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HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 1

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, FEBRUARY 17, 1966

TUESDAY, MARCH 29, 1966

WITNESSES:

From the Department of Agriculture: The Honourable J. J. Greene, Minister; Mr. Bruce Beer, Parliamentary Secretary to the Minister; Mr. S. C. Barry, Deputy Minister, Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of the Agricultural Stabilization Board.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

23596—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and Messrs.

Asselin (*Richmond-Wolfe*),	Herridge,	Noble,
Beer,	Honey,	Nowlan,
Berger,	Hopkins,	Olson,
Choquette,	Horner (*The Battlefords*),	Peters,
Comtois,	Isabelle,	Pugh,
Côté (*Dorchester*),	Johnston,	Ricard,
Crossman,	Jorgenson,	Roxburgh,
Danforth,	Lefebvre,	Schreyer,
Éthier,	MacDonald (*Prince*),	Tucker,
Faulkner,	Madill,	Vincent,
Forbes,	Matte,	Watson (*Assiniboia*),
Gauthier,	Moore (*Wetaskiwin*),	Watson (*Châteauguay-Huntingdon-Laprairie*),
Gendron,	Muir (*Lisgar*),	Yanakis—45.
Godin,	Nasserden,	
Grills,	Neveu,	

(Quorum 23)

D. E. Levesque,
Clerk of the Committee.

Mr. Horner (*Acadia*), replaced Mr. Horner (*The Battlefords*) on February 8, 1966.

Mr. Clermont replaced Mr. Isabelle on February 18, 1966.

ORDERS OF REFERENCE

HOUSE OF COMMONS.
MONDAY, February 7, 1966.

Resolved,—That the following Members do compose the Standing Committee on Agriculture, Forestry and Rural Development:

Messrs.

Asselin (*Richmond-Wolfe*),	Herridge,	Noble,
Beer,	Honey,	Nowlan,
Berger,	Hopkins,	Olson,
Choquette,	Horner (*Jasper-Edson*),	Peters,
Comtois,	Isabelle,	Pugh,
Côté (*Dorchester*),	Johnston,	Ricard,
Crossman,	Jorgenson,	Roxburgh,
Danforth,	Laverdière,	Schreyer,
Éthier,	Lefebvre,	Tucker,
Faulkner,	MacDonald (*Prince*),	Vincent,
Forbes,	Madill,	Watson (*Assiniboia*),
Gauthier,	Matte,	Watson (*Châteauguay-Huntingdon-Laprairie*),
Gendron,	Moore (*Wetaskiwin*),	Whelan,
Godin,	Muir (*Lisgar*),	Yanakis—(45).
Grills,	Nasserden,	
	Neveu,	

TUESDAY, February 8, 1966.

Ordered,—That the name of Mr. Horner (*Acadia*) be substituted for that of Mr. Horner (*Jasper-Edson*) on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY February 18, 1966.

Ordered,—That the name of Mr. Clermont be substituted for that of Mr. Isabelle on the Standing Committee on Agriculture, Forestry and Rural Development.

TUESDAY, March 22, 1966.

Ordered,—That, saving always the powers of the Committee of Supply in relation to the voting of public monies, the items listed in the Main Estimates for 1966-67, relating to the Department of Agriculture, be withdrawn from the Committee of Supply and referred to the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

23596—1½

MINUTES OF PROCEEDINGS

THURSDAY, February 17, 1966.
(1)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at one o'clock p.m. for organization purposes.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Berger, Comtois, Côté (*Dorchester*), Crossman, Danforth, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Grills, Herridge, Hopkins, Horner (*Acadia*), Isabelle, Johnston, Laverdière, MacDonald (*Prince*), Madill, Matte, Moore (*Wetaskiwin*), Noble, Nowlan, Olson, Peters, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Whelan and Yanakis—(33).

The Clerk presiding and having called for nominations to elect a Chairman, Mr. Asselin (*Richmond-Wolfe*) moved, seconded by Mr. Roxburgh, that Mr. Eugene Whelan be elected Chairman.

Mr. Matte moved, seconded by Mr. Berger, that nominations be closed.

The Clerk put the question which was resolved in the affirmative. Mr. Whelan occupied the Chair and thanked the Committee for the honour.

On motion of Mr. Yanakis, seconded by Mr. Crossman,

Resolved,—That Mr. Herman Laverdière be elected Vice-Chairman.

Moved by Mr. Tucker, seconded by Mr. Forbes,

Agreed,—That the Committee print 850 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence.

Mr. Danforth moved, seconded by Mr. Peters, and it was *agreed,* that the Subcommittee on Agenda and Procedure be composed of the Chairman and six (6) other members of the Committee to be named by the chairman after consultation with party Whips.

At 1:15 o'clock p.m. Mr. Éthier moved, seconded by Mr. Isabelle, that the Committee adjourn to the call of the Chair.

TUESDAY, March 29, 1966.
(2)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 11:10 o'clock a.m. The Chairman Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Beer, Berger, Clermont, Comtois, Crossman, Danforth, Éthier, Faulkner, Forbes, Gauthier, Godin, Grills, Herridge, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre,

MacDonald (*Prince*), Madill, Matte, Muir (*Lisgar*), Nasserden, Neveu, Noble, Nowlan, Olson, Peters, Ricard, Roxburgh, Schreyer, Vincent, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis—(37).

In attendance: *From the Department of Agriculture*: Honourable J. J. Greene, Minister; Mr. Bruce Beer, M.P., Parliamentary Secretary; Mr. S. C. Barry, Deputy Minister; Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman Agricultural Stabilization Board; Dr. J. A. Anderson, Director General, Research Branch; Mr. J. S. Parker, Director General, Administration Branch and Mr. C. B. Grier, Director, Property and Finance.

The Clerk of the Committee read the First Report of the Steering Subcommittee which was as follows—

"Your Committee recommends that, during the Committee's consideration of the Estimates of the Department of Agriculture, the following procedure be followed:

(*a*) That the first item (Departmental Administration) be called, and that discussion and questions of a general nature be permitted on the Minister's statement, but questions that clearly relate to specific items be postponed until the appropriate item has been reached;

(*b*) That the Committee act in accordance to Standing Order 65(5) which reads as follows:

"Any member of the House of Commons who is not a member of a standing committee, may, unless the House or the standing committee otherwise orders, take part in the deliberations of the standing committee, but shall not vote or move any motion or any amendment or be counted in the quorum.";

(*c*) That each member be allowed twenty (20) minutes to speak or question the witnesses at any one time;

(*d*) That meetings of the Committee do not extend beyond two (2) hours;

(*e*) That no witnesses will be called, other than Officials of the Department of Agriculture."

On motion of Mr. Danforth seconded by Mr. Asselin (*Richmond-Wolfe*),

Resolved,—That the First Report of the Steering Subcommittee be adopted.

The Chairman called the first item—*Departmental Administration* of the main estimates of the Department of Agriculture, 1966-67; he then introduced the Honourable J. J. Greene, who in turn introduced the officials from the Department of Agriculture.

The Minister made a general statement and was questioned on related matters, assisted by Messrs. Beer, Barry and Williams.

Mr. Greene suggested that the Committee should prepare a list of specific items for discussion at each meeting. This would enable him to arrange that the proper Departmental officials be available to the Committee.

Due to other commitments it was necessary for the Minister and Mr. Barry to withdraw from the meeting; Mr. Greene requested Mr. Bruce Beer to act on his behalf before the Committee.

On motion of Mr. Asselin (*Richmond-Wolfe*) seconded by Mr. Nasserden,

Resolved,—That the Subcommittee on Agenda and Procedure consider what method might be used to bring the report of the Canadian Wheat Board and other Boards before the Committee.

On motion of Mr. Peters seconded by Mr. Roxburgh,

Resolved,—That the Subcommittee on Agenda and Procedure take under consideration the advisability of discussing the *Dairy Industry* at the Committee's next meeting.

At 1:10 o'clock p.m. the Committee adjourned to the call of the Chair.

D. E. Levesque,
Clerk of the Committee.

EVIDENCE

(Recorded and transcribed by Electronic Apparatus)

TUESDAY, March 29, 1966.

The CHAIRMAN: Gentlemen, I see a quorum, so we may start the meeting now.

Your subcommittee met on Friday, March 25. I will ask the clerk to read the recommendations to you.

(See Minutes of Proceedings)

The CHAIRMAN: May I have a motion to adopt this report?

Mr. DANFORTH: I move the adoption of the report of the subcommittee, Mr. Chairman.

Mr. ASSELIN (*Richmond-Wolfe*): I second the motion.

The CHAIRMAN: Is there any discussion?

Mr. ÉTHIER: Mr. Chairman, will the recommendation that each member will be allowed twenty minutes of questioning apply to all the meetings of this session or to this meeting only?

The CHAIRMAN: I think that recommendation is for all the meetings on the estimates.

Mr. ÉTHIER: Do you not think that is too long?

The CHAIRMAN: I understand this committee is supposed to act in the same manner as the House. In the House speakers would be allowed thirty minutes on estimates if they so desired. It was felt that, in order to expedite the business of the committee, any one person should be allowed twenty minutes; if there are no further speakers and there is time, he could possibly speak a second time on the estimates.

I believe it was the steering committee's thought—and any member of that committee can correct me—that no member's participation in the committee should be curtailed but that twenty minutes for any one member would be sufficient time. We know from past history of committee meetings that many members will never take twenty minutes, but we know also that there may be the odd member who would like to take over the committee completely. It was with this in mind that we had the idea of putting on a limitation of this nature.

Mr. HERRIDGE: Mr. Chairman, you are quite correct.

Mr. ÉTHIER: There are only six times twenty minutes in two hours. That means only six members may be heard.

Mr. OLSON: We are talking about maximums here.

Mr. HERRIDGE: From experience we have found that this works out very well indeed. The twenty minutes not only include the questioning by members but also the replies by the officials. This system has been found to work very well in practice. There are occasions when a member might take that amount of time, but as the committee meets you will find that most members probably will not want more than five minutes at any one time.

The CHAIRMAN: Is there any further discussion?

Motion agreed to.

The CHAIRMAN: The first item of business today is Item No. 1 of the Minister's estimates. I understand the general procedure under this new system of committees dealing with estimates is that the Minister will make a lead-off statement; and I will therefore ask the Minister to take over now to introduce his officials and make his statement.

Hon. J. J. GREENE (*Minister of Agriculture*): Mr. Chairman, gentlemen, this being a new procedure I am not entirely conversant with your wishes in this matter, but to the best of our knowledge and ability we will proceed in such a manner as to give the information you may require.

First of all, the officials we have here are Mr. S. C. Garry, who is on my right, the Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing, and Chairman of the Agricultural Stabilization Board; and Mr. S. J. Chagnon, Associate Deputy Minister.

Sitting at the back, and available if you require them at any time, are Dr. J. A. Anderson. Director General of the Research Branch, J. S. Parker, Director General of the Administration Branch, and Mr. C. B. Grier, Director of Property and Finance.

With respect to my opening statement I may say that I am going to make a general and broad statement covering Item No. 1 in the estimates in general. There will be copies of this statement in English and French available this afternoon and they will be sent to each of the members of the committee individually.

The CHAIRMAN: Mr. Greene, before you proceed further may I announce that the Minister and Deputy Minister have to leave at 12.15. There will be other officials here after 12.15, but the Minister and Deputy Minister have to leave at that time for another appointment.

Mr. GREENE: With respect to my attendance, Mr. Chairman, I think probably the deliberation of these estimates will be lengthy and in very great detail. I think this is one of the ideas of remitting estimates to committees. The great advantage will probably be the availability of the officials, and I shall be here as often as possible and certainly whenever you feel I am particularly needed. There is always a problem of time, however, because cabinet meetings are often held at the same time as committee meetings. I trust you will bear with me any time I am not here. Certainly the officials will be here and my parliamentary assistant will be here. I will just have to ask for your forbearance

in this matter and, whenever you, the committee, feel it is essential that I be here I will certainly do my utmost. Again, it is a matter of allocation of time; you can only be in one place at one time. I will certainly do everything I can to meet with your convenience, and I feel certain we can work out methods whereby I personally will be here just as often as you need me; and either I or my parliamentary assistant and whatever officials are required will be here.

You have here now for the setting up of your deliberations all the top officials of the department. Then, as far as possible, if we can know the particular persons and the particular areas of the department you require for meeting it would be very helpful, because if we have to have all the top officials of the department here for every one of your meetings, which may last many many sittings it will be pretty hard to run the department, as I think you will understand. So I would ask for your consideration in this regard. If you can pinpoint a particular number of items for any particular hearing it would be very helpful inasmuch as we could have those officials here and possibly not tie up the entire work of this very complex department.

Mr. PETERS: Before the Minister goes on may I ask if there is any intention on the part of the department to supply Mr. Phillips for the use of the committee again as they did last year? I found him very helpful in being able to co-ordinate the operation of the department. As far as I am concerned, I found him very helpful to the committee last year; he was a real asset. I wonder if there is any intention of allowing Mr. Phillips again to act as a co-ordinator.

Mr. GREENE: This was when you were studying the feed grain matter.

Mr. PETERS: He stayed with us on a number of other subjects as well. It seems to me this was an asset to the committee last year.

Mr. GREENE: I think that is a good idea. Mr. Phillips himself has been promoted; he has a new job. Whether we can make him available on this basis, at the moment, I do not know. Perhaps we can supply someone else to perform this function.

Mr. PETERS: He was a co-ordinator of different committees. He was very knowledgeable on many subjects.

Mr. GREENE: We will try to provide him or, if the Deputy Minister cannot spare him, someone who will serve the function equally well.

Mr. Chairman, I believe this is the first time that the Department of Agriculture estimates have been referred to a standing committee of the House. I think this is a very desirable feature.

I believe this is the first time that the Department of Agriculture estimates have been referred to a Standing Committee of the House. I think this is a very desirable procedure, not only because it should save some time in the committee of the whole, but because I am sure that it will give members a better opportunity to familiarize themselves with the work of the department and to discuss matters of interest to them.

I think this has been the experience with other departments where this procedure has been followed in the past.

I intend to be present myself at the committee meetings and my senior officials will also be here to deal with any matters of detail which may be raised. I do have an appointment at 12:30 today which will require me to leave shortly before that time. The committee secretary had been informed of that and I presume that today's meeting will be a preliminary one.

Turning now, to the estimates, I may mention, first, a matter which I know is understood by committee members but which apparently has been the cause of some misunderstanding among the public.

Page 4 of the estimates book shows the amounts to be voted for the various departments and agencies for 1966-67 and the amount voted for 1965-66. The two totals, for agriculture, are $127 million for 1966-67 and $56 million for 1965-66. When these figures were published in the press it led some to conclude that less money was to be voted for agriculture next year than this year. This, of couse, is not necessarily the case. The figure shown for 1966-67 is the main estimates only. That for 1965-66 includes both main estimates and supplementaries as at the time the Blue Book was printed. In fact, there have been further supplementaries since then and the total figure for 1965-66 will be in the order of $200 million.

Many substantial items go into supplementaries rather than in the main estimates. This includes, obviously, provision for expenditures which were not foreseen at the time the main estimates were prepared. Examples of that in 1965-66 would be the crop loss assistance programs with the provinces. Then there are several substantial items which are only included in supplementaries when the amount required is known. Examples of this are the recoup of the Agricultural Stabilization Board account and the operating loss of the Farm Credit Corporation.

The department administers some 31 acts and several policies which draw their authority from votes under the Financial Administration Act rather than from specific statutes. The administration of these is divided among four main branches, administration, research, production and marketing, and health of animals, and the Board of Grain Commissioners and P.F.R.A. The estimates are broken down into these main branches or sections of the department.

The first, in the order in which they appear in the Blue Book, is departmental administration. This includes the central departmental administration attached to the offices of the Minister and Deputy Minister, and the Information and Economics Divisions, which come directly under the Deputy Minister. These are all covered under vote 1. The total requested in the main estimates for 1966-67 is $4.7 million compared to $4.2 million for 1965-66.

This is followed by research, under votes 5 and 10, which include the operating and construction requirements for the 49 experimental farms, research stations and institutes operated by the research branch. The amount requested for the research branch is $33.3 million compared to $31.8 million for 1965-66.

The next main section is the production and marketing branch, in which there are five separate votes, numbers 15, 20, 25, 30 and 35. These include the five divisions of the branch which administer grading legislation for various classes of farm products and legislation having to do with such matters as plant

protection, seeds, feeds, fertilizers, pesticides and stockyards. The branch vote also includes administration costs under the Agricultural Stabilization Act and the Prairie Farm Assistance Act. The total of the five votes for 1966-67 is $36.6 million compared to $39.8 million for 1965-66. The difference is due to the provision for crop loss assistance programs in 1965-66.

The next two votes, numbers 40 and 45, are for the health of animals branch. This branch administers matters having to do with animal health, under the Animal Contagious Diseases Act, and the Meat Inspection Act. The total is for $14.4 million compared to $14.8 million in 1965-66.

