4,380.00
CHATHAM				
Inspection.....	47,816.37	868.68	1,285.89	49,970.94
MONTREAL				
Inspection.....	21,182.35	511.74	868.60	22,562.69
Registration.....	11,588.68	—	—	11,588.68
Totals.....	2,970,962.62	43,896.12	24,086.35	3,038,945.09

(a) Details in Table J-4.

*Refund of Previous Year's Expenditure.

TABLE J-3.

ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
wmm										
REVENUE										
wmm										
Winnipeg.....	449,179.98	29,968.55	2,133.00	33,506.43	29,254.00	—	3.68	—	460.00	544,505.64
Churchill.....	52,156.64	26,264.32	—	—	—	—	—	—	—	78,420.96
Keewatin.....	6,914.20	7,537.58	—	—	—	—	—	—	—	14,451.78
Saskatoon.....	27,639.56	14,828.21	—	—	—	—	—	—	—	42,467.77
Moose Jaw.....	15,225.37	7,733.60	—	—	—	—	—	—	—	22,958.97
Medicine Hat.....	11,545.10	13,545.49	—	—	—	—	—	—	—	25,090.59
Lethbridge.....	2,693.05	485.00	—	—	—	—	—	—	—	3,178.05
Calgary.....	105,797.20	19,574.06	1,422.00	—	—	—	—	—	—	126,793.26
Edmonton.....	101,718.39	4,819.23	969.00	—	—	—	—	—	—	107,506.62
Vancouver.....	288,768.12	218,758.81	—	11,853.73	—	—	—	—	—	519,380.66
Victoria.....	6,775.95	5,095.47	—	—	—	—	—	—	—	11,871.42
Prince Rupert.....	17,518.94	12,655.16	—	—	—	—	—	—	—	30,174.10
Fort William.....	808,336.47	611,577.39	—	—	—	—	—	—	—	1,419,913.86
Toronto.....	3,729.10	4,380.00	—	—	—	—	—	—	—	8,109.10
Chatham.....	49,970.94	—	—	—	—	—	—	—	—	49,970.94
Montreal.....	22,562.69	—	—	11,588.68	—	—	—	—	—	34,151.37
Ottawa.....	—	—	—	—	—	—	—	—	—	—
Totals.....	1,970,531.70	977,222.87	4,524.00	56,948.84	29,254.00	—	3.68	—	460.00	3,038,945.09

TABLE J-3.

ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957—Concluded

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Winnipeg.....	708,208.89	64,622.63	11,634.64	39,364.73	29,468.41	118,078.70	229,330.72	6,711.85	110,406.15	1,307,826.72
Churchill.....	29,364.32	15,858.36	—	—	—	—	—	—	—	45,222.68
Keewatin.....	6,835.80	9,221.10	—	—	—	—	—	—	—	16,056.90
Saskatoon.....	40,809.71	30,704.76	—	—	—	—	—	—	13,894.46	85,408.93
Moose Jaw.....	37,693.94	19,061.91	—	—	—	—	—	—	—	56,755.85
Medicine Hat.....	12,458.93	11,559.59	—	—	—	—	—	—	—	24,018.52
Lethbridge.....	10,711.37	4,641.75	—	—	—	—	—	—	—	15,353.12
Regina.....	—	—	—	—	—	—	—	—	15,981.84	15,981.84
Calgary.....	118,788.35	52,416.87	8,212.83	—	—	—	—	—	2,475.93	181,893.98
Edmonton.....	134,673.89	13,886.74	8,181.78	—	—	—	—	—	16,166.89	172,909.30
Vancouver.....	208,966.01	186,980.00	—	12,873.81	—	—	—	—	—	408,819.82
Victoria.....	9,480.89	8,047.10	—	—	—	—	—	—	—	17,527.99
Prince Rupert.....	13,209.79	10,442.48	—	—	—	—	—	—	—	23,652.27
Fort William.....	831,842.71	645,132.83	—	—	—	—	—	—	—	1,476,975.54
Toronto.....	11,325.96	4,384.00	—	—	—	—	—	—	—	15,709.96
Chatham.....	55,531.76	—	—	—	—	—	—	—	—	55,531.76
Montreal.....	134,656.82	7,330.69	—	17,354.22	—	—	—	—	—	159,341.73
Ottawa.....	5,175.79	—	—	—	—	—	—	—	—	5,175.79
Totals.....	2,369,734.93	1,084,290.81	28,029.25	69,592.76	29,468.41	118,078.70	229,330.72	6,711.85	148,925.27	4,084,162.70

TABLE J-3.