Vote number 50 is for the Board of Grain Commissioners, which administers the Canada Grain Act. The amount listed as required for 1966-67 is $8.5 million, compared to $7.4 million for 1965-66.

The last section, under the title of "land rehabilitation, irrigation and water storage projects", is for P.F.R.A. This includes votes 55 and 60 to a total of $29.2 million this year as against $37.1 million for 1965-66. The difference of $7.9 million is more than made up by the reduction of $9 million in the amount required for the South Saskatchewan Dam. The major works on this project will be completed this year.

Apart from that general description of the department's organization and operations, and the votes applying to the various sections, I doubt that I need to go into further details at this time. I know that members will have questions on specific points, some of which they have raised previously in the House. I will be glad to deal with these as time permits today and in subsequent sittings of the committee. I thought it was best in view of the nature of this investigation at this time to outline in brief, as I have in my general statement, the general makeup, context and structure of the estimates rather than to make some general statement of policies, hopes and aspirations of the Department as is generally done in the House. I trust the committee will agree with this procedure. We thought it would be more helpful to the members of the committee and in particular to the new members to have this kind of non-specific detailing of the estimates in my general statement than has been the case when the estimates were discussed in committee in the House when it was more of the order that the Minister would make some more general statement of policy which might be more beneficial from a publicity standpoint. I trust the committee will agree with this procedure. We thought it would be more helpful to them, and in particular to the new members, to have more of this kind of specific detailing of the estimates in my general statement than has been the case when the estimates were discussed in committee of the whole House. At that time it was in order for the Minister to make a broad, general statement of policy, which might be beneficial from a publicity standpoint but, I think, it would be less helpful to the committee to do so in their deliberations. I trust this meets with the approval of the committee and, as I indicated, I and my officials are prepared to answer any specific questions at this time or, according to whatever procedure you might establish, to appear before you at a future time.

• (11:30 a.m.)

The CHAIRMAN: Thank you, Mr. Minister. I think that, judging by the reaction of the committee so far, hon. members appreciate the attitude you have taken, although we will know better as we proceed in the committee.

Members of the committee may now ask questions of the minister.

Mr. JORGENSON: Mr. Chairman, the Minister very cautiously put his toes into the waters of the estimates. I can understand that he would want to do that. I had hoped however that we could have had a statement on his philosophy and his policy. We had several statements during the course of the election campaign which tended to lead us to believe that the government was going to pursue a certain course in agriculture. Following the election campaign the Ministers changed, of course, so we felt that there might be a change in philosophy. We know that the Minister's philosophy, from some of the speeches and statements that he made, is somewhat different from those of his colleagues' statements in the House. We are therefore wondering if he had resolved some of the difficulties which he faces, together with the members of the cabinet, in evolving a policy for agriculture which he could have presented to this committee. I think it is important that we have some idea of the direction in which the Minister intends to guide the department in meeting the many problems and difficulties that I know he must face.

At the outset I want to assure him that it is not our intention to put road blocks in his way, but I do think we should have an opportunity of hearing from him on matters of policy. I can well understand that he will not be able to be here at all our meetings, and whenever we will be questioning the details of the estimates I know the officials of the department are quite capable of handling answers to those questions, but I think officials of the department should not have to answer questions which concern matters of policy, the answers to which should emanate from the Minister. I would have thought that either now or at a later time we could have statements from the Minister on the direction which he intends to take in leading this particular department.

Hon. Mr. GREENE: Mr. Chairman, may I answer Mr. Jorgenson in this way? I may be wrong in my concept of this but I really think that policy is a matter for the throne speech, for legislation. I think it is the easiest thing in the world—and possibly both the politicians in and out of office are a little too prone to do this—to speak in broad generalities with respect to policies which in the long run are not much more than benign hopes. It was my conclusion that it would be better to carry out our policies through legislation in the house and through a declaration in the throne speech when applicable. I think if I as a Minister have a philosophy of agriculture I would prefer to have that philosophy judged by what I am able to accomplish as the Minister of Agriculture rather than by any pronouncements which I make and which might never amount to a hill of beans.

Mr. JORGENSON: That bears out my statement on the difficulties that you might anticipate with your colleagues in cabinet.

Hon. Mr. GREENE: I do not think I shall ever anticipate any difficulties with those kindly and thoughtful gentlemen in regard to their tender and solicitous views of the agricultural community of this country.

My own concept is that, to the greatest possible degree, the idea of remitting the estimates to the committee was to make this a working group to enable you people to get your teeth into the items of the estimates and into the interpretation of the officials' views of these estimates rather than to have a more general research, as was possible in committee of the whole.

As I say, I may be wrong in this interpretation, but I thought the whole idea of remitting the estimates to the committee was to really enable the members of the committee to get their teeth into the specifics and to get away from the broader generalities to which I think the committee of the whole house did not lend itself too well. This would enable members to get at these specifics, particularly because they could not question officials in committee of the whole. We will certainly have to play some of these things by ear, as they are new things. But, for the time being, Mr. Jorgenson, may I say with great respect that I would like to proceed on this basis without sticking my neck out too far. Those are my own personal hopes and philosophies for the department. I am not quite sure where you draw the line between hopes and philosophy, but I think from the legislative standpoint, as I said earlier, I hope to be judged by what I accomplish rather than by what I hope to accomplish. All I can say is that if we can do as well with all the other ramifications of the department as we did with the dairy policy, if we can get as much money for each thing we wish to do, we will be in grand shape; this will be the most popular committee there ever was with the farmers. I do not know how fortunate we will be in future in this regard.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to say at the outset that I am rather disappointed that the Minister did not outline some of the difficulties that he is finding in agriculture. I do not necessarily mean that he should bring forward his solutions to us at this time. However, if the committee is just going to investigate the administrative difficulties, which I do not find to be too numerous in agriculture because we have an excellent agricultural department, I do not think the committee is going to find itself with much to discuss. As I said, I would have thought that the Minister would have talked about some of the difficulties in agriculture because we all know there are many and they are varied. I thought that perhaps through discussion we might be able to assist the Minister in finding solutions to these many problems that agriculture is facing today, and that we would not just be considering the administrative problems of the department.

Hon. Mr. GREENE: Excuse me again, Mr. Muir. I think I have said what I had to say on this, and I will repeat that this is a new procedure. I had thought the general application of problems and areas of solutions in a broad, general sense is the kind of thing that would be considered by the committee of the whole House. After all, these estimates go gack to the House. Here we should get to the meat of the specifics. I think that as the work of the committee evolves, if we find we should travel into more general areas, I will certainly be happy to go over those more airy questions. However, it was my view that the

committee at this time was here specifically to consider the details of the estimates. I will certainly watch with interest what your views are in this regard.

Mr. PETERS: Mr. Chairman, I think that we are probably seeing the change that has taken place because of an Ontario politician being in this portfolio rather than a western one. However, I do agree with those who have already stated that the policy that is being evolved at the present is a changed policy. Every member of the committee, I am sure, has been interested in and appreciative of the change that the minister has made in terms of the dairy policy, but I think there is still considerable misunderstanding of what that policy is going to be and how it is going to be administered, as well as what the end result of it will be. I believe the committee is very concerned with the political pronouncements that have been made regarding crop assistance, for instance, which has become a real problem.

Several years ago the committee had seriously considered the cost of farm machinery, which is another agricultural problem that was raised during the election and which I think is facing the committee. We are going to have to make some decision on this. And yet I am concerned with the proposition which the Minister raises, because this is probably a logical conclusion to draw from the discussions that took place in the changing of the procedures of the House, which allowed this matter to be referred to the committee as estimates for detailed study. I am of the opinion that if this is going to be done, it should follow the general discussion on the agricultural policies that we were going to be faced with this year. Otherwise we will be coming to an item, for instance, one on crop insurance, and we will be making a decision on it in terms of estimates which is not what the committee hopes to project into those estimates.

I may have put it badly, but it seems to me that we should know in what field we intend to move, because the estimates are really the economic budget of the department officials for things that have taken place in the past and for legislation that is already in effect. If we are going to change this in terms of the cost of farm machinery, are we really going to face the problem of the feed grain agency on which we have had considerable discussion in the past? If we make these changes, this will, of course, throw the estimates out in many areas. To discuss them in terms of the operation of legislation we now have, is one thing. As the previous speaker said, this will only take a very short period of time. However, I think the minister should be prepared to give the committee some indication of his policy. I suggest this has to be done, or else we are going to be working at cross purposes. We should have some indication of what the dairy policy will be in terms of the estimates. What is the Minister's own philosophy in terms of crop insurance? Crop insurance has reached a very critical position in the last year because of the crop disasters which have occurred in three or four provinces and which they were not able to handle. We should know more about the legislation under which we are operating, for example, in the province of Ontario. Here we are trying to solve the problem in my area with the same legislation that has been used in the Minister's area. His is a drought area and mine has an excess of rain, and we are using exactly the

same kind of legislation in both areas because the guide line for any other course has not been laid down by the federal government. The whole matter of ARDA, the redistribution and reuse of land, are matters of primary importance which should be discussed before many of these estimates are considered.

I would therefore make the suggestion that the committee make a decision now on whether or not they should proceed with the estimates as they are, reserving the right to hold back some of the estimates in these particular fields. Maybe the minister would like to reconsider making an over-all statement that would be taken into consideration when each of the separate sections in the estimates is taken into consideration. It seems to me there are two philosophies here: The one we have always followed in the past, and the one that affects the estimates as we discussed them in the House. I think those are two different things. This gives us the advantage of questioning the officials on specifics, and yet how can we question them until we have an over-all policy that may change the operation of each of the estimates?

Hon. Mr. GREENE: If I might answer that question briefly, I think what we are faced with in this new procedure is simply this: This is a system somewhat closer to the U.S. committee system which enables committee members to get right down to the nub of things much more effectively than they have been able to do previously. On the other side of the coin, a minister before a U.S. committee is of course not working in the same way as under our parliamentary system. I cannot come here and announce policy or changes in policy; that is not the way our system works. I therefore think that in this regard I am pretty well tied to the policies to which the government is committed, and to the throne speech. I think this is where the committee can come in, by indicating to me their views about policy. Under our system I doubt very much whether I can come here and announce policy to this committee. I think these are things we will have to work out as we evolve this new committee system, which I think can be very useful. We must remember, however, that we are operating within our parliamentary rules rather than within the republican form of government where the ministers are not ultimately responsible to parliament and are not bound by the collective responsibility of the cabinet. I think these are things that we will have to feel our way through. I certainly happily concur with the opinion that it would be very useful to the government if the committee members themselves voiced their views about what they think the policy should be. Whether I can do the converse, in view of our system of government, and tell you what I think the policy should be, is another matter.

Remember that as a member of the government I am in a position of speaking for the government whenever I speak, and yet I have not the authority to do so. I certainly think the committee members themselves should relate the estimates to the policy as far as possible, and bearing in mind the commitments which the government has made I can talk about policy but I do not think I can talk about future policy except to make a sort of airy statement about my hopes, which I do not think is very useful to you as working politicians. You do not want a political speech, I am sure. I would be very pleased to make one at any time.

I think these are the things we will have to work out. I will be quite candid with you. I have not any firm views as to how this working committee will evolve, and I am sure that for two or three years we will not really know the exact methods whereby this working committee on estimates can be most useful to both the members and the government. I think at this stage you will have to bear with me if I tread rather gingerly on policies because, as a new Minister facing a new ordeal and without any precedent, I think it would be better for me to say too little on the policy side rather than too much at this stage of the game.

The CHAIRMAN: If I may interject as Chairman of the committee, I would like to say that I am of the same opinion as a great many members here. I feel that to a certain extent we have to feel our way along on the proceedings here. However, in my own humble opinion, as the Minister outlined, this discussion should be a more flexible one than it ever was in the House when we dealt with the estimates. The committee can rule on whom they want to see and what they want to discuss. I think there really should be no limit on what we can do in questioning agriculture in Canada in this committee.

Hon. Mr. GREENE: Let us take for instance the dairy policy which you specifically mentioned. We are wide open; that is a policy that is announced.

Mr. VINCENT: You should start on that.

Hon. Mr. GREENE: In that regard I think I and my officials would be prepared to answer anything you want. However, policies that are not announced give me a little more concern, and I can see the newspapers writing tomorrow morning, "Greene says he is going to do so and so with crop insurance", and I will find myself walking into the cabinet and being asked, "Who authorized you to say that?".

● (11: 50 a.m.)

The CHAIRMAN: Have you finished, Mr. Peters?

Mr. PETERS: Yes, for now.

Mr. OLSON: Mr. Chairman, I agree that under this new procedure we probably will have to advance one step at a time to see how it turns out.

I also agree partly with what the Minister has said in that when we get into each one of these separate votes we can put questions to the Minister as well as to his senior officials and perhaps in that way bring up points we wish to raise with regard to future policies of the government. However, I cannot agree that government policy is on the same level as benign hope. I hope there is a far more substantial basis for government policy than to equate it with benign hope. In my opinion, the Minister ought to feel as free in this committee in stating future plans of the government as he would be in committee of the whole on the floor of the House of Commons. Even at the latter stage they do not announce a great deal of new government policy unless they are ready to announce it at that time. But, I would think he normally would feel as free to discuss such matters with this committee as he would when we get back to the

House of Commons. I am sure the Minister realizes that when we do get back to the House the time that can be spent on the estimates of the different committees is restricted. In fact, I think that committee of supply can spend only 30 days in total, and if you take off the supply motions and the interim supply motions there is about one day per department when you can discuss the estimates on the floor of the House. Of course, all departments are not going to be dealt with in the same way; some departments may take several days, whereas on other occasions several departments will go through, after they have had an exhaustive study in the standing committees, in the same day.

Mr. Chairman, these are some of the things I would like to know. First of all, I would like to know what is being done in the research branch to set up advisory committees, made up of certain practical farmers, who can give some direction to our research people so far as applied research is concerned. I would like to know if we are going to have a statement of government policy on crop loss payments, so that some guidelines for the future can be set down to ensure that all requests are treated in the same manner. The Minister has had some experience with this in the House. As you know, some members feel there has been a measure of discrimination between one province and another. For example, I would like to know if there has been any change in the plans for the reclassification of livestock at the exhibitions across our country. I would like to know if any progress has been made on capital construction loans, long-term loans and so on. I would like to know if the Minister or officials of his department have anything positive they can announce with regard to a two price system for wheat which, as you know, has been discussed on a number of occasions. I would like to know about water conservation and utilization in co-operation with the provinces. I understand there are some rather large plans under way by some of the provinces which are working together, particularly in western Canada.

Perhaps many of the things I have mentioned can be brought out at the time the specific item in the estimates is brought forward. But, so far as these estimates for 1966-67 are concerned, if we are going to be confined only to the expenditure made under these various votes, Mr. Chairman, we would be dealing with policy that already has been established while at the same time we would not know the full basis for such a policy; also, we would not know what the projections are in respect of all these matters. In my opinion, Mr. Chairman, this is a proper funciton of this committee. When the estimates are transferred to a standing committee we can and should carry on in exactly the same manner as if we were in committee of the whole, except in this case it allows an opportunity for four or five committees to meet concurrently. This results in a saving of time by some of the members and also provides an opportunity for them to have more time to go into greater detail.

Mr. Chairman, I do not want to elaborate any further on what I have said at the present time. I have a lot of questions to ask on each of the votes that are outlined in the estimate book, to which the Minister has made very brief reference. But Mr. Chairman, I am seriously questioning whether or not we should start with some specific matter, whether it is dairy policy or research,

and exhaust that, or whether we should not have some kind of additional explanation on some of the major policies, major changes, the major plans the department has for the next few months or for the whole fiscal year, and so on.

These are only some of the matters I have raised; I am sure that other members have many more questions along these lines. For example, there may be several questions put on vote 5 and, perhaps, by the time we have completed the business of this committee we would have had an opportunity to ask questions, to which answers would be supplied. But Mr. Chairman, I should say that I do not believe that we should be confined to discussing only matters involved in these figures before us because, in my view, if we peruse just these estimates and put questions on these particular votes we would not be dealing with the future as much as with the past. I think we have to be given an opportunity to go into some of these matters because we are interested in the direction the government is going and what plans it has for the future.

Mr. Chairman, for the moment I have nothing further to say. I can appreciate the problem of trying to feel our way along, at least in the initial stages.

Mr. GREENE: Mr. Olson, I certainly can see what you are getting at; there is a line of demarcation. For instance, there is an established policy with regard to some of the things mentioned by you, such as crop insurance, and certainly we can discuss that fairly freely. But, may I make this point: if further legislation is contemplated I doubt very much whether the specifics of it can be discussed here. Surely that is a function of the House when and if a bill comes before it.

Mr. OLSON: But surely, Mr. Chairman, the Minister is not going to feel any more confined in discussing openly and freely what his future plans are to this committee than he would be in committee of the whole.

Mr. GREENE: No, I do not think one should be.

Mr. OLSON: Otherwise, if you do feel that way, I think it would be an impediment to the usefulness of this committee.