SUMMARY OF OPERATIONS BY BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Fees.....	1,912,815.05	967,427.73	4,524.00	56,941.84	29,254.00	—	—	—	—	2,970,962.62
Samples Sold.....	43,896.12	—	—	—	—	—	—	—	—	43,896.12
Other Revenue:										
Overtime Refunded.....	9,348.12	9,734.87	—	—	—	—	—	—	—	19,082.99
Express Charges.....	4,463.90	—	—	—	—	—	—	—	—	4,463.90
Jury Fees.....	—	48.00	—	—	—	—	—	—	—	48.00
Fines.....	—	—	—	—	—	—	—	—	460.00	460.00
Refund of Previous Year's Expenses.....	—	—	—	—	—	—	3.68	—	—	3.68
Miscellaneous Revenue.....	8.51	12.27	—	7.00	—	—	—	—	—	27.78
Totals.....	1,970,531.70	977,222.87	4,524.00	56,948.84	29,254.00	—	3.68	—	460.00	3,038,945.0
EXPENDITURE										
Salaries.....	2,163,139.11	1,030,578.89	21,683.27	59,843.22	25,100.98	82,876.22	157,685.66	—	105,224.34	3,646,131.69
Rent.....	78,767.12	10,097.50	2,651.58	6,594.84	2,100.00	6,603.32	18,838.00	—	13,662.04	139,314.40
Travel.....	47,370.13	29,265.06	—	384.10	22.15	953.30	7,215.56	3,961.85	15,764.90	104,937.05
General Expenses.....	65,508.50	10,568.47	3,682.65	2,118.53	1,305.19	4,870.12	41,347.51	2,750.00	12,669.81	144,820.78
Printing and Stationery.....	14,950.07	3,780.89	11.75	652.07	940.09	22,775.74	4,243.99	—	1,604.18	48,958.78
Totals.....	2,369,734.93	1,084,290.81	28,029.25	69,592.76	29,468.01	118,078.70	229,330.72	6,711.85	148,925.27	4,084,162.70

APPENDIX K

REGULATIONS

Regulations in effect December 31, 1957, made in accordance with the provisions of the Canada Grain Act

Regulation
No.

- 1 Registration and Cancellation of Terminal Elevator Warehouse Receipts.
- 2 Registration and Cancellation of Eastern Warehouse Receipts and Transfer Receipts.
- 3 Plans re Terminal and Eastern Elevators.
- 4 Cleaning Grain and Bins, Terminal and Eastern Elevators.
- 5 Off Grades for Western Grain.
- 6 Off Grades for Eastern Grain.
- 7 Grades of Screenings.
- 8 Inspection of Samples taken other than at an Inspection Point.
- 9 Appeals from Inspecting Officers to Grain Appeal Tribunals.
- 10 Delivery of Grain to Ocean Vessels at Montreal, Quebec.
- 11 Delivery of Grain to Ocean Vessels at West Saint John, N.B.
- 12 Delivery of Grain to Ocean Vessels at East Saint John, N.B.
- 13 Delivery of Grain to Ocean Vessels at Halifax, N.S.
- 14 Enforcement of Lien by Sale of Grain.
- 15 Drying of Grain.
- 16 Fees.
- 17 Records, Reports and Returns.
- 18 Procedure, Country Elevators.
- 19 Receipt for Grain Delivered to Private Country Elevators and Mill Elevators.
- 20 Maximum Tariff of Charges, Eastern Elevators.
- 21 Maximum Tariff of Charges and Shrinkage Allowance, Country Elevators.
- 22 Maximum Tariff of Charges, Terminal Elevators.
- 23 Applications for Licences and Terms and Conditions under which Licences are issued.
- 24 Storage in Transit of Grain Grown Outside Canada.
- 25 Tickets and Receipts—Country Elevators.
- 26 Grain Treated with Poisonous Materials.
- 27 Shipment of Infested Grain.