(Translation)

Mr. VINCENT: Mr. Chairman, I think, if the Committee accepts the proposition, it would be preferable to begin to-day with the new dairy policy, or the new dairy program which the Minister announced last week. The Minister will be with us for a few minutes, and I believe it would be interesting to have replies to our questions, because many members of the Committee are wondering about many points with regard to this program. Since this program is to be applied next week, if the Committee accepts this proposition, I think we should discuss right away the implications of this program. If you will allow me, Mr. Chairman, I have three or four questions to ask the Minister right now, which will interest all members of the Committee. The first question which I would like to ask is: How many producers have made an application, or have made a claim with regard to last year's programs and have not yet received their payments? We know that many producers, or at least this is what I have noted, did not make an application for a claim last year, and these producers will

probably not apply. Can the Minister tell us how many milk producers in all of Canada have not yet made a claim and will not receive the additional payment under last year's program?

We know that the Department will have to make an additional payment soon to raise last year's price to $3.30. This is my second question: Can the Minister tell us now what is the amount of the supplementary payment, and around what date this additional payment will be made to the dairy producers of Canada?

The Minister stated in the House that the government will pay 85 cents per hundredweight less 10 cents which is most acceptable, but, at the same time, he has stated that the producer must pay $3.25. In the new dairy program, there was no mention of the price of cheese nor of powdered milk, nor casein. And when I asked a question in the House yesterday of the Minister, he told me to read over the statement he had made in the House last week. I did not have to read it over; there was no mention of these three items. I am sure, Mr. Chairman, that the Minister will understand that the producer will not be able to pay a price of $3.25, before knowing what is the policy of the government with regard to cheese. This is my third question: Will the price of cheese be maintained at 35 cents a pound, or does the Minister think that cheese will sell this year, on the market, at 40 or 42 cents? Moreover, before signing a collective agreement with the plants, the milk producers will have to know exactly what is the policy of the government with regard to powdered milk and casein. If we do not get these details, we will not know if the producer will be able to pay $3.25 as well as the 75 cents per hundredweight, which will make an average price of $4.00. I would like the Minister, if possible, to answer these questions, which, to my mind, are most important. The answers will enable us to judge the effectiveness of last year's programs, and also the implications of the program for this year.

(*Translation*)

Mr. GREENE: Mr. Chairman, I merely wish to say that it is much easier for us to discuss a definite question like this, and I am wondering if, when we come to these meetings, we could know what particular subjects interest you from day to day: Item 1 or another Item of the Estimates—it is all the same to us—but it would be much easier for us to know what subjects will be discussed each day and what information I should get in order to help you. I do not know if these questions are to be discussed now. Is it your wish, Mr. Chairman . . .

(*Translation*)

Mr. VINCENT: Mr. Chairman, since I asked these questions, may I say if the Minister believes that the officials of his Department can answer these questions to-day, it would be most important to obtain these replies because the Minister knows the new policy is to be applied on April 1 next, that is, this week. It is our last chance before the application of the new policy.

(*English*)

The CHAIRMAN: As Chairman of this committee, I stated earlier that under item 1 members are entitled to ask any questions they desire; if the answers to such questions are not available today I would hope they would be made

available at the next meeting. I stated that under item 1 we could discuss agriculture in the same manner as we do in the House when we are in committee of the whole. After we have passed item 1 we will be able to judge fairly well ahead what items will be coming before the committee at future meetings. If the Minister sees fit to answer your questions I, as your Chairman, feel that they should be answered today, if possible. But, I am in the hands of the committee in this regard.

Mr. ÉTHIER: I would be pleased if answers to questions put today were given.

(Translation)

Mr. GREENE: I would like to ask Mr. Williams, who is well versed in the dairy policy, to answer the three questions which have been put by Mr. Vincent.

(English)

Mr. S. B. Williams (*Assistant Deputy Minister, Production and Marketing, and Chairman of the Agricultural Stabilization Board*): Mr. Chairman, I will speak in English because it is easier for all. I believe Mr. Vincent asked three specific questions, although some have multiple answers.

The first question put by Mr. Vincent was: "How many producers have made application for supplementary payments under last year's program who have not been paid yet?" At this moment I cannot give the exact figures, although I can say, with very few exceptions, the data processing system at the present time is dealing only with current applications. There are a few that have been returned to producers which have not come back yet. Therefore, technically, some who have made application have not been paid. There falls within that group those which did not correspond with the other records we had, and they had to be returned for further questioning. But, the ones that are with the department at the present time, which do not require a return to the original applicant or to the plant for questioning, are being dealt with on a very current basis. At the present time we still are getting applications at the rate of 200 a day, as a result of which we do have some backlog at any one time because it takes a week or 10 days to process them; you see, they are processed in batches and our data processing system has to handle them, and then they go to treasury office for the issuance of cheques. So, essentially, we are on a current basis at the present time.

Your second question was: "How many have not made applications?" I cannot answer that question although I can give you some indication. Our original estimate was that there would be approximately 200,000 to 210,000 applications for eligible producers. As you recall, an eligible producer is one who has shipped in the year in question 10,000 pounds of milk or 350 pounds of butter fat, and our original estimates were based on the 1961 census. It looks at the present time as though we will not get more than 150,000 or perhaps 155,000 applications, but we do know that over the years previous to 1961 we were losing dairy producers at the rate of 15,000 a year. Therefore, the difference between 200,000 or 210,000 and 150,000 or 155,000, which we

expected, is consistent with the rate of losses that we also might expect based on historic figures with regard to wastage or movement to other areas of agriculture, or other areas of employment by farmers. As a result of this, I cannot give you a specific figure, although it looks as though we are going to pay out to about 150,000 or 155,000 people.

However, it might be of interest to the committee to know that our estimate in dollars is almost exactly correct; in other words to start with, our average payments to producers is higher, but the number of producers is fewer, which would indicate there has been a consolidation of units, which is consistent with the population of dairy cows in this country. At the present time our average payment is approximately $140. At the time the estimate was made I think it was slightly over $100; I think it was $106.

• (12: 10 p.m.)

Mr. VINCENT: May I interject a question there just before going further?

Is there a date limit for application?

Mr. WILLIAMS: When the original application forms were sent out the words used were "to ensure consideration this must be received by the 31st July." No other limit has been placed on it as yet, but applications are being honoured that have been received since then.

The second question dealt with the deficiency payment and was in two parts, I believe: Do we have an estimate of how much it would be; and, secondly, when it would be made? I am afraid I cannot answer either part of the question. In general, I can say for the information of the committee that prices of milk based on the records we have to date have been stronger than we originally thought when we estimated the $3.15. These records, however, are subject to complete audit, and until the complete audit is done—and incidentally we will not have the March figures until about the end of April—I think it would be premature for me to make any statement on the size of the deficiency payment, if any. Therefore, the answer as to time is that if there is one to be made we would anticipate that we could make it probably towards the end of the month of May. In other words, we will not have the information until the end of April; it is subject to complete audit at that time. In addition to that, you will recall that under the deficiency payment the cost of xport assistance was to be deducted. Complete figures are not yet available under export assistance because there is still product moving into export assistance and there will be until the board has authorized all export assistance. There has to be a complete reconciliation on that, and we will not have that information until after the board has authorized all the export assistance; so I cannot give complete information now.

The third question Mr. Vincent asked was a much more complex question. He asked for the details of the procedures that would be followed in order to create a climate in which processors could pay $3.25 for manufacturing milk. I think you gentlemen will all recall that in the Minister's statement he said it was not the government's intention nor was it within their ability to set a price

of $3.25; that this would be a matter that would have to be set by producer groups and boards. I think possibly if we deal with these on a broad basis to start with I can then try to answer any specific question.

It is the intention of the board to maintain the price necessary to produce these returns through a variety of means. This variety of means will include export assistance; it will include offers to purchase; and it may include direct purchase at a specific price. The proposal at the present moment—and I may say this is a matter that was discussed no later than this morning with the board—is that the actual procedures that will be followed will vary with the product and with the market at the time.

Let me take an example. At the present time, cheese is selling in Ontario on the Ontario board for 43½ cents per pound. At 43½ cents per pound it is estimated that processors can pay approximately $3.35 or $3.40. The price for cheese milk in Ontario is set by the Ontario board at $3.35 at the present time. Therefore it is obvious that in so far as cheese is concerned at the present moment the board need do nothing in respect of Ontario. Of course, there is the rest of the country, but in general the Ontario prices set the price of cheese in the province of Quebec, which is the other major cheese producing area.

It is also quite as obvious that in about a month's time the cheese supply will be such that exporters will need some assurance on how much export assistance will be available in order that they may move this into markets. If this is not moved into markets off-shore, it will not be possible to maintain a price of 43½ cents because the domestic market simply will not absorb our cheese during our times of high production. We must find a place for it.

The Agricultural Stabilization Board have a joint committee of producers and processors which makes recommendations to the Agricultural Stabilization Board in respect of the level of export assistance. This is a technical committee. The Agricultural Stabilization Board endeavoured to set up a meeting with this committee this week. Unfortunately it is not possible because two members are out of the country, but it is our intention to set up a meeting early next week. At that time we propose to make an announcement of what the then current level of export assistance may be in respect of all of these products. You gentlemen will probably all recall that this fluctuates from time to time depending on the market. Last year we had export assistance for powder—I am not too sure of the figures—at I think at least two, three or five different levels during the year depending on our supply position and our market in relation to the export market. We have one other consideration, and that is the question of cheese, where the trade in general buys cheese and holds it for curing. They are very much in favour of a support price that is related as closely as possible to the market price; they are not in favour in general of it being at the market price because this simply interferes with trading. The reason they ask for this is to finance their holdings so they can obtain bank loans up to the support level.

In general, it is difficult to put our support level higher than the price in which it moves to the United Kingdom—in other words, our subsidized price. This is a question which was discussed briefly at the board this morning, but no

decision has yet been made. There will be an announcement before the first of the dairy year, or very shortly thereafter, in respect of our support price for cheese. We have not in previous years had an official support price under the Stabilization Act for powder or for casein. I think you realize that cheese is in a different category from casein and powder in so far as its legal status is concerned. Cheese is a mandatory product under the Stabilization Act and the board must have a minimum of an 80 per cent support level for it. The other two products in general are dealt with under a different board; they are dealt with under the Agricultural Products Board.

Mr. VINCENT: What is the support price on cheese right now?

Mr. WILLIAMS: The support price is 35 cents at the present moment.

Mr. VINCENT: So this is the trouble. If someone wants to put in stock some cheese he has to go to the bank, and they are counting only on 35 cents.

Mr. WILLIAMS: That is correct, yes.

Mr. VINCENT: You had an offer to buy powder last year, so many pounds at such a price?

Mr. WILLIAMS: I do not think that is quite correct, Mr. Vincent. We went out on tender at certain times in the past years but last year we did not have a flat offer to purchase powder. We had export assistance. As a matter of fact, we did not buy any powder at all last year. This is a rather difficult problem in that the method whereby we pay our export assistance is to buy the powder from the tenderer in a paper transaction and sell it back to him immediately. We never take possession of the powder; we buy it and sell it back to him at the price at which we purchase, less the export assistance. This is just a mechanical means of implementing it. The price at which we bought it on paper last year bore no relationship to the market; it was 11 cents. When there was a 2 cent subsidy we sold it back at 9 cents. This was just in an effort to make use of existing legislation in order to implement a policy, but we did not have a purchase program at the actual price or close to it. As you know, the price averaged somewhere around 15½ cents or 16 or 16½ cents. It is about 16½ cents now. It varied around the 15 to 16 cent level.

Mr. VINCENT: May I ask a few more questions, Mr. Chairman?

The CHAIRMAN: Mr. Vincent, you started your questioning at two minutes after twelve o'clock. I would like to remind the committee that the Minister and the Deputy Minister have to be at another meeting at 12.30 and that they had asked to be excused at 12.15. The other officials will remain. I think we should excuse the Minister and the Deputy Minister at this time and then proceed with the next questioner, unless the committee is unanimously agreed that Mr. Vincent may carry on.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I think we should let Mr. Vincent carry on for a few more minutes.

Mr. NASSERDEN: I have something I would like to say before the Minister leaves.

The CHAIRMAN: We will still be dealing with Item No. 1 when the committee meets again, so if it is the wish of the committee we will be able to ask the Minister to appear at the next meeting. This is my understanding of our procedure; and if we leave that procedure I think we can put the work of the committee out of kilter.

Mr. HERRIDGE: Before the Minister leaves I would like to say that I quite appreciate the fact that we cannot expect the Minister to announce policy here that has not been decided by the cabinet. I am sure we all welcome his presence and I hope he returns when convenient.

I do want to tell the committee that I have had the Minister's handwriting read, and I was most impressed. I am informing all my farmer constituents that they should consider that hope may spring eternal within their breasts!

Mr. GREENE: I hope you will excuse us. I am going to ask Mr. Beer to take over and I will ask you to consider the feasibility even on Item No. 1, if you wish to proceed in this way, of giving us a specific subject matter for the next meeting so we can be prepared and have the right officials here.

The CHAIRMAN: I suggest you obtain a copy of the report of that handwriting expert and have it deciphered, Mr. Greene!

Monsieur Vincent.

Mr. VINCENT: I am quite satisfied with the present price of cheese. I do not think it will be any trouble for the factories to pay $3.25 or more, especially if the price of cheese keeps on like this all summer. I am sure the price of cheese will be good all summer. However, you have some factories which are processing milk into butter and milk products. In the new program butter will be 59 cents a pound, and with the price of powder as it is now they can go up to $3.20 or $3.25. But these people are quite sure that during the summer time they will not be able to pay more than $3 if the price of butter is exactly the same as it was or a few cents higher than it was last summer.

Is it possible for you to tell us what is the price which the factory can pay right now with the present price of powder and the present price of butter and of casein?

Mr. WILLIAMS: I think I would be answering questions that the factory should be answering if I were to answer that. Let us put it in this way, Mr. Vincent. I think you gentlemen all realize that the price that a processor can pay for the milk he makes into butter and powder depends on three things, the price of powder, the price of butter and his efficiency of operation. Change any one of those and you change the price he can pay. The calculations used by the board go something like this: One price is absolutely fixed; that is the price of butter, which is 59 cents. Because of the board's purchase and resale price for butter, a policy for butter at 59 cents in essence fixes the price of butter everywhere in Canada. We have one variable over which he has some control, and that is his efficiency of operation. I know there are many who will argue that they have very little control over that, but no one else will have control over that if he does not. The third is the price of powder. For each one cent change in powder the price that a processor can pay for milk goes up or down

by approximately eight cents. The figures that the board used in general are of this nature: 59 cent butter, 18 cent powder and about a 67 cent operating cost. That arithmetic will produce $3.25.

I am quite convinced in my own mind, and I am sure everybody else who is involved in this is quite convinced in their minds, that there are plants that can operate for well under 67 cents or 70 cents. There are plants which can operate but will have difficulty at certain times of the year. I think you all realize that the level at which the plant operates determines to a great extent its efficiency. If it is operating 24 hours a day at full capacity, the efficiency is one thing, but if it is operating at half capacity for a part of the year, it is a different thing. So I do not think we can be quite categorical and say this must be and that must be.

Mr. VINCENT: But with the trend of the market as it is, do you think the powder will go lower than 16 cents during the summer? It is only a forecast.

Mr. WILLIAMS: I think, Mr. Vincent, that if it goes lower than 16 cents the whole policy is in jeopardy, therefore I think it is incumbent upon the board to see that it does not go lower than 16 cents. I am not saying by this that it is incumbent upon the board that it be maintained exactly at 18 cents. We could go out and offer to purchase at 18 cents and maintain it at this, but then one immediately removes any incentive from the trade to move the powder itself. When we have gone into such a program, in general we have ended up in trouble because after a little while the trade has tended to want all this to go to the government since one does not need any salesmen on the road if one is selling to the government.

Mr. VINCENT: I have just one more question, Mr. Chairman.

When the cream shipper is sending his cream only to the factory, do these people receive only $2.15 plus the 75 cents?

Mr. WILLIAMS: These people will receive exactly the same subsidy as is paid to the man who ships manufacturing milk. They are not going to receive any subsidy or any assistance on that part of their production that they keep at home. I will not quarrel with the figures, the $2.15 and the 75 cents, or anything of that nature; but what I am saying is that I think one thing that we overlook sometimes in dealing with cream shippers is that the $4 figure that is quoted in the policy announcement is f.o.b. the factory. In general a cream shipper ships about 10 per cent or one-tenth of the volume that a manufacturing milk shipper has to ship. In other words, when you work their costs back to the farm their discrepancy is not as large, and when you work the cost back to the farm and take into account the value of the skim milk that he retains, the discrepancy is not as large as the figure you quoted.

• (12: 30 p.m.)

Mr. NASSERDEN: Mr. Chairman, I was rather disappointed at the minister's statement this morning because it did not give us any indication of the direction in which we should be looking concerning the assessment of these estimates and perhaps the recommendations which we should be making following the completion of their study. I cannot help but wonder whether the government

wants us to take a very close look at the operations of the Stabilization Act. In the House itself, on a number of occasions, they have indicated it would be brought before the committee for a complete study. It is now eight years since it was revised, I believe, and surely during that period of time some recommendations have been made by those who have been charged with the responsibility of administering the Act, some recommendations on the practice as evidenced by results in so far as farm people are concerned. There is also the problem of farm implements which has not been touched in these estimates at all, a problem that has been mentioned in statements by the minister and by various members of the government, a problem that was shelved when this government took office, a problem that is one of the great problems facing the agricultural industry today.

There is also the matter of the Board of Grain Commissioners, and the matter of the Canadian Wheat Board coming before the committee for a review of their operations, and the matter of the decline of the price of wheat during the past years. There are problems with regard to box car allocations, and so on. All those problems should be studied by this committee, and perhaps out of that study conclusions will emerge which will solve the problems we had in the past.

There is also the matter of research on which questions should be asked at this time. I myself think of the changing patterns of research in this country at the present time. I wonder what the government's policy is. I wonder whether the budgets for the research program that have been presented by the various departments have been slashed, whether they have been accepted as they were presented by the officials concerned, or whether they have been amended by the department in any other way.

It is also a notable fact that the whole program of ARDA does not come under these estimates, as I look them over. The problem of feed grain assistance in eastern Canada does not come under these estimates either. All of these things tend to raise the question regarding the effectiveness of the whole set-up of the Department of Agriculture under a minister of the crown. I believe, because of these things, that we should have had a comprehensive statement from the minister outlining the attitude that he has towards all of these things, taking into account the fact that he is a new minister turning over a new leaf, and, we hope, giving new leadership to the industry.

The CHAIRMAN: I would like to say at this time, Mr. Nasserden, my understanding is that both the forestry and rural development estimates will come before this committee separately. The committee will therefore be able to delve into them in as great detail as they desire. ARDA comes under rural development. That is the information I have been given. The parliamentary secretary tells me that feed grains will also come to this committee separately.

Mr. NASSERDEN: Could the parliamentary secretary tell us whether the committee is going to be given an opportunity to go into detail on the operations of the Stabilization Act and the Wheat Board, as well as the Board of Grain Commissioners? What are the plans of the department with regard to the farm implement problem?

Mr. BEER (*Parliamentary Secretary*): That question wraps up several questions in one pretty comprehensive one. In the first place, as the Chairman has suggested, feed grains and rural development will be discussed under the estimates of the Department of Forestry.

In answer to the question you raised with regard to the Wheat Board coming before this committee, I will say that this will not be so because at the moment the Wheat Board is under the jurisdiction of the Minister of Finance, and when his estimates are before the committee you will have the opportunity of questioning that operation at that particular time. I would not know of any reason why the activities of the Board of Grain Commissioners could not be discussed here, as well as the other items which you mentioned. I would not know of any limitations which would prevent us from discussing those items here in this committee.

Mr. OLSON: Mr. Chairman, I have a point of order. Before us now are the estimates of the Department of Agriculture. Surely if the House orders the Wheat Board and the Board of Grain Commissioners to be specifically referred to this committee, they could be dealt with here. However, I do not think that it should be our concern to attempt to have all of these things automatically referred to us because the estimates were also referred to us. I think there is a very sharp distinction between dealing with the estimates and dealing with other subject matter with which this committee is competent to deal if that matter is referred to it by the House.

The CHAIRMAN: In essence what you are saying is that this committee can act on the estimates, and the only other way they can act is by order of the House.

Mr. OLSON: Mr. Nasserden raised the matter of the Wheat Board and the Grain Commissioners. Any time those have been considered by the old committee on agriculture and colonization, there was a specific motion that this subject matter be referred to the committee. That has not been done here as yet.

The CHAIRMAN: We cannot go beyond our specific terms of reference. I hope that Mr. Nasserden, who is so much more of an expert on House procedure than I am, will agree with this.

Mr. NASSERDEN: This has worried me because last session we heard promises in the House that Stabilization Act would be brought before the House. The Minister had no objection to it. Apparently the committee was master of its own destiny. It was never brought before the committee; indeed I would be less than frank if I did not say that I do not think there was any intention of bringing it before the committee. This is the reason I have raised this today. The estimates can be put through here, and all of us appreciate that fact, and yet we need a little more examination of what has taken place over a period of years on certain of these items so that we can try to evolve some improvements in the legislation that we presently have. If we are going to throw the ball back and forth between the House and the committee—we have no objection to

studying a specific item and yet, at the same time the committee feels it has to wait until the House directs it to do so—then we are not going to get very far with this study and it will be a futile exercise, such as we had last year.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to comment on some of the fears that have been expressed today about our inability to delve into the dairy policy, research, et cetera. I see no reason why this committee cannot study, as thoroughly as it wants, any topic covered by the items in these estimates. I do not see any reason why we should deal this year not only with the estimates but also make any suggestions we wish to make to the department. This is the real advantage that this committee has over the previous ones. We can question officials of the department, we can find out what they are doing now, and if we have ideas of our own, we can suggest them. This is the purpose of this procedure. I frankly think that a number of fears that were expressed are unjustified. For example, several people mentioned research. I have some ideas about research that I would like to mention, and I would like to find out what has been done about several areas in research. When we come to it, I would expect that we will be given full freedom.

Mr. Chairman, I would just like to ask a couple of technical questions. Is the committee going to publish its Minutes of Proceedings and Evidence?

The CHAIRMAN: Yes, it is.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Have you decided on the number of copies?

The CHAIRMAN: That was decided at the organization meeting of this committee.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): How many will be printed? I feel that, for example, this morning some extremely interesting answers were given by Mr. Williams. There might conceivably be members who will want to send out copies to the dairy farmers in their region. I think the committee should be given permission to print as many copies as they wish to. There should be flexibility here. At the end of each meeting we should have the right to decide on the number of copies that we want printed because if you limit the number of copies of the minutes to, say, a thousand copies in English and 500 in French, that number would be inadequate for a number of meetings. For example, it would be inadequate for this morning's meeting because I want to send out a few copies.

The CHAIRMAN: I think that the organization meeting which met on February 17, and to which all members were invited, agreed that the committee print 850 copies in English and 250 in French of the Minutes of Proceedings and Evidence. There would have to be an order from the committee to change that number if the members are desirous of doing so.

I think any member is free to put in an order for a certain number of copies to be printed if they feel it is important enough and they want these copies themselves. They can do so by special order.

Mr. BEER: Mr. Chairman, may I make an observation? It alway seems to me that under item 1 we can get into a general discussion but that we would get much further ahead if we dealt with the items before us and then returned to item 1 to deal with the other things that the members feel have not been properly exposed and on which they wish to comment. Maybe we could do the job that is in front of us and go throught these items one by one, such as the Board of Grain Commissioners under vote 50, and then come back to item 1 to discuss all the other things that the members feel have not been properly dealt with.

Mr. HERRIDGE: Hear, hear.

Mr. OLSON: Mr. Chairman, we discussed this thoroughly in the steering committee, and if we are going to follow the same form that has been used in the committee of the whole House of Commons, we will find that they always pass item 1 first. There are a whole lot of practical problems that arise from leaving item 1 to be dealt with last, one will be the matter of quorums. When you know that item 1 will be discussed at the end, you can revive any subject under it, matters which have been gone through in great detail, such as the Borad of Grain Commissioners, research or whatever it is. If some of the members had not been here when those items were discussed, and then item 1 were considered at the end, then any matter that has been gone into thoroughly can be revised over and over again. I think it would greatly add to the length of time required to get these estimates through if you left item 1 to the last.

Mr. ASSELIN: I agree with Mr. Olson. I think it is important we pass item 1 first.

The CHAIRMAN: We agreed to this at the start of the meeting, if you followed the steering committee's report which was adopted by the committee.

Mr. SCHREYER: Mr. Chairman, I think there is some advantage in having the kind of general discussion we had this morning because it enables the Chairman and the government to obtain a consensus of opinion among the members on what are the specific areas which the members of the committee want to investigate, and it enables the government to prepare by getting the people ready for the next meeting and by bringing forth certain information. I think, for example, at least I gathered this from opinions expressed here this morning, that members will want to concentrate on matters having to do with farm machinery prices. I take it the Chairman or the Parliamentary Secretary will now undertake to do some preparation before we come to discuss that in greater detail.

Secondly, we have the matter of the Wheat Board. I hope that the Chairman will attempt to get an undertaking from the House leader or someone in the government to get an order of the House transferring consideration of the Wheat Board to this committee. It seems to me rather awkward to have this considered by the Department of Finance.

Thirdly, we have the matter of research programs. By the time we meet next the government will have had enough warning to have its people before us to answer questions on the research programming. As far as I am concerned, I

would like to be able to ask some questions relative to the cost of production research. In that case, what is to be gained from this kind of discussion? I think you have an adequate warning now regarding what matters we will want to discuss in the course of our next few meetings.

Mr. FORBES: Could I say a word on that, since this is a new form of committee, and different from our previous one, possibly with more jurisdiction than the previous committee had? Like some previous speakers I was disappointed with the Minister's statement. I was expecting direction from the Minister, that he would come before this committee and say, "Here is a certain problem with, let us say, machinery. We would hope to bring this to your attention and ask for your recommendation on what form of inquiry you want, an inquiry by a judge or by some other competent person or by this committee". I was hoping for the same thing with regard to any other problem such as crop insurance, that he would say, "We want the benefit of the advice of this committee on this whole policy. This will be discussed at a certain time," and the same thing with respect to the price of wheat, as someone has already said, owing to the fact that it has dropped. We should discuss the reasons why it should be raised in relation to the cost of production. I thought this was the system we would follow in this new committee which was set up to assist the Minister. Why should we bring this to the attention of the Minister? He should bring this to the attention of the committee and seek advice from us.

Mr. SCHREYER: I have a specific question to direct to you, Mr. Chairman. Are you now going to ask for an order of the House to transfer the consideration of the Wheat Board to this committee, or are you still waiting for some indication?

The CHAIRMAN: I do not know what my real powers are as your Chairman but I will certainly consult with the authorities and with the Minister and Ministers concerned with the Wheat Board, if it is the wish of the committee, because I do not feel I should act on my own unless the whole committee is desirous that I should act this way. I think it would be proper not only for the Chairman but for the whole steering committee to discuss this with the ministers concerned. However, it is up to the committee, because I do not believe I have any real authority to do so as the Chairman.

Mr. SCHREYER: I understand this but there is some consensus here that this should be so. I do not know whether it requires a formal motion.

Mr. WATSON (*Assiniboia*): May I say a word pertaining to what Mr. Schreyer has said regarding the Canadian Wheat Board? This is the Agriculture Committee consisting of farmers. We are chiefly concerned with the Canadian Wheat Board as the agent for selling wheat. I think that if the Wheat Board is to be considered, then this is definitely the committee that should deal with this matter, and not the Minister of Finance. Possibly we should ask the government to look into it, and ask them whether they are planning to put the Canadian Wheat Board back into agriculture, where I personally feel it should be. If I understand this properly, the Wheat Board is under the jurisdiction of the Minister of Finance because he had it before and was familiar with it. I

understand it will stay with the Minister of Finance until the present Minister of Agriculture more or less gets the feeling of the Department of Agriculture, when it could possibly be transferred back to him.

Mr. ASSELIN (*Richmond-Wolfe*): Does there have to be a request from this committee to the House to have this matter referred to us?

The CHAIRMAN: I do not think we have that authority. The parliamentary secretary is here, and he will take note of it as well as the ministers in charge of the departments.

• (12: 50 p.m.)

I think what Mr. Watson of Assiniboia has in mind is that if the Wheat Board does come under the jurisdiction of the Department of Finance at the present time it should be transferred to this committee.

Mr. WATSON (*Assiniboia*): That is correct.

The CHAIRMAN: And, as Mr. Olson pointed out earlier this morning, this committee can deal with anything which the House directs to it, and it is not able to go beyond that jurisdiction. If the House sees fit to give us the authority to call the Wheat Board officials before this committee, then there is nothing wrong with the committee doing so.

Mr. NASSERDEN: Mr. Chairman, would you consider entertaining a motion asking that this be done?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I would suggest we ask the steering committee to ascertain what procedure we should follow with regard to this matter.

The CHAIRMAN: I think Mr. Asselin's motion is more in order and that we should ask the steering committee to consult with the appropriate officials on this question.

May we have someone to second that motion right now?

Mr. NASSERDEN: I would be happy that this be done but, Mr. Chairman, I want to establish whether or not we have the right to ask that such things be brought before this committee or whether it is someone else's responsibility to do that. I am sure a number of members will agree when I say that procedural questions put in the House during the past year have been answered unsatisfactorily, particularly as they pertained to operations under the Agricultural Stabilization Act. We do not want to be given the same kind of run around again this year.

The CHAIRMAN: I believe if this matter is put in the hands of the steering committee they will be able to make a very thorough study of it. I am in no position to clarify this at the present time. I think a motion would be in order at this time, if we can find a mover and a seconder, that our steering committee study this matter and report back to the committee at a later date.

Mr. ASSELIN (*Richmond-Wolfe*): Personally, Mr. Chairman, I would like to move that this matter be brought to the attention of the steering committee for discussion, with a report back to this committee on what procedure they would like us to follow.

The CHAIRMAN: Mr. Nasserden, would you second that motion?

Mr. NASSERDEN: I will be glad to.

The CHAIRMAN: Now, I hope members will understand what this motion means. Although I am not 100 per cent clear on it I believe that it is the intention of members of this committee that the steering committee should study how the problems of these different boards can be brought before this committee for study. Am I correct in this assumption?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, did the motion not just have to do with the Wheat Board?

Mr. PETERS: Mr. Chairman, I think the whole matter should be raised on the floor of the House. Do not forget that this motion and the inclusion of a request in the report will open the whole matter up for discussion on the floor of the House.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You mean a motion to refer this matter to the steering committee?

Mr. PETERS: No, but you have given directions what you wish to be done, and it will have to be reported to the House.

The CHAIRMAN: Mr. Asselin's motion is that the committee make a study of what their authority is with regard to bringing these groups before this committee, and then they are going to report back to our committee on how far we can go with any action we may wish to take.

The CHAIRMAN: Have you a question, Mr. Nowlan?

Mr. NOWLAN: Mr. Chairman, mention was made of the Wheat Board being dealt with in this committee—and I can appreciate the concern with regard to this—but I thought I understood differently in respect of ARDA. Is it the intention that ARDA will be dealt with in this committee, or will it have to go to the forestry committee?

The CHAIRMAN: Mr. Nowlan, it is the same committee, and the members are the same. The committee is known as the Standing Committee on Agriculture, Forestry and Rural Development. Both forestry and ARDA will come before this same committee.

Mr. HERRIDGE: Mr. Chairman, I have a recommendation to make. Would the mover of the motion broaden that a little because when the steering committee meets it may run into similar problems with other items. Would you broaden your motion to give authority to this committee to ask any group of officials or any board to report, because it may not only be the Wheat Board in which we are interested.

Mr. ASSELIN (*Richmond-Wolfe*): I think the same result would be had in the way I have suggested it. After we have received a report on the Wheat Board we would know what procedure to follow with any other board.

The CHAIRMAN: I think there have been many good suggestions. However, I think you should let the steering committee deal with these matters. In the meantime members of the steering committee can consult with the necessary officials and report back to our next meeting, at which time we may be able to give you more information on what the actual position is.

Mr. VINCENT: I would just like to mention one thing that the steering committee should study. We are discussing now the agricultural estimates of the Department of Agriculture. If we wish at some time in the near future to call officials of the Forestry Department before this committee, is it necessary that we complete the agricultural estimates before going on to forestry? Or, would it be up to us, next week or two weeks from now, if we wish to have the Minister of Forestry before this committee, without completing the estimates of this department, to say that it is our wish that he appear at that time?

The CHAIRMAN: I would think there would be nothing wrong with this procedure, Mr. Vincent. There may be some rules in this connection with which I am not conversant but, in my opinion, it would be within the power of this committee, if it saw fit, to stand the estimates of agriculture and bring the Minister of Forestry before the committee before completing the estimates of the Department of Agriculture. There may be cases when we feel it is urgent that some discussion take place on forestry, rural development, or any other pertinent matter.

Mr. VINCENT: I think the Minister of Forestry should appear before this committee.

The CHAIRMAN: I think all of this can be discussed when the steering committee meets. As I said, after discussing this in the steering committee a report will be forthcoming, and I would prefer if you waited for this report.

Mr. VINCENT: It is very important that we have a statement by the Minister of Forestry as soon as possible so that when we reach his estimates we will have had time to study his statement.

The CHAIRMAN: Your suggestion is a good one, Mr. Vincent.

Mr. HERRIDGE: Mr. Chairman, in fairness to the officials who will be appearing here from time to time I think it only right that members of this committee advise the Chairman of the subjects they are particularly interested in so that the appropriate officials can be on hand at the time when questions are posed. This would alleviate the situation of so many officials having to be in attendance each time we meet. In this way they would be able to give more time to their normal duties.