I do not think there is any need for the secretary to read them. Agreeable?
Agreed.

The CHAIRMAN: Appendix A, any comment?

By Mr. Jorgenson:

Q. Any changes in the committees?—A. It is the same committee as last year sir.

The CHAIRMAN: Appendix B?

Appendix C?

Appendix D? I will not go over these too fast, so you will be able to slide your eyes over them.

The WITNESS: This registration branch is the branch that is charged with the responsibility of registering warehouse receipts. Warehouse receipts are recognized by the banks as a negotiable document and a good guarantee for

borrowing of money. The wheat board and everybody else can borrow money on warehouse receipts and only because they are registered with our board.

By Mr. Pascoe:

Q. If I may go back to C, the total licensed storage capacity as at December 1, 1957 was 617,239,060. That is interior elevators and all, is it?—A. That is everything, sir.

By Mr. Horner (Acadia):

Q. In appendix C, the table at the bottom collection of the one per cent levy, you have it for wheat, oats, barley and rye. Well, under the new amendment you are taking in flax and rapeseed. I wonder if you can calculate how much that can take in, how many dollars worth of flax and rapeseed?—A. Well, it is a percentum on the cash value.

Q. I know it is one per cent on the cash value, but you have here the total dollars in wheat, oats and barley. I wondered if you had the total for flax and rapeseed?—A. Well, that has just been passed, sir; we have not even got started on it.

Q. You would not have any figures on it?—A. No.

By Mr. McIntosh:

Q. On page 17 where you show that chart, why is there no personnel shown in the last column under Fort William and Vancouver as a staff at government elevators?—A. We do not operate a government elevator at Fort William and Port Arthur or Vancouver.

Q. This is on page 17.

By Mr. Thomas:

Q. I wonder if we might refer to appendix A, those two names representing the grain growers in Ontario near the bottom of page 18, Heaney and McLean. Could you give us any information on those men, by whom were they recommended or why they were selected?—A. The United Cooperatives of Ontario recommended them.

The CHAIRMAN: Appendix D, page 23?

Appendix E, any comment?

The WITNESS: If you will notice the number of two-pound samples on the top of page 26 that were inspected by our inspection branch, they total 30,363.

By Mr. Jorgenson:

Q. That would indicate a lot of people had been reading your booklet, would it not?—A. Yes. It is double the previous year and we believe that that is the reason.

The CHAIRMAN: Appendix F, page 37, any comments on grain weighing branch? If not, we will go on to Appendix G.

By Mr. Muir (Lisgar):

Q. I think before we leave appendix E, perhaps I can have an answer to my question now that your statistician was going to give us.

Mr. BAXTER: Comparative stocks?

Mr. MUIR (*Lisgar*): Yes sir.

Mr. BAXTER: As Mr. McNamara quoted this morning the current position at least at July 23, although the other figures are being tabulated now in Winnipeg, on July 23 the position was 383 million bushels of wheat, 40.5 million bushels of oats, 55.3 million bushels of barley, 3.6 million bushels of rye, 4.5

million bushels of flaxseed, a total for the five grains of 484.9 million bushels. This represents stocks in elevator storage across Canada at all positions.

At July 31 last year the comparable figures were 407.5 million bushels of wheat, 53.7 million bushels of oats, 61.6 million bushels of barley, 3.5 million bushels of rye and 6.1 million bushels of flaxseed.

That also represented the elevator storage position.

Mr. MUIR (*Lisgar*): Well, the two are not comparable then?

Mr. BAXTER: Yes, those two figures are comparable. Neither of them includes farm stocks. We do not have any tabulation on farm stocks, that is the responsibility of the Dominion Bureau of Statistics in so far as their publications are concerned and in addition to that those surveys conducted by the wheat board on estimated deliverable stocks.

Mr. MUIR (*Lisgar*): That would not give us an actual picture then of the disappearance of the surplus, would it, because that is just the commercial storage?

Mr. BAXTER: Yes.

Mr. KINDT: Have you any figures on the farm storage end?

Mr. BAXTER: Yes I have.

Mr. KINDT: Between those two dates, August 1 of each year.

Mr. BAXTER: I am normally a bit reluctant to quote the Canadian Wheat Board estimates. The farm storage at July 31 last year was 319.2 million bushels of wheat. There were 172 million bushels of oats, approximately 81 million bushels of barley, 10.6 million bushels of rye and 1.5 million bushels of flaxseed.

I might make one point here. I don't recall whether Mr. McNamara outlined it completely this morning. In the anticipated deliverable quantities that he quoted this morning, for example, the comparable figure of 167.7 million bushels still deliverable on farms at July 31 when they calculate that that does not include the farmers' reserves for their own use; in other words, their estimate of what they require until the new crop becomes available whereas the figures that I quoted just now of last year's carry-over as released by the Dominion Bureau of Statistics includes every bushel of wheat which is going to be marketed or not and whether it is retained for the farmer's own feed and feed requirements.

Mr. MUIR (*Lisgar*): Have you figures for 1958?

Mr. BAXTER: No I have not figures for 1958. That will be released by the Bureau, I think, either the 17th or 18th of this month. They are completing their survey now.

Mr. HORNER (*Acadia*): You couldn't tell us in any way how this 319 million bushels was arrived at for storage on farms?

Mr. BAXTER: The bureau conducts a very extensive survey. They have approximately 10,000 correspondents across the prairies. Probably some of you members have on occasion acted as a correspondent for them as a western farmer. They receive these replies from their questionnaires from the farmers, country elevator agents, railroad agents and tabulate that survey on a total basis. They also check from one year forward to another on what you might call a balance basis. They have the farm stocks at August 1 according to the survey; they have the estimates of production which gives them the total available supply; they have our recorded figures of the quantities that have been marketed leaving a residual balance. So in this case supposing the balance was, say, comparing it to the wheat board, 267 million bushels and their final stock figure from their estimate of farm storage was 167 million bushels; in other words on that basis there would have been 100 million bushels of wheat disappear on farms. But they will take that figure and check

it against further surveys that they have conducted as to the livestock population, poultry, and so on, in other words, the usage. They will also check it against the acreage, the quantities that were used as seed and verify this balance. I speak merely from my knowledge of the bureau's operations in connection with this; I have no part in it.

Mr. HORNER (*Acadia*): I just wanted to hear your opinion on that as to how they arrived at that figure because I remember when they came out with that 729 million bushels it was certainly quite a surplus and I think it might have had a detrimental effect on the trade of grain and I think being it was just an estimate it should have been pointed out quite clearly that it was just an estimate.

Nobody knows for certain how much is on the farm or how much is fed to livestock.—A. It can only be an estimate.

By Mr. Muir (Lisgar):

Q. That figure for the total in storage as of July 31, 1957—it would be reasonable to suppose that it would be down roughly 400 million bushels by July 31, 1958?

Mr. BAXTER: The total last year was 729; the present visible storage is 383, and add to that the wheat board's estimate of still deliverable—supposing we took that as a balance, the 163 plus,—I think Mr. McNamara suggested there may be 15 million remaining over and above that as non-deliverable.

Suppose it was of the order of 180, added to our 380 in visible position, making 560; so it would be down approximately 160 million.

Now, I ask that you do not take that as an indication of what the balance will be, but merely as an example of figures.

By Mr. Gundlock:

Q. A surplus of that amount must add to the burden of the wheat board. According to the newspapers today, those figures were drastically reduced. Do the Dominion Bureau of Statistics figures compare with yours?—

A. We do not make estimates of farm stocks.

Q. I thought you said this morning that you did.—A. No, we do not, but the wheat board does.

Q. Do those figures match?

Mr. BAXTER: That will be a question to be answered on August 17, when the Dominion Bureau of Statistics releases its figures. There will certainly be a difference between them on the basis of the amount that the farmer has discounted in reporting to the elevator agent, the people answering the questionnaire for the wheat board, as to what he has taken off his stock when he gave in the deliverable figure.