The CHAIRMAN: Mr. Herridge, the steering committee will give this some thought at the same time. There is much we have to learn about the procedures under this new system. As Mr. Schreyer put it, much has come out of the discussion we have had this morning, even if it does not seem important, because we are hearing the views of members of this committee on how they wish to proceed. All these questions certainly can be considered by the steering committee.

Mr. LEFEBVRE: I agree with Mr. Herridge's suggestion that the motion made by Mr. Asselin should also include all other boards that may come up for discussion in this committee—not only the Wheat Board but any other boards or departments.

The CHAIRMAN: We are not limiting the steering committee in its study of procedure and who shall or shall not come before the committee.

Mr. LEFEBVRE: Then, if I understand correctly, the steering committee will advise who will be appearing before future meetings of this committee.

Mr. HERRIDGE: What boards will be appearing?

Mr. LEFEBVRE: Then, next week the steering committee should be in a position to tell us what will be coming up at the next and subsequent meetings in order that members can get ready to put questions to the appropriate officials who will be invited to appear at that time.

The CHAIRMAN: That is the usual procedure of any committee, Mr. Lefevre. We still will be on item 1 at our next meeting, and at the same time we will have a report from our steering committee to present.

Mr. ROXBURGH: Mr. Chairman—

Mr. PETERS: On a point of order, Mr. Chairman, this raises another problem; if you are going to do this, then we should be charging the steering committee with preparing an agenda. Item 1 covers the whole waterfront, and we are not interested in doing that. This meeting this morning, in my opinion, has been a highly unsuccessful one.

Mr. HERRIDGE: I do not agree with you.

Mr. PETERS: Well that is my opinion; perhaps before we adjourn today I will change my opinion. An agenda should be prepared by the steering committee. We should charge them with doing this task in order that we will know the various subjects which will be discussed and on what dates these will be taken up. There would be certain aspects of item 1 which we would want to discuss, which would necessitate an agenda prepared by the steering committee. If we are going to have any order in this committee we should charge the steering committee, as I said, with preparing an agenda, even though this has not been necessary in the past.

The CHAIRMAN: Will you proceed now, Mr. Roxburgh.

Mr. ROXBURGH: Mr. Chairman, although I was recognized by you the hon. member jumped up on a point of order, a point of privilege, or whatever you want to call it. If this type of interference is going to be allowed to persist no one will have their proper turn and it will affect the progress of this committee.

Mr. Chairman, I was going to comment upon exactly the same thing which Mr. Peters brought up. Earlier today Mr. Forbes mentioned that the Minister should put forth certain ideas of his own. I do not know why. What is the purpose of this committee anyway? If we have a problem we are the one who should bring it before the committee and suggest remedial action. We should

press our own point of view. It would be possible for the Minister to put forward something with which we are not interested in dealing at this time. We in this committee may feel the grain business is more important or that the dairy business is more important.

Irrespective of the hon. member's view, we have had a good meeting this morning. But, let us revert to what has been mentioned by the former speaker; I think it is necessary that we discuss the subject with which we wish to deal at our next meeting. I do not know whether we are going to proceed with the dairy problems or the grain problems, both of which are big problems. I have several questions I would like to put with regard to these and certain other matters. I think we should advise the steering committee of the subjects which we wish to study in the order in which we feel they are important. Then, it is up to the steering committee to ensure that the Minister or those representing the different departments are available at the allocated times.

The CHAIRMAN: I think everyone of us should study standing orders and the rules under which we proceed. This system is expected to give a much freer opportunity in going through the estimates than was the case previously. We are supposed to be dealing with estimates in this committee. And, Mr. Peters, if you think we have wasted time this morning may I suggest that when item 1 comes before the House all sorts of different subjects will be discussed—they talk about everything in the House and no one gets any place—whereas in this committee every member has an opportunity to put questions and obtain direct answers. The Minister makes statements in the House which have come by way of his deputy ministers and departmental officials, but you receive direct answers here. Never before in the history of our House have committees had this privilege. We can make a big fuss about what should come before this committee, but your steering committee has been selected—and I think the members of it have an average intelligence—and I am sure it will be able to look after our needs. I would ask that you put a little faith in this committee and let them iron out these different problems, and then return with a report at our next meeting.

Mr. FORBES: Mr. Chairman, in reply to Mr. Roxburgh, I am sure he misunderstood what I had in mind. For example, during the Minister's trip out west reference was made to the high cost of farm machinery and that something would have to be done about it. I just mention this to suggest that certain items would have priority over others in this committee because they are urgent matters. I was hoping to receive some direction when I made my statement. I am satisfied with the steering committee taking these things under consideration but, in my opinion, some direction will have to be given or we will be talking about everything and getting nowhere. For example, are we going to have the Stabilization Board at our next meeting? What is the procedure?

The CHAIRMAN: If we are still on estimates we will have to have some officials from the department present. The steering committee will endeavour to work out a proper program for the next week. Under the standing orders I do

not think we can be so specific as to say that we are going to discuss dairy policy when we are discussing something else. Mr. Schreyer is asking for the floor.

Mr. SCHREYER: Mr. Chairman, I would like to make two observations. First of all, while I think we should allow a certain discretion to the steering committee at the same time this committee has authority to issue instructions to the steering committee. I submit that one instruction which should be given to the steering committee concerns the bringing forward of the estimates of the Wheat Board.

The second observation I would like to make—and this has to do with what the Minister said earlier today—is if we can ascertain what it is members of this committee wish to discuss, we can arrange to have the appropriate officials present at the appropriate time. In view of this I think it would expedite discussion in committee if members were invited by the Chairman to submit a written memorandum indicating what specific things they wish discussed.

Mr. ÉTHIER: Mr. Chairman, mention was made of bringing the officials of the Wheat Board before this committee. I do not see the reason for this request. As we all know, members of western Canada are the ones who are primarily involved with the Canadian Wheat Board. I do not think we should ask the Department of Finance to have the Canadian Wheat Board brought before this committee because, as I said, those interested in the Wheat Board can attend the appropriate committee to put forth any questions they have on any problems. I think this would be a better plan for all those members from western Canada because they will have only the Wheat Board to discuss at that time in that particular committee.

The CHAIRMAN: There has been a motion made by Mr. Asselin, seconded by Mr. Nasserden, which we have not acted upon this morning. There has been a lot of discussion on this motion and if we do not vote on it right away we may find that we will be unable to do so because of the lack of a quorum, due to the busy time schedule members have. Different groups have been mentioned for study before this committee; very many suggestions have been made by members on other matters but, in my opinion, and as I have stated, this can be properly dealt with by the steering committee, which will return with a report for the whole committee.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I have no objection to widening my motion to include the suggestions that have been made for study by the steering committee.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, I would ask the mover if he would include in that motion a request to the committee to consult with the two ministers concerned because Mr. Sharp has to agree, if the Wheat Board is going to be referred to us. It would be necessary to consult with him.

The CHAIRMAN: I believe that was mentioned. We are including that in the motion. We have made a note of the officials and parties concerned with these different boards, so I think everything has been looked after.

Mr. PETERS: I would ask that a vote be taken on the motion because I want to move a further motion.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have been trying to get across one point for half an hour and this follows up on what was said about the Wheat Board in the different committees.

I want to point out that there is only one member on the finance committee who is a farmer from western Canada. There may be some farmers here from eastern Canada that I am not aware of. But, Mr. Horner from Acadia is the only farmer, to my knowledge, on the Standing Committee on Finance, Trade and Economic Affairs. He would be the only one in attendance at such a meeting to discuss the Wheat Board.

The CHAIRMAN: I think we all realize that, Mr. Watson.

Mr. ASSELIN (*Richmond-Wolfe*): Anyone who has an interest can attend such meetings and make any observations they wish.

Mr. WATSON (*Assiniboia*): But, unless you are a member of the committee you do not get a blue card advising you when this committee is sitting. If one happens to use the elevators he would note the time of such a committee, because it is set out there.

Mr. HERRIDGE: And, you could consult *Votes and Proceedings.*

The CHAIRMAN: Are you ready for the question? All those in favour? All those opposed?

Motion agreed to.

The CHAIRMAN: Have you a comment to make, Mr. Grills?

Mr. GRILLS: Mr. Chairman, I want to make one observation which I hope will pour oil on troubled waters.

• (1: 10 p.m.)

In all fairness, may I say that Mr. Greene is playing his role very cagey; I admire him for that. Now, let us be fair with him I say, with all due respect, he is a lawyer farmer—my good friend, Elmer, has made a lengthy comment in this connection—and I do not think we should come here expecting the Minister to advise us on all the needs of agriculture because he is a new man in a new job. As I said, he is a lawyer and, because of his profession, he is cagey. He has been trying to get a good grasp of the agricultural situation. I think if we show a little patience with the Minister he will prove to be very useful to this committee, to the government, and to the people of Canada. I think probably some of us in the opposition have to play politics too. Maybe we are expecting something a little early. Let us give him a chance and let us work with him, and then I think we will get the best out of everybody.

Mr. PETERS: I would like to move that the committee direct the steering committee to have the Stabilization Board appear before us, and that the clerk publish on the agenda that is sent out to us the decision to discuss at the next meeting the dairy policy under Item No. 1.

Mr. VINCENT: I second the motion.

The CHAIRMAN: Is there any further discussion?

Mr. ASSELIN (*Richmond-Wolfe*): That is a little premature because that will be one of the subjects that will be discussed by the steering committee. We want to discuss the agenda and we want to discuss how we can bring in certain committees and certain boards.

The CHAIRMAN: A motion has been put forward by Mr. Peters.

Mr. PETERS: It is just roughly that the steering committee take into consideration the advisability of designating the dairy policy as the topic of discussion under Item No. 1 for the next meeting. This does a number of things. It allows the officials of the department to know who should be here, for one thing.

The CHAIRMAN: Is that motion seconded?

Mr. ROXBURGH: That motion is seconded by me.

The CHAIRMAN: Is there any further discussion?

Motion agreed to.

Mr. LEFEBVRE: I move adjournment, Mr. Chairman.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 2

Respecting

Estimates (1966-67) of the Department of Agriculture

(Dairy Program)

TUESDAY, APRIL 26, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of the Agricultural Stabilization Board; Dr. H. Mestern, Economist, Commodity Annalist Section, Economics Branch and Mr. D. B. Goodwillie, Director Dairy Products Division.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

23598—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (Richmond-Wolfe),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Côté (Dorchester),
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (Acadia),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (Prince),
Mr. Madill,
Mr. Matte,
Mr. Moore (Wetaskiwin),
Mr. Muir (Lisgar),
Mr. Nasserden,
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Tucker,
Mr. Vincent,
Mr. Watson (Assiniboia),
Mr. Watson (Châteauguay-Huntingdon-Laprairie),
Mr. Yanakis—(45).

(Quorum 23)

Timothy D. Ray,
Acting Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 26, 1966.
(3)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 10:40 a.m. The Chairman, Mr. Whelan presided.

Members present; Messrs. Berger, Choquette, Clermont, Comtois, Crossman, Danforth, Éthier, Faulkner, Gauthier, Grills, Hopkins, Horner (Acadia), Jorgenson, Laverdière, Lefebvre, Matte, Muir (Lisgar), Neveu, Noble, Nowlan, Ricard, Roxburgh. Schreyer, Tucker, Watson (Assiniboia), Watson (Châteauguay-Huntingdon-Laprairie), Whelan, Yanakis (28).

In attendance: From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Agricultural Stabilization Board; Mr. D. B. Goodwillie, Director, Dairy Products Division; Mr. J. S. Parker, Director General—Administration Branch and Dr. H. Mestern, Economist (Commodity Analyst Section) Economics Branch.

The Chairman read the *Second Report of the Subcommittee on Agenda and Procedure* which was as follows,—

"Your Committee met on Tuesday, April 5 and again on Friday, April 22, 1966.

"Your Committee recommends:

1. That we stand Item one and that the Estimates of the Department of Agriculture (1966-67) be followed.

2. That an outline of policy, by each Department Head, be submitted to the members prior to his appearance before the Committee.

3. That the item dealing with the "Dairy Industry" be called at this meeting.

4. That the Chairman consult with the Minister of Finance with a view to having the Annual Report of the Canadian Wheat Board for the year 1964-65 referred to the Committee for consideration.

5. That after the Committee has disposed of the Item dealing with the Dairy Industry, that Item one be recalled and the Minister be invited to enlarge on his Policy Statement."

On motion of Mr. Watson (Châteauguay-Huntingdon-Laprairie), seconded by Mr. Clermont,

Resolved,—That the Second Report of the Subcommittee on Agenda and Procedure be adopted as read.

23598—1½

On motion of Mr. Watson (Châteauguay-Huntingdon-Laprairie), seconded by Mr. Choquette,

Resolved,—That the reduction of our quorum be referred to the Subcommittee on Agenda and Procedure for consideration.

The Chairman said that the Committee intends to hold meetings on Fridays and that it should sit at least twice a week.

The Chairman introduced the officials from the Department of Agriculture and Mr. Williams presented his brief which was considered as having been read.

Agreed,—That the brief presented by Mr. Williams be appended to this day's evidence. (*See Appendix (1)*).

The Committee proceeded to the questioning of Mr. Williams who was assisted by Messrs. Chagnon, Goodwillie and Mestern.

At the request of Mr. Muir, an estimate of subsidy payments to producers of fluid milk, for the year 1966-67, is to be made available to Committee members.

On completion of the questioning, Mr. Choquette and the Chairman paid tribute to Dr. Chagnon for his long and faithful service to the Agriculture industry in Canada.

Appreciation was expressed by Mr. Danforth on behalf of the Committee to Mr. Williams and his very able aides in the preparation of an excellent brief.

At 12:25 p.m., the Committee adjourned to the call of the Chair.

Timothy D. Ray,
Acting Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, April 26, 1966.

• (10:40 a.m.)

The CHAIRMAN: Order. We have a lot of competition for a quorum this morning. I think there are six other committees meeting this morning and ours is the largest one. First of all, we have to consider the subcommittee's report and I will read it.

(See Minutes of Proceedings)

May I have a motion for adoption?

Moved by Mr. Watson (*Chateauguay-Huntingdon-Laprairie*), seconded by Mr. Clermont, that this report be adopted. Is there any discussion?

Mr. HORNER (*Acadia*): This is just the initial statement of the committee. This is not a permanent or ironclad agreement. Am I right in this?

The CHAIRMAN: We are hoping it works out this way.

Mr. HORNER (*Acadia*): It has been suggested that the Wheat Board will appear before the committee. If we get through the Wheat Board, there is nothing stopping us from bringing someone else before the committee. Am I right in this?

The CHAIRMAN: It is in the hands of the Committee.

Mr. HORNER (*Acadia*): I do not want it to be said later that this was not mentioned at the initial stages and therefore we cannot call someone else.

The CHAIRMAN: No, I think we have already discussed this, Mr. Horner, at the committee level. Is there any further discussion?

Probably I should not add any more but I should explain a little. At the first meeting, you will all recall, that some members thought the Minister should have made a more elaborate policy statement. Having read the minutes of our meeting at that time, and noting the comments of the members, he feels that he possibly should make a more detailed policy statement; but that is still up to the Committee members here. If you adopt this, it will be what we will follow. This is the suggested agenda for the time being. All in favour of the motion?

Motion agreed to.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, just before we get started, I would like to move, seconded by Mr. Choquette, that the steering committee consider the possibility of reducing the quorum, and then they can report back to us next wek. Because if we are going to have four

or five or six meetings at the same time, it does not make any sense that we should be wasting the time of these government officials the way we have this morning.

Mr. DANFORTH: Mr. Chairman, under the new rules is not a quorum already established as one greater than half the committee membership? I think under the new rules the quorum is established. It is set.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): At least the steering Committee would look into this and find out if there is a possibility of reducing it.

Mr. JORGENSON: I think the simplest thing to do is to get the Committee chairmen together and find out when the Committees are meeting. There is no need for all of the Committees to meet on the same day. I do not see any reason for this.

The CHAIRMAN: No. I can probably partly answer that, Mr. Jorgenson. I do not now what you will think of this but—we have already suggested a date for the next meeting—rather than Thursday and try to compete with all the other committee meetings. You will receive notice of it. The only time that I can arrange for a room that does not compete with other committees is 9.30 Friday morning. Some of you may object to this, but I believe we could have a meeting of one and three quarters hours; and probably if we start right at 9.30, we could get more done than when we are competing with all the other committees. We have asked the House leaders to discuss this and the people in charge of committees to try to arrange it. They are having a very difficult time, actually, trying to arrange rooms and we in agriculture have the biggest committee. I have asked that this be taken into consideration.

We have the largest quorum to form and I have asked, if at all possible, that we be given some kind of preferred treatment when the time for these committees is being set up.

We have had lots of discussion in the last few days on this and I hope that something comes out of it so that we can meet and carry on the business. We cannot possibly get the work of the Agriculture Committee done unless we meet at least twice a week and possibly more often. Now we know, from experience, that we are not going to get permission from the House to sit while the House is sitting unless some drastically different approach is taken to getting this done. There is a way that they can do it but it may take some time in the House, especially for estimates and we feel, and the steering committee feels, that we have to meet more often than we are. Are you all in favour of that motion that the steering committee consider this?