By Mr. Forbes:

Q. Do not the elevators estimate the amount of wheat they still think is in the elevator to support their elevator?—A. That is where the wheat board gets its information.

Q. I would say that the figures should be fairly reliable.

The CHAIRMAN: Let us proceed to appendix G.

Mr. THOMAS: In order to compare these wheat figures in the table G-1, the carryover as of July 31, 1956 was 579 million odd bushels, and there was a production in 1956 of 573 million odd, making a total supply in 1956 of 1,152 million odd.

Now, for 1957 we have a carryover, from July 31, 1957 of 729 million odd bushels.

Should that figure not be added to that crop for 1957?

Mr. BAXTER: That will be done in the comparable table which will appear in next year's report.

At the time that this report was compiled and sent to the printers, the bureau's final estimate of the crop was not completely ascertained.

That is why we came up to the end of the crop year and closed off the figures. You are quite correct.

The CHAIRMAN: Appendix H on page 55?

By Mr. Nasserden:

Q. I have a question on page 48 about natural drying. What does that mean?—A. It means the mixing of tough grain with a straight grade grain in proportion so that the resultant mixture is a straight grade.

Q. On page 49 at the bottom of the page, I see that at Saskatoon there is an excess of 23,482 bushels which is shown in excess in grades, and I take it that the 30,000 is shown as a deficiency. Does that mean that 23,000 bushels of No. 3 are credited as being No. 2?—A. We do not know how that occurred. None of the other elevators had it. It was just one of those things. I do not know how it occurred. It must have been put in the wrong bin or something like that, but those are the figures exactly as they were taken from the cut-off.

Q. What company put that grain into the government elevator there? Is that available?—A. No. Wheat is known as a "fungible" product, with grain of the same grade put in, yours or mine or that of anybody else.

The CHAIRMAN: It was by prearrangement that we were supposed to stop at five o'clock. But is it satisfactory to go on? We have only two more items to consider in order to finish up.

Agreed.

Appendix H on page 55. Is there any comment?

By Mr. Horner (Acadia):

Q. It says in appendix H, on page 55 that the spring wheat marketed in 1956-57 was high in bushel weight and flour yield. "Protein content and baking strength were below the long term averages . . ."

To what extent was "protein content" below, and what do they mean when they speak of "long term average"?

Dr. ANDERSON: The long term average for protein content of Canadian wheat is 13.5 per cent. As I recall it, that crop was about twelve-seven.

The CHAIRMAN: Appendix I? Agreed.

By Mr. Horner (Acadia):

Q. In appendix I, the storage charge is 1/45th of a cent at terminals, which is a lower charge at the terminals than at the country elevators.—A. In our own terminals.

Q. You mean in government terminals?—A. That is right.

Q. But now company-owned terminals charge the same?—A. No. We operate at a lower rate than any other person in order to attract the grain in there on account of the stopover charge. We would not get any grain if we did not.

Q. Do the pools make the same charge in the terminals as they do in the country elevators?—A. There has been a variation at times, but I think now it is exactly the same—Yes, one-thirtieth of a cent.

The CHAIRMAN: Appendix J, page 62?

By Mr. Muir (Lisgar):

Q. Before we get away from appendix I, when do the elevator companies meet with you people?—A. They have met with us already this year and at

that meeting we had briefs presented to us asking for tariff changes. At the conclusion of the presentation of the briefs I stated that our board would defer making any decision until we saw what the size of the crop was going to be.

At the time things looked pretty black in western Canada and it did not look as if we could get much of a crop. But in the meantime we have had rain and growing weather and the situation has improved.

Q. That had to do with handling charges?—A. Yes sir, and with storage charges.

By Mr. Gundlock:

Q. What difference does the size of the crop make with respect to the charge?—A. I think it has quite a bearing. For a good many years the elevator companies have been faced with a very heavy increase in operating expenses.

We had briefs presented to us at our tariff meeting by three western pools and the United Grain Growers, all of whom asked for a half cent increase in elevation. The line elevator companies asked for an increase of one quarter of a cent for elevation.

They based their requests for increased charges on the fact that they thought there was going to be less grain handled than ordinarily and that we must give consideration to the considered opinion of the management of those pool organizations and grain companies.