(*Translation*)

Mr. GAUTHIER: Regarding the proposed motion, I wonder, Mr. Chairman if it belongs to the sub-committee to decide about the quorum. This should rather belong to the committee.

Mr. CHOQUETTE: I think that Mr. Watson's proposal tends to give the committee the opportunity to consider a possibility or a method.

Mr. GAUTHIER: Discuss this before our committee instead of the sub-committee.

(*English*)

The CHAIRMAN: Mr. Gauthier, the only thing the motion is saying is that the steering committee consider this and the steering committee would bring back a recommendation to the whole committee on whether it was feasible or not, or whether it was proper or not, to lower the quorum. The steering committee has not the power to lower the quorum. Are you all in favour that the steering committee consider this proposition?

Motion agreed to.

We have with us today officials from the department who will discuss the dairy industry. On my immediate right is Mr. S. B. Williams, Assistant Deputy Minister. I might say, I think, you are all familiar with Mr. Williams and his responsibilities with the Department as Chairman of the Agricultural Stabilization Board which this dairy program comes under. Next to him is Mr. D. B. Goodwillie, Director of Dairy Products Division, Production and Marketing and Mr. Parker, Director General of Administration and Dr. H. J. Mestern who is an Economist with the Economics Division. Is Mr. Chagnon going to attend?

Mr. WILLIAMS: A little later.

The CHAIRMAN: Mr. Chagnon, the Associate Deputy Minister, will be here later on.

You have all received a copy of the statement, as suggested by your subcommittee to the department heads, re the Dairy Support Program. Is it the wish of the committee that this be read now,—it will take some time—or do you want to go right into questioning? The idea of your steering committee was that this would eliminate reading this at committee time if you had it ahead of the committee meeting. If that is the desire, we are open for business.

Mr. CLERMONT: Can we ask questions now?

The CHAIRMAN: Yes.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, my question is about those producers who ship cream. It seems that they feel very anxious, since it is reported that they will receive $3.25 a hundred pounds, whereas they contend that they will receive at the most $2.25 a hundred pounds. It seems that the price of skim milk, as established by the Department of Agriculture is $1.00. They contend that it can be valued at 53 cents. I think that a U.C.C. delegation from the province of Quebec met recently with the authorities of the Department of Agriculture in Ottawa and made recommendations to them on that subject.

(*English*)

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, and Chairman of Agricultural Stabilization Board*): Well, Mr. Chairman, the

members of the U.C.C. did not meet with Departmental officials. They met with the Minister and Departmental officials were present at the meeting. Your statement is quite correct. They raised this question with the Minister. The situation is exactly as you have described it. There is no doubt whatsoever that cream shippers will not receive $3.25 per hundred weight for their milk.

I think that we have to look at this from the standpoint of the place, first of all, at which the milk is priced. Under the program, as announced, the $4.00 per hundred weight applies to milk f.o.b. the factory. Therefore, in making any estimate of the farmer's returns who separates milk on the farm and then subsequently ships the cream, we must add to any of his returns the difference in average shipping costs. Now I am not going to make an estimate of that at this time, but the official estimate that is being used at the present time by the bureau of statistics runs about 25 cents per hundred weight to ship milk, and cream represents in volume approximately one tenth of the total milk volume.

When the program was devised, the objective was to provide everybody with the same subsidy, or subsidy at the same rate irrespective of how they marketed their milk. Thus a cream shipper, a manufacturing milk shipper, or a fluid milk shipper will receive a direct subsidy from the federal government that will be equivalent to 75 cents per hundredweight for his milk at the farm, or the milk as it is in the form that it leaves the cow, shall I say that? But there is no doubt, sir, that in many cases this will not return to the producers $3.25 for his milk at the farm. This is before any subsidies are paid.

The question was raised of the Department using in its calculations a value of approximately $1.00 for skim milk. The Department, in calculating the value that could accrue for manufacturing milk at the plant, used as a basis approximately 18 cents a pound for skim milk products. There are approximately eight pounds of skim milk powder in a hundredweight of milk. Eighteen times eight, unless I am mistaken, amounts to $1.44 a hundred. The average cost of manufacturing spray skim milk runs somewhere around 40 cents and this varies greatly. Therefore, the actual value of skim milk at the plant is approximately $1.00.

Mr. CLERMONT: The Department thinks it is about $1.00 and the farmers think it is about 53 cents. Do you not think that the difference of 47 cents is quite a spread.

Mr. WILLIAMS: The Federation of Agriculture and the dairy farmers of Canada, in making their calculations of returns used the figure of 53 cents. The figure that we are using is the known value at the plant. Now, I am not prepared to argue as to the validity of their figure if the skim milk is retained on the farm. Obviously, the value of the skim milk, if retained on the farm, will vary terrifically with the use to which it is put and with the price at the time of such products as hogs, calves and things of that nature.

Mr. CLERMONT: Could I make a suggestion that the Government give a subsidy up to 14 cents for a pound of fat to compensate the cream shipper?

Mr. WILLIAMS: I do not think, sir, that it would be appropriate for me to comment on that. That would be a policy decision, not one that I, as an official, should comment on.

Mr. CLERMONT: There is another objection from the cream shippers that they will be paid only quarterly, instead of monthly, when they claim, that the receiver of the cream is paid monthly.

Mr. WILLIAMS: This is a problem that is recognized. It is not any desire on the part of the Board to limit the number of payments; it is simply facing a fact of life. The receiver of manufacturing milk has been in contact with and making reports to the Board for some several years now. In addition to that, all manufacturing milk shippers are registered under previous programs. It was the opinion of the Board, from an administrative standpoint, that the registration and reporting system for manufacturing milk was sufficiently well developed to permit of making the payments on a monthly basis. On the other hand, it was the Board's opinion that we could not promise to be able to do this on a monthly basis, to start with, for cream. Now, the Minister, at that time, told this delegation that as soon as it was considered possible to change over, consideration would be given to changing over to a more frequent paying system, but it is simply a mechanical administrative problem.

I think you gentlemen all appreciate that many of the receivers of farm shipped cream do not have as extensive bookkeeping systems as do most receivers of manufacturing milk, and it was just thought that there would be some difficulty in establishing a program. We simply felt that we were better to be on a basis of being reasonably sure of being able to meet a three month deadline than being reasonably unsure that we could not meet a one month deadline.

Mr. CLERMONT: Is it your intention later on to change this?

Mr. WILLIAMS: That is our hope, sir. Yes.

Mr. DANFORTH: Mr. Chairman, I have three short questions that I would like to ask Mr. Williams. Is it the intention of the Department to establish minimum Canadian prices for cheese and skim milk? According to my figures it would have to be about 42 cents for cheese and 18 cents for skim milk powder in order to enable the manufacturers to meet the $3.25 minimum. The basis for my question is this: I am interested in the mechanics that the Board is going to use to see, if possible, that the manufacturers do maintain a $3.25 price to the producer.

Mr. WILLIAMS: The Board does not propose to take any action to dictate to manufacturers simply because the Board does not have authority to dictate to manufacturers as to the price they will pay for manufacturing milk. The Board will, however, by whatever actions are deemed appropriate at the time, maintain a price for the products that will permit manufacturers to pay this price, and I think you gentlemen will all appreciate that one can get into quite a few arguments as to what level will permit them to pay it. Plants vary in efficiency. Yields of various products vary from time to time; that is to say, a little later yields of cheese will be lower per one hundredweight of milk than they will be later in the year. So, at any particular time this is difficult.

The action that the Board is going to take, however, is first of all direct purchase. We have already announced that. We will purchase butter offered to us at 59 cents a pound. This underwrites basically the butterfat portion of the milk. We have announced export assistance to the trade on four products.

Another one will be announced as soon as the Order in Council is passed. If necessary, we may buy other products, but at this present moment the Board has not put out any offers to purchase on anything other than butter. But we have announced export assistance on various commodities. The level of the export assistance is designed to provide a Canadian market price for the solids, not fat portion, that will permit of the payment of this price for top quality milk.

I think you will appreciate that in the Province of Ontario, the Milk Marketing Board has already passed a regulation requiring the paying of $3.25 for class one and class two milk and $3.15 for classes three and four milk.

Mr. DANFORTH: To follow that a little further then, Mr. Williams; this policy then will not provide $4.00 for manufactured milk unless the factories do meet the $3.25 minimum. This is correct, is it not?

Mr. WILLIAMS: That is correct.

Mr. DANFORTH: And then the other statement you made where you are providing export assistance, am I correct in assuming that this will be deducted from the 10 cents that is being retained from the subsidy, eighty-five minus the 10?

Mr. WILLIAMS: That is correct. The 10 cents will create a fund that will be utilized for export assistance. That fund is presently being administered by the Agricultural Stabilization Board pending establishment of the National Dairy Commission on the basis of advice from a joint producer-processor committee.

Mr. DANFORTH: Is there any further liability that the producers are faced with, should that export subsidy exceed the 10 cents that the Government is retaining from the subsidy?

Mr. WILLIAMS: Not under the policy as announced, Mr. Danforth, no.

Mr. DANFORTH: One more question, if I may, Mr. Williams: I know that there has been a great deal of investigation and very sound thinking gone into the preparation of this policy. May I inquire why the 120 per cent figure was used in referring to payments for fluid milk surplus? Why was the figure, the subsidy over 120 per cent of the basis quota used? Why not 115 or 130? Why was the 120 per cent figure taken?

Mr. WILLIAMS: Well, I think I will have to say, sir, that this was a matter of opinion. The 120 per cent was considered to be a reasonable figure in the light of the amount of milk that would normally be supplied by a fluid milk producer on a monthly basis to a fluid milk distributor if he was to be sure of always meeting the 100 per cent. I think that you could get into lots of debates whether this is too large or too small for that purpose, but there are places where they do say that they must deliver at least 120 per cent in order to retain their quota.

There are some markets that use this figure. I grant quite freely that other markets use other figures.

Mr. ROXBURGH: The thought is in my mind, and I do not know whether this is right, that one of the principles was that this extra subsidy actually to start

off with was supposed originally to help the smaller man, in particular, not the larger producers. I thought the principle of this subsidy for the fluid milk of 120 per cent was not for the benefit of the big producer who was producing so much. The big producer should not gain on this extra subsidy at the expense of the smaller man. Was that not the principle?

Mr. WILLIAMS: Irrespective of the percentage, it would apply equally to big people or small people, big shippers or small shippers. I think basically, however, one must say, that a man with a small percentage quota will benefit more, under this program, than a man with a large percentage quota; but the size of the shipment does not mean anything in this. In other words, suppose a fellow has a quota shipment of 1000 pounds a month, and he ships 1500 pounds. His benefit will be three hundredweight a month. If he is a big shipper and he has a quota of ten thousand—and that is not a very big shipper—but let us say, for the sake of example, that it is ten times that, the percentage that he would be paid on is exactly the same thing. But the man with the low percentage quota will get additional benefits in respect of this program as compared to the man who has a relatively high percentage of his milk being paid for at fluid milk prices.

Mr. DANFORTH: I have one further question, Mr. Williams, and it is right along the question that has been asked by Mr. Roxburgh but it is exactly the opposite approach. Does the Board not feel that by paying 75 cents a hundredweight for over 120 per cent of the base quota, it is going to encourage the big producer to produce and in this fashion, once again, perhaps bring our butter production up in keeping with our consumption rather than placing us in a deficit position.

Mr. WILLIAMS: I think this was covered in part, at least, if I remember correctly, by the Minister in his statement in which he stated that this percentage could be revised in subsequent years should the supply demand position so indicate. I think that this, in essence Mr. Danforth, recognizes what you have said.

Mr. DANFORTH: I was wondering if this was not going to be the guideline in order to control either the surplus or deficit production of the necessary butterfat. I was just wondering if this was not why this was organized and set up in this fashion.

Mr. WILLIAMS: I think that certainly the program, as announced, has that flexibility, that by adjustment of this percentage in subsequent programs more or less incentive to produce can be directed towards the surplus fluid milk segment of the industry.

Mr. DANFORTH: Thank you, Mr. Williams. I pass, Mr. Chairman.

• (11:00 a.m.)

Mr. ÉTHIER: In the past years there was a premium paid on the 92, 93 and 94 per cent score cheese. Is it still being paid, Mr. Williams?

Mr. WILLIAMS: Yes, Mr. Éthier. That is unchanged.

Mr. ÉTHIER: Is it paid to the processor?

Mr. WILLIAMS: That is paid to the processor.

Mr. ÉTHIER: If during the year he has an average of 95 per cent of his production in this 93 score he will benefit a cent a pound on 95 per cent of his production. That is not elaborated in any of your policy though. The milk producer is not aware of that. He just passes it over to the milk producer if he wants to.

Mr. WILLIAMS: I think that we have to say this about it, Mr. Éthier. This is covered by an act that has been in force for a considerable length of time. I think that most producers realize this. Certainly, all the producer organizations realize this, and take it into very direct consideration when they are negotiating prices with processors. I do not think it is quite right to say that this does not get back to the producer because I think—

Mr. ÉTHIER: In any communique that comes out, for example, there is no mention of that premium still being paid?

Mr. WILLIAMS: That is right. This has not been mentioned because it has been a continuing program that has been part of the departmental policy for quite a long time.

Mr. ÉTHIER: It is still being paid this year?

Mr. WILLIAMS: I beg your pardon?

Mr. ÉTHIER: It is still being paid this year?

Mr. WILLIAMS: Yes, it is still being paid this year and it amounts, on the average, to one cent a pound for all cheese manufactured in Canada.

Mr. ÉTHIER: Now, the second question is that all bonuses that have been paid on milk during the last few years, beginning in 1959, I believe, 25 cents a hundred, were paid regardless of any butter fact percentage in the milk. It was paid on the understanding that it was supposed to be passed over to be producers, but up to last year it was paid to the manufacturer. Last year there were two different bonuses, one subsidy payment and one supplementary payment. It was not based on a fat percentage at all. It was based on a one hundred pound of milk. This year, I see on this memo that we have in front of us that that 75 cents per hundred weight is going to be paid on a percentage of fat of 3.5. Will the Department have field men to check on those milk testers to see that the Department will know where they are going? Otherwise the processor will send you the amount of milk at a certain time of shipment, but that milk has been tested by that processor only, not by any inspector of the federal government. Is that true?

Mr. WILLIAMS: That is correct, Mr. Éthier. It will not have been tested by an inspector of the federal government. The inspection of fat testing is a provincial responsibility and the provinces are active in this field. It is our proposal that we will accept the provincial inspection in so far as the fat content is concerned. You are quite correct in terms of our direct subsidies that have been paid over the past few years. They have not been paid on the basis of

butterfat but one major subsidy—the largest one—was paid on the basis of butterfat. That is the 14.5 that later became 13.3 and last year was 10.9 cents per pound of butterfat. That accrued to the producer and it was on the basis of tests obviously, because it was paid for on the basis of pounds of butterfat delivered by the producer.

It was the opinion of the Board that when the payments became of such a significant size, to pay on anything else but tests, could lead us into difficulties that we did not wish to get into in terms of paying on very low testing milk—paying the same rate on it as on high—and I am sure you will all appreciate that milk is bought and sold in this country almost entirely on the basis of butterfat test.

Mr. ÉTHIER: Is it true, Mr. Williams, that we are here at the wrong end of the rope in Ottawa? We are paying a subsidy and we are at the mercy of the provincial department of agriculture, as far as testing is concerned. You just told me that it is under provincial jurisdiction. But as we are now paying close to $1.00 a hundred, it was not thought by the Department that we should have inspectors. It seems that the most information we get from the producers is that they are not getting an adequate test for their products and it seems now that there may be one inspector for maybe 25 or 30 plants. It seems that the way it is operating now, it is not adequate. The farmers are not getting a fair break.

Mr. WILLIAMS: As far as protecting the federal government's interests in this matter is concerned, the audit section of the Department of Finance, working on behalf of the Board, will make periodic audits of plants. Plants are required to maintain and submit to the Board statements of all milk and butterfat receipts and all disposals. This means that no plant can, on any kind of a continuous basis, report to the Board falsely high butterfat tests simply because its books will not show then where it disposed of this butter fat unless it has complete falsification of deliveries to supermarkets and everything else. I would venture to say, sir, that on a continuing basis it would be completely impossible for a plant or plants to continue to report falsely high butterfat readings to the Board for the purpose of increasing the returns to their producers.

Mr. ÉTHIER: No, the effect will be completely the other way. I was informed that in the vicinity between Gananoque and Montreal the average tests in the last few years ran around 3, 3.1 and 3.2 and the average in Canada on a national basis was 3.6. I represent a riding in Eastern Ontario and it is a fact here which will have to be investigated—I do not know through which Board—our policy is good for the farmers but it seems that it is losing a lot of its importance because the farmers claim their milk is not tested adequately.

Mr. WILLIAMS: Well, of course, Mr. Éthier, the 3.25 which is the provincial government requirement and the provincial Board requirement is based on exactly that same test and certainly the provincial government and the Milk Marketing Board have told me that they propose to be active in this field to ensure that the producer does get a return.

We all know that probably one of the most controversial items that have ever been brought to our attention has been this question of the validity or

otherwise of the test and this is one of the reasons why many farmers ship to two different places at once so they can play the tests of one off against the other and the test in some areas has become the bargaining point. I may say, in this connection, that we have an active meeting proposed with provincial authorities to review completely testing procedures from the technical standpoint to see what can be done to ensure that we have the best technical means being used in order to make it as easy as possible to have an accurate test.

The CHAIRMAN: Thank you, Mr. Williams.

Mr. CHOQUETTE: I would like to ask my questions in French.

(*Translation*)

Is the Stabilization Board now considering a purchase policy like the one in existence regarding butter, a purchase policy of skim milk-powder at 18 cent or 18.5 cents a pound, together with the purchase policy of casein at 40 cents a pound I think?

(*English*)

Mr. WILLIAMS: At the present moment the Board does not envision that. The Board, however, certainly does not rule out the possibility. It will depend upon what the market does; what export markets the trade is able to obtain; what happens, for example, in the international casein market. At the present time it is strengthening. Were it or the powder market to weaken, the action you have suggested might become a necessity. It is the opinion of the board that it is better, for the industry as a whole, for the Board not to go into the direct purchase until it becomes necessary.

(*Translation*)

Mr. CHOQUETTE: A while ago, Mr. Williams, when answering a question to Mr. Danforth, you made it clear that the government cannot, by any means, compel the producers to pay $3.25. However, this would be a breach of commercial freedom. However, you wish to lay down a policy capable of inciting producers to pay that price. Do you think that the national average will reach the figure of $3.25?

(*English*)

Mr. WILLIAMS: Possibly the word "confident" is a little too strong. I think that the leadership that the Board of the Province of Ontario has given in this matter certainly would indicate that it is quite possible, within the scope of the program, for this price to be paid and depending upon the supply of milk, unless the season is such that a supply of milk is stimulated which we do not envision, it is the Board's opinion that $3.25 for top quality milk will result this year.

(*Translation*)

Mr. CHOQUETTE: I wonder whether I am not stepping out of the limits of your competence, here as a witness, by asking you if, last year, as far as you can remember, the policy that had been laid down consisted of two distinct programs: a deficiency payment and a supplementary grant: 25 cents, 20 cents

and 10 cents. The deficiency payment amounted then to 15 cents and its purpose was to establish a national average price of $3.30. Has this price been reached according the statistics or figures in your possession?

(*English*)

Mr. WILLIAMS: It is not possible at this moment to answer that question. We have not yet received full reports for the month of February and for the month of March. February is essentially completed but some of these plants are not just as quick coming around to the end of their own year and getting the reports in. We collect this information from plants right across Canada. The March figures are not yet all in and we have to have a final audit done up. It is anticipated that the Board will be in a position to make an announcement in respect of the deficiency payment portion of last year's program sometime within the next week or ten days. I cannot guarantee that but this is what we anticipate at the present time.

(*Translation*)

Mr. CHOQUETTE: I have nearly finished, Mr. Williams. In the report submitted to us, you expect that the new policy will cause the first payments of the 75 cents grant to be made at the end of May, because of the deduction of the export subsidy. I want to ask a last question: You spoke, a while ago, of the export assistance that affects some products. What are those products? Is it cheese, milk powder?

(*English*)

Mr. WILLIAMS: Cheese, skim milk powder, whole milk powder, casein, condensed and evaporated milk.

(*Translation*)

Mr. MATTE: Now, what price will be paid for the surplus milk, which the new program does not take into account? What price do you think will be paid for the surplus milk, fluid milk, since there is a surplus of fluid milk, which the program does not take into account? It is paid only 120 per cent?

(*English*)

Mr. WILLIAMS: On the butterfat content of the milk or the cream as delivered to the factory. It will not be paid on the butter made. It was in previous years—at least in one previous year. I think it was three years ago it was paid actually on the butter made from the product. This year it will be paid on the butterfat content of the product as delivered by the producer.

(*Translation*)

Mr. MATTE: If somebody brings his milk to the factory where it is turned into butter, will he be paid on the basis of the milk that he brought, of the butter or of the cream?

(*English*)

Mr. WILLIAMS: I presume you are speaking about the 20 per cent. A fluid milk shipper will get presumably three prices for his milk if he ships over 120

per cent of the amount on which he receives fluid milk prices. He will get a fluid milk price. There will be a 20 per cent—not 20 per cent of his total shipments—but 20 per cent of the amount on which he got the fluid milk price on which he will be paid essentially market prices. The price that he will get for this will depend on where he is and what the dairy can do with the product. In Ontario, it is my understanding, that it will be set at the 3.25-3.15, that is the 20 per cent I am talking about now. I am sure there are dairies in Canada, however, in some small areas that do not have a use for skim milk powder, or the skim milk portion of it, because their volumes are small. If they are to throw the skim milk away or put it down the drain, unless provincial legislation states the price they are going to pay for it, they will pay for it just on a straight fat basis, I am sure.

The third price a fluid milk receiver will receive will be for that portion over and above 120 per cent. Now, presumably, he will get the same base price for that as he did for the 20 per cent, but to that will be added the 75 cents federal subsidy.

(*Translation*)

Mr. MATTE: There is a question that I want to ask, although it is perhaps irrelevant. Farmers have been prosecuted because their milk contained too many germs. However, first quality butter was produced. Those farmers went to court and the Government lost. What do you think of it?

(*English*)

Mr. WILLIAMS: I believe the question was directed to what the Board's opinion was in respect of milk quality? This is a point I may say that the Board discussed at very great length, namely the question of tying the subsidy or the federal support in some way to quality. I think you gentlemen all appreciate that in almost every program that the Board has, we directed, in addition to providing a measure of support to producers, to trying to improve production. In other words, we try not to subsidize low quality products.

The Board, unfortunately, was unable, because of the very great difference in regulations across the country, to come up with a recommendation that it felt was sound in respect of milk at the present time of trying to tie this entire program to quality. Now, whenever possible, it is still tied to quality. For example, in our purchase program on butter, the support level is 59 cents. Now, 59 cents is for top rate but 58 cents is for lower grade butter. Our export assistance on cheese, for example, applies only to first grade cheese. So wherever possible we have tried to tie it to quality but we were unable, as I say, to come up with what we considered was a workable recommendation that would tie the direct subsidy to quality. I may say, however, that the two provinces that have taken action along this line, have taken action in respect of their minimum pricing program to recognize quality.

(*Translation*)

Mr. MATTE: What is the actual price paid by the factories? What is the price normally paid?

(*English*)

Mr. WILLIAMS: I would generalize when I say this. I would say that in the Province of Ontario and in the Province of Quebec, at the present time, it runs something of this nature: 3.40 for bulk tank, 3.25 for grades one and two in Ontario and 3.25 for in Quebec what they call "cooled milk" and 3.15 for grades lower than this. But this is a generalization, sir. They are not figures that I could stand behind, so to speak. Maybe Mr. Goodwillie could comment on that. He is in very close contact with the plants on a day to day basis.

Mr. GOODWILLIE (*Director Dairy Products Division, Production and Marketing*): The prices that Mr. Williams has quoted are essentially right. We were talking to two or three of the largest purchasers of milk in Quebec yesterday and this is what they said they were going to pay. It was 3.40 for bulk, 3.25 for cooled milk, that is refrigerated cooled milk, and 3.15 for uncooled milk. In Ontario, it is 3.25 for one and two resazurin and three and four resazurin is 3.15. The bulk tank premiums vary very greatly in Ontario. In some places are ten cents over and in some places are as high as 25 cents. But the minimum prices now being considered in both cases are essentially what has been quoted—from 3.15 to 3.40.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I wonder, Mr. Williams, if you are in a position to give us an idea of just approximately what price the cream shippers will get—what the yield to the cream shippers will be. At the moment how does it look to you?

Mr. WILLIAMS: Well, our best estimate at the present time as to what the cream shippers will get for that portion of their milk which they deliver—which is the butterfat portion—will be somewhere around 80 cents, 81 cents, 82 cents per pound of butterfat; that is over the entire year including all subsidies and everything else.

Mr. WATSON(*Châteuguay-Huntingdon-Laprairie*): Should this give them $3.00?

Mr. WILLIAMS: No, that is 4.2 pounds of butter. At 80 cents—I did not do the arithmetic here—Mr. Goodwillie tells me it should come to $2.80.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): For 3.5 milk?

Mr. WILLIAMS: For 3.5 milk. And with the skim milk not taken into consideration at all. I think we will find that there are some who pay higher than that. It depends, once again, very largely on competition and I have had one or two letters where people indicated that they were getting less than that at the present time.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): Some people expressed the fear to me that the manufacturing milk people, some of whom have been paying as high, in my area, as $3.40 and $3.60, will now reduce their payments down to $3.25 and let the government fill in the difference. This may not be a danger provided that the competition for the milk continues, but do you foresee a flow from the cream shippers into the other areas of manufacturing milk and, as a result, a forcing down of the price that some of these manufacturers have

been paying in the last while. Do you foresee a flow from the cream shippers into the manufacturing milk field and a consequent lowering of certain prices in some areas?

Mr. WILLIAMS: Before I answer that question, there is one word I might add in explanation further to the answer to the previous question. We have had reports to date of cream receivers paying for butterfat, prices that range from 56 cents a pound to 66 cents a pound, so that is the nature of the variation. Now, in reply to your other question, the Board definitely envisions a movement from cream shipment to fluid milk shipment, to manufacturing milk shipment. But this is nothing new. In the last several years, the amount of butter manufactured from shipped milk has increased, I believe, from 25 per cent to 53 per cent, with the bigger jumps being in recent years. Basically, however, the incentive has been ever since solids not fat increased in value, for people to shift from cream shipment to manufacturing milk shipment. Other factors have entered into it, labour, separation, transportation and transportation facilities have improved. There are many factors that enter into this, but I think one has to say that there is no significant change in the incentive under this year's program as compared to the incentive that has existed in previous years. I am quite certain in my own mind, at least, that cream shippers, wherever possible, will change over.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): Does it look to you as though this will resolve in a forcing down of some manufacturing milk prices?

Mr. WILLIAMS: No, I do not believe it will, as long as the Board maintains the price of the solids not fat portion in the manner that it did previously. The phenomenon that you have referred to, Mr. Watson, is a very common one at this time of the year. Plants tend to, during the winter, pay, what might loosely be called winter bonuses. In general, these bonuses are aimed at trying to maintain volume so that their own operation can be more efficient; and, secondly, to win over shippers for the coming big portion of the season and, invariably, I think at this time of the year, milk receivers decrease their bonuses or the bonus portion of their payment.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): In Quebec, and I believe that this has been the case in Ontario too, recently, the fluid milk shipments have been divided into several grades. I guess the number one grade gets the full price of $5.27. Now, for the purposes of your calculations as surplus, are you considering all the other grades of milk, all the other classes, of milk as surplus milk, two, three and four?

Mr. WILLIAMS: This is a rather difficult question to answer. At the present moment I cannot answer it categorically. We have written to all dairy commissioners across Canada or control agencies or boards that administer fluid milk prices and asked them their pricing schedules. In addition to that, we have written to every fluid milk distributor asking him his paying prices. The general criterion the Board will use will be that if the milk goes into the retail trade, it is fluid milk, and I cannot make a categorical statement as to what it will be because the legislation in different provinces varies considerably as to what the processor must pay the producer for in terms of fluid usage. For example, in the

province of Ontario, any shringkage over a certain percentage in the milk has to be paid to the producer at fluid milk prices. In the other provinces this does not happen. But the general criterion will be that if it is sold to the retail trade or goes into retail channels, it will be considered fluid milk.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): In reply to questions I got, I was using the terminology that was used, I think, by the Minister and that is milk that is used for bottling or is out into boxes or gallons, or whatever you call it, milk that is sold this way would be considered fluid milk and everything else would be, regardless of what grade it was or what the previous payments were, considered in the surplus category. Is this correct?

Mr. WILLIAMS: In essence that is correct, yes, Mr. Watson; particularly in the Province of Quebec because that is the way their pricing regulations work.

• (11:40 p.m.)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I thank you.

Mr. CROSSMAN: This figure of 59 cents a pound on butter is established by the Stabilization Board which offers to purchase at that price. In most cases will the small manufacturer be in a position to pay the producer the 59 cents? Will not this vary from place to place across the country?

Mr. WILLIAMS: There will be some slight variation, sir, but the butter market is remarkably stable and the variation under this program will be identical with the variation under previous programs because for the last quite a few years the price of butter has been established in Canada in this manner.

Mr. CROSSMAN: Well, depending on locality will there be quite a difference in the price, for example, to the maritime producer?

Mr. WILLIAMS: There will be less variation depending on locality under this year's program than would be under previous programs because previously we had differentials across the country based on essentially freight hauls and these differentials have disappeared at the present time. The maritime situation is unchanged as compared with previous years other than the four cent increase in the purchase price.

Mr. CROSSMAN: They would be probably nearer to the $4.00 milk price?

Mr. WILLIAMS: It will depend upon their ability to use the solids, not fat portion of it.

Mr. ROXBURGH: Recently, there has been announced an increase in milk prices by the dairies to the consumers. Does anyone on the panel feel this is justified?

Another question is, do you think then, because of the present set-up, that there is a possibility of a trend to increase the prices of dairy products by the processor to the consumer, thus enabling him to make an extra profit because of this set-up?

Mr. WILLIAMS: That is a very difficult question to answer, Mr. Roxburgh. It includes matters of opinion that I do not think I would be prepared to express views on at the present time, but I think that in almost all provinces there are

safeguards here in that, in many provinces at least, both the paying price of the processor and the retail price is administered. At least the price that he can charge for his milk.

Mr. ROXBURGH: It seems to be in all agricultural products that as soon as there is a small increase or any kind of an increase whether it has to do with milk or any other of our products, automatically the price goes up to the consumer. I am just wondering whether it would have that effect or, as you have already stated, there is possibly a check on that. I was just wondering about that angle.

Mr. WILLIAMS: I do not have the data with me at the present moment, Mr. Roxburgh, but it is of interest to note that I think of pretty nearly all products, dairy products returned to the farmers the biggest percentage of the consumers dollar. I think butter is the top one on the list and it has not changed. If anything, the percentage being returned to the farmer has gone up over the past years rather than down. Now that is to say the percentage of the retail dollar accruing back to the producer, I believe for butter has increased fractionally over the past years but it has been remarkably constant compared with many other products.

(*Translation*)

Mr. MATTE: Do you think that the grain prices have actually been influenced by the new program, as they have increased considerably in one year? I know that the program works for the farmers as well as against them, because the grain prices have increased due to—

(*English*)

Mr. WILLIAMS: I think I would have to say that during the past year, in particular, it has been a difficult time for dairy producers. Our dairy industry is centered in the two provinces that suffered most from adverse weather conditions during the past summer. Therefore, a higher percentage of grains had to be purchased than was normal, but I think that one has to balance that with the fact that many of these producers did receive joint federal-provincial assistance on the purchase of their grain that, for a certain percentage of their grain at least, reduced the price below that that they had paid in previous years rather than increase it. But based on the market prices, and based on the relative shortage of home-grown grain in Eastern Canada during the past year—at least in certain parts of Eastern Canada during the past year—the farmer probably was in a somewhat more difficult position and certainly would have been had he not had the joint federal-provincial assistance.

The CHAIRMAN: Mr. Grills, do you have some questions?

Mr. GRILLS: I have several questions I would like to ask Mr. Williams. I notice, when you were speaking of whole milk, you mentioned retail milk. I presume you meant all bottled milk?

Mr. WILLIAMS: Yes, in essence, Mr. Grills, when I speak of retail milk, I mean retail whether it goes to a restaurant or not. If it goes to a restaurant as

fluid milk it is still, as far as I am concerned, in this definition that I use which is only, I think you will appreciate, a rough definition.

Mr. GRILLS: That was all I wanted to clear with you, anything that is used for whole milk consumption. I might say in Ontario we are allowed two per cent shrinkage for dairies and we pay 5.29 a hundred.

Mr. Roxburgh asked a question about whether the increase in the price of milk was justified. We will not deal with that here, but I will talk to him outside. I still say it is the cheapest thing you can buy in a bottle.

Yesterday morning, on my way down here, I was called by a creamery man who was quite alarmed about the creamery man's position. We do not have a lot of cream shippers in our immediate area but to the north a bit, in the next riding, there is and he was quite alarmed. I agree with what Mr. Williams said. I cannot see anything else happening but the cream shippers going to change more than ever before because of transportation, better roads and his wife probably got tired of washing that cream separator and found there was an easier way. That skim milk at a factory has more value than it has home on a farm. I have always thought myself that about 50 cents was an approximate value on the farm, probably an average; whereas at the plant it is probably worth a dollar. What he said was that many creameries were going out of business, and then he wondered what was going to happen to them. Have you had any representations from the creamery men, or from the creamery associations recently?