They are the business managers of the pool farmers throughout western Canada. They say to us: in order to keep our properties in good shape, and in the interests of our members, we should have an increase of one half cent a bushel in the handling charges That does not necessarily mean that we will agree with them.

Q. Did the pools say that too?—A. They did say it.

Q. But they are paying dividends.—A. That is correct. We are aware of that.

Q. I cannot see how they can go broke and pay dividends too.—A. Nevertheless, we must give consideration to briefs presented to us by organizations of that nature.

By Mr. Horner (Acadia):

Q. I look at it from the farmer's point of view. I am certain that I would rather see the wheat pool get more for my bushel of wheat and receive less in my dividend and I think a lot of farmers would go along with me.

The CHAIRMAN: Appendix J?

By Mr. Thomas:

Q. On page 64 I see there is weighing and inspection included at several points except some of the eastern points such as Chatham. Are the dealers in Ontario more honest than they are in other places so that no weighing and inspection is necessary?—A. No. We do supply inspection or weighing service when they ask for it, but it is at request only.

Q. There is no set-up there for it?—A. We have an office in Chatham, yes.

Q. I mean, so far as weighing services are concerned?—A. As far as that is concerned, no. We have no service there, but we would do it if they requested us to do it.

By Mr. Forbes:

Q. Take Calgary and the inspection, samples sold, and other revenue along with it there on page 64.—A. Those are the samples which we take from the cars when we make the inspections. It was one of the items which appeared in this amount which Mr. McNamara says was bought by the wheat board.

Q. How large a sample do you generally take?—A. Two pounds.

Q. What comes under other revenue then? It is the same item, \$406.51?—

A. All recoverable expenses such as overtime when the employer uses the inspectors, and we recover it back from him and charge the companies, if it is not done in the general interest of the movement of grain, if it is for their specific purposes.

The CHAIRMAN: Appendix K?

Agreed.

The CHAIRMAN: Gentlemen that concludes our deliberations.

Is it satisfactory to the members of this committee to meet tomorrow morning in camera to formulate our report for presentation to the House of Commons?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: I thought perhaps Mr. Jorgenson, the vice chairman, and myself could draft a rough report for presentation to this committee in the morning in order to save a little time.

Mr. PETERS: Before we conclude, could I ask a question?

The CHAIRMAN: Yes, Mr. Peters.

Mr. PETERS: It has been customary in past years for members of farm organizations to appear before the committee on agriculture. Could you tell us if any farm organizations have asked permission to appear before this committee this year?

The CHAIRMAN: They have not.

Mr. PETERS: Thank you.

Mr. KINDT: I would like to make one suggestion in regard to the preparation of the report which you have mentioned, for presentation at our meeting tomorrow morning.

Perhaps you would take into consideration the problem of protecting the farmers in western Canada in respect of the setting of freight rates.

The CHAIRMAN: We will do that. Of course members of the committee will be able to add or delete from that report whatever they see fit. I just made that suggestion with the thought that it might expedite proceedings tomorrow morning.

I wish to thank members of this committee very sincerely for their co-operation. We have proceeded very expeditiously here with our proceedings without interfering in any way with the efficiency of this committee. We have done remarkably well. I am sure we have all gained a lot in the way of information.

On behalf of the committee members, Mr. Milner, I would like to thank you and your staff and extend to you our hearty appreciation for appearing before us with this wealth of information which you have given to this committee. We wish you well in regard to all your deliberations in the coming year.

Mr. MILNER: Thank you very much Mr. Chairman and gentlemen.

I would repeat what I said before, that I would like the members of this committee to become familiar with the work of the Board of Grain Commissioners. I hope you will avail yourself of any opportunity you have to visit us in Winnipeg, or at any office across the country. Just identify yourself as a member of this agricultural committee and I am sure that there is nothing we will be afraid to show you. We would be very pleased to have you visit us.

Mr. MUIR: Just before the committee concludes, would you say a word about the showing of this film?

The CHAIRMAN: We will make inquiries in that regard. I will get in touch with the chairman and if possible, we will show the picture before we conclude our meeting tomorrow.