Mr. WILLIAMS: I cannot recall at this moment any direct representations. Now, we certainly have had the odd letter from the odd creamery. We had heard before this program was announced, however, that they were feeling the pressure of decreased supplies and increased costs but I think that this is a transition. Whether it is desirable or not, it is difficult to say, but it certainly is a transition through which they are passing.

Mr. GRILLS: I would think so. I cannot see it any other way. There is one other question that just came to my mind when we were talking about quality control. I could not help but agree that each province is probably closer to the problem of quality. Is there any national standard that was worked out between the provinces and the federal government as far as quality standards are concerned?

Mr. WILLIAMS: Food and Drugs under their legislation have a minimum bacteria content, which serves as a basis for all provincial legislation on this matter. In some provinces, for certain uses, their legislation is more rigid or more restricted than is the Food and Drug but they do have a basic bacteria content. I would not want to quote it at the present moment but they do have such a figure.

Mr. GRILLS: Very good; thank you.

The CHAIRMAN: Are there any more questions?

Mr. RICARD: According to the notes here, the number of cows was reduced by 1.4 per cent during the year 1965. What would be the reason for that?

Mr. WILLIAMS: I would think probably the most significant one, Mr. Ricard, would be the relatively favourable beef prices. I think that many farmers cull much more heavily and much more rigidly when beef prices are good. The farmer sees a cow. He says "I can get $200 for her" or some such figure, from the butcher, he decides that he is better to sell her than hang on to her for another year. I would think that this is probably the major factor. The other portion of it simply represents people getting out of the dairy business and disposing of their cows.

Mr. RICARD: Not because of low income? Low income has nothing to do with it?

Mr. WILLIAMS: I would say the other portion of it represents people getting out of the business. There is no doubt that there are some people getting out because of the relatively unfavourable position that dairying has enjoyed.

Mr. RICARD: Is the trend still going down or is it stabilized?

Mr. WILLIAMS: We cannot answer that. These are the latest figures so, at the time these figures were taken, the trend was still downward. This was before the policy was announced. The only factor that I can say that is in essence a saving one, is that, in general, the decline in dairy cow numbers has been more than offset by an increased productivity per cow which partly, at least, supports the contention that it is culling, that it is the poorer cows that are leaving industry.

The CHAIRMAN: Mr. Nowlan has a question.

Mr. NOWLAN: This is two in one. Mr. Grills mentioned something about representation. Have you received any representations from the skim milk processors in, say, Nova Scotia—I guess there is only one plant there and one in New Brunswick as far as the Maritimes are concerned—about this price being maintained at three-quarters per hundredweight? I understand that is 2.90 per hundredweight at 3.5. Do you know when this policy of direct purchase or export assistance is going to be started to help bring it up to three-quarters?

Mr. WILLIAMS: The policy of export assistance is presently in effect. The problem in—

Mr. NOWLAN: You mentioned three things. You have support which you did not mention today but it is mentioned in the paper here, a direct support in export assistance. I understood there were two policies which you were considering maintaining three quarters—

Mr. WILLIAMS: The export assistance is in effect at the present time. There is no policy of direct purchase in effect at the present time. You asked about whether we have had representations. The plant has telephoned Mr. Goodwillie and talked to him on the telephone and we have had, to my recollection, one letter from producer representatives which sent to the Board a copy of the paying prices of this particular plant. The problem here is a problem that is associated with the product being made. It is roller powder and roller powder requires less overhead, less capitalization to produce it, but it commands a somewhat lower price and the price is somewhat less stable I would think in

certain ways than is the price of spray powder. However, in the Province of Ontario, the provincial legislation requires producers of roller powder to pay this 3.25. Roller powder has always been competitive with spray despite the fact that the price has been somewhat lower and a relatively constant differential between the price of about two cents, it runs. It depends on where the level is, of course, but it runs around two cents a pound lower. Roller powder manufacturers have always been competitive but here we have a particular problem to which I cannot offer an immediate solution, I am afraid.

Mr. NOWLAN: I appreciate that. Is this roller powder also in Sussex?

Mr. WILLIAMS: Sussex is roller as well, yes.

Mr. NOWLAN: Those are the only two roller powder areas—skim milk—

Mr. WILLIAMS: There is one in Moncton.

Mr. NOWLAN: Roller powder?

Mr. WILLIAMS: Yes, Charlottetown has a spray plant.

Mr. NOWLAN: The other question is, is there any thought that because of the fluid milk price of 5.25 plus, and the manufacturing price of 2.90 for skim milk powder, where I am, plus the 75 cents, you average both prices to suggest a $4.00 average per hundredweight, or is this new policy strictly applicable to the manufacturing of milk.

Mr. WILLIAMS: This milk policy is not a deficiency payment program. Were it to be a deficiency payment program, we would average prices received by producers right across Canada. The difficulty about a deficiency payment program is that you cannot make payments until the end of the year, until you know what your position is. I am talking about legally under the act. We have to know; we have to establish a national weighted average; we have to have a support level, a national weighted average determined and then find out what the difference is and make the payments.

Mr. CHOQUETTE: Like last year?

Mr. WILLIAMS: Like last year, as we do with eggs every year.

Now, when the assistance is such a significant portion of the farmer's total returns, it was not considered that it would be reasonable to expect him to wait for that large a percentage of his returns for better than a full year; so it was decided that a more applicable type of program would be one under what we call Part III of our act that authorizes the Board, with the authority of Governor in Council to make direct payments to producers for the benefit or for the purpose of producing a price.

Mr. WATSON (*Assiniboia*): I was just going to ask Mr. Williams, a question about the 1.4 per cent as of December 31, 1965. Could he tell me how many, in the terms of head, how many head of dairy cattle this would be in Canada?

Mr. WILLIAMS: Dr. Mestern, what is our national dairy herd, 2.2 million?

Dr. H. J. MESTERN (*Economics Division*): That is right.

Mr. WILLIAMS: So the total number is whatever 1.4 per cent of 2.2 million is; I think it is 2.2 million.

Mr. WATSON (*Assiniboia*): Further to that, then, has there been any research done on the people that have been getting out of the dairy business, or what effect labour has had on their getting out? What I am trying to tie in is, has the shortage of labour anything to do with this same reduction?

Mr. WILLIAMS: I know of no specific investigation or research work that has been aimed at determining this; but certainly all the representations the Board has received from producer organizations and other groups have emphasized the labour problem, particularly in what might be called the efficient sized herds. I am not going to define here what an efficient sized herd is, but the labour problem occurs when the man gets the herd of such a size that it does require labour from outside the family force. This has been advanced by all organizations as being one of the major problems confronting dairy producers at the present time.

Mr. WATSON (*Assiniboia*): Do I interpret this to mean then that the labour factor, you would say, affects the big herds more than, say—I do not know what you would call it—a herd that takes more than one man. Say I own a herd but I have to have a hired man and I cannot get this hired man. I have about 20 to 30 cows in my herd and I cannot look after my farm and do this work, so this would eliminate me with a herd of 20 heads on account of labour also.

Mr. WILLIAMS: That is in essence what I was saying.

Mr. WATSON (*Assiniboia*): Not necessarily the great big herd then.

Mr. WILLIAMS: I think there is a point that one passes and I do not know where the point is. The point may be reached when he has four or five hired people; his labour problems become relatively less because he is then able to put them on holidays and shift work and things of this nature.

Mr. WATSON (*Assiniboia*): Another question; has the Department done any research into the future where the supply over demand or the demand over supply of butter and dairy products, will eventually force the consumer price up to the level where the government might get out of the field of payments. You say this is not a subsidy but a payment. Might this take place in five years, or in the foreseeable future?

Mr. WILLIAMS: We do not have any direct estimates, or direct projections on when the consumer will be able to bear the entire burden of the returns to dairy producers. In the countries where the dairy industry is subsidized to a relatively smaller percentage than in Canada, the fluid milk market represents a very large precentage of the total returns to producers. In Canada, the fluid milk market at the present time represents about one third of our total production. I would hesitate to say where that will have to go but the percentage going to fluid increases annually largely by population growth, not by increased consumption per capita. If anything, the trend in per capita consumption is slightly downwards. The population growth results in increases in fluid milk usage from year to year but this growth is not fast, I am afraid.

Mr. WATSON (*Assiniboia*): Would the other two categories be broken down into thirds too, or would manufacturing milk shippers be a lot larger than farm separated cream? This would be the smallest percentage, would it?

Mr. WILLIAMS: It is just about equal, Mr. Watson, in terms of total production. In terms of numbers of people there are far more cream shippers than there are manufacturing milk shippers, but the total product delivered to the markets or produced, not all delivered, of course, in the case of the cream shippers, but the total milk equivalent, shall I say, produced by each of these segments, is approximately equal.

Mr. WATSON (*Assiniboia*): All across Canada?

Mr. WILLIAMS: Yes.

Mr. MUIR (*Lisgar*): Mr. Chairman, I wonder if I may ask a supplementary question to this. I wonder if Mr. Williams could give us a breakdown of the number and the total of the payments made to producers by provinces and have it attached as an appendix to today's report. You may have to estimate the total of the amounts.

Mr. WILLIAMS: Is this last year's, Mr. Muir, you are speaking of, last year's payments or estimates for this year?

Mr. MUIR (*Lisgar*): The latest figures.

Mr. WILLIAMS: Estimates for the current year's program of how those payments will be distributed?

Mr. MUIR (*Lisgar*): Yes, that would be fine.

Mr. WILLIAMS: We can get you an estimate but I think you will appreciate that it will only be an estimate.

Mr. MUIR (*Lisgar*): Yes. Perhaps you could give us last year's together with your estimates for this year.

Mr. WILLIAMS: There is a major difficulty about making a provincial breakdown of last year's subsidies. The question is where do you put the 10.9 cents, in the province in which the butter was produced, or in the province in which the butter was consumed? A lot of this butter crosses provincial boundaries. We can make the estimates or we can make an actual calculation of the province in which the payment was made, based on the plant. Now, there is some little overlap at borders because there are producers in Ontario who deliver their milk in Quebec and vice versa, and it is the same thing in Saskatchewan and Manitoba. At every provincial border there is some movement across, but other than that we can produce data that shows where the payments were made, but this does not necessarily end in the same answer.

There are other problems too associated with this. There is the question of the costs of handling all our store product; that is, the storage, transportation, and so forth. When you start breaking this down to provinces, it is difficult to know what province to assign it to.

Mr. MUIR (*Lisgar*): Would it be easier to estimate it for the coming years by provinces then?

Mr. WILLIAMS: It would be a more accurate figure if we were to estimate it. We would have to base this on an estimate of production, and our major difficulty in making an accurate estimate would be that associated with the fluid

milk industry, in that we do not have background figures of the same nature for the fluid milk industry as we do have for the manufacturing milk industry and the cream portion of the trade. In the fluid milk one we have difficulty in saying what 120 per cent of the amount of milk that people would be paid for, will amount to. But we can get an estimate, yes.

Mr. MUIR (*Lisgar*): Actually, I think the manufactured milk would give you a better picture, because the fluid milk is consumed locally anyway, is it not?

Mr. WILLIAMS: Yes, most of the fluid milk is consumed locally but our problem would not be that. Our problem would be trying to know how much was over 120 per cent. You see, in previous years, and I think you will appreciate this, fluid milk shippers, some of them at least, delivered their surplus to manufacturing milk plants either as milk, or in some cases, as cream, and the fluid milk distributors have no records of that. We have no records of that because the people were not registered with us. We did not register them.

The CHAIRMAN: Mr. Chagnon, do you wish to make a comment on this?

Mr. CHAGNON (*Associate Deputy Minister, Department of Agriculture*): Not on this one, but I am just back from attending an interview with a group of farmers representing a co-operative group of 900, and they have come to see what the Department could do and so on and so forth because at the present time the dairy is going into an evolution, if you wish. It might be of interest to the members of Parliament here, particularly those from Quebec, to know that a group of farmers representing 900 farmers who wish to organize a more modern co-operative. They wish to amalgamate four small co-operatives that used to make butter. Last year they made casein and this year they say that casein can bring them, with the subsidy, $3.65 a hundred. Already, they have signed up to organize a co-operative. The estimate for the building of it would be over $700,000 in order to go into powder. That would bring them a return of $3.90, with the subsidy, and I understand that there are other groups in the province and in eastern Canada, in the Maritimes as well, who wish to move into this.

They were asking me what can the Department do to help them. I am sorry; we have no legislation to help the amalgamation of butter factories, but we have a legislation to help the amalgamation of cheese factories. But these are not cheese factories, they are butter factories. The only legislation that could help would be cold storage where a small subsidy could be given, if they read the act, and so on and so forth. I just wanted to bring it up because these are questions that will be asked in the near future.

The CHAIRMAN: Does anyone wish to ask Mr. Chagnon any questions concerning this?

(*Translation*)

Mr. MATTE: Is the work regarding the Dairy Board well advanced?

Mr. CHAGNON: I do not know. I know the work is going on. The matter will be inquired into. A notice of motion has not yet been given in the House. Yet, it should not be long.

(*English*)

Mr. YANAKIS: Where do those 900 farmers come from?

Mr. CHAGNON: Western Quebec, right here close to Ottawa in Labelle County and part of Papineau.

The CHAIRMAN: Are there any other questions for Mr. Chagnon? I would like to deal with Mr. Muir's suggestion now. I do not know if I understood it correctly.

Mr. MUIR (*Lisgar*): It could be made an appendix to today's report?

• (12:07 p.m.)

The CHAIRMAN: What do you think of this, Mr. Muir, if we ask Mr. Williams to try and work out these estimates after this year and submit them to the Secretary for the committee's perusal? Then, if we think they are warranted in the report, we can add them to it at the next sitting. I think Mr. Williams pointed out the accuracy of the estimates and how good they will be at that time. Is that agreed?

Mr. MUIR (*Lisgar*): Agreed.

The CHAIRMAN: Are there any further questions?

Mr. DANFORTH: I would like to ask Mr. Williams this question. It arises out of a statement he made on the increased use of fluid milk. Is there any investigation, or thought, or projected figures based on the fact that when the prices of consumer goods are on an extremely high level, which is the case in some instances today, that a further increase, although very minor, can cause a major shift and what I refer to is the fact that coffee in lots of instances now has gone up 30 per cent in price. A cup of coffee has gone up from ten cents to 15 cents. Soft drinks are continually increasing in price. I just wonder if they have reached a price level now where there is a noticeable swing to increased consumption in the use of cold milk, and if this would have a bearing in increasing the over-all total amount of fluid milk that might be consumed in Canada to a marked degree.

Mr. WILLIAMS: The consumption increase in fluid milk for the month of February, which is the latest figures that we have, was up two per cent. I would not think that that represents a marked shift. It is a somewhat higher increase than it has been in previous months. It is not that much higher. We normally run around one or one and one-half per cent up on a year's basis. So I would have to say, Mr. Danforth, that while this is something that is to be hoped for, I doubt if we have arrived at that stage yet.

Mr. DANFORTH: But any further increase in the price of these other commodities that are used instead of fluid milk could then conceivably cause quite a noticeable shift?

Mr. WILLIAMS: Yes; I think there is another shift that is a matter of both interest and concern and that is the shift away from whole cream milk that is growing daily, much faster than anything else. In other words, pretty nearly all our increase in consumption is in two per cent milk. Skim milk consumption is

just about stabilized, I believe. Is it not, Dr. Mestern? It has just about stayed at that level. Apparently, two per cent combines the conscience easing effects of skim milk with the taste of the full cream homogenized milk and apparently this is the area in which growth is taking place. I think one has to modify the statement that I made previously by the fact that it is also an area to which the publicity that the industry puts into it has been directed more than to other segments of it.

Mr. NOBLE: I would like to ask Mr. Williams one question. Does he anticipate any reduction in the production of dairy products in the coming year in Canada?

Mr. WILLIAMS: The official forecast, sir, does not anticipate a reduction in total milk production. There may be reductions in the production of certain products. This is a normal thing; people switch the production from one product to another product. For example, at the present time cheese prices have been good and have been strong. This certainly will pull some milk away from some other products and I am not prepared to say what it might pull it away from. Casein prices are relatively low and depressed. I am sure this will result in sharp decreases in casein production in Canada, but it will go to powder rather than to this.

In addition to that I think we will have to recognize the fact that there is going to be a changeover from cream shipment to milk shipment which will put more solids not fats on the Canadian market in the coming year. But the over-all production estimate is not for a decrease in total milk production in the coming year.

Mr. NOBLE: There will only be a changeover to the various producers of the various things in dairy products?

Mr. WILLIAMS: Yes, but I think you will appreciate, sir, that a two per cent increase in fluid milk consumption represents a sizeable decrease in the amount of butter in this country because butter really is a terminal product. In essence people make other products. They make a vat. They make ice cream mix, they made all of these and the fat that is left over—now this is not absolutely correct if you are talking about one district or some specific area, but, in general, butter and powder or butter and casein represent the terminal products of the dairy industry. So, any increase in any other segments such as ice cream, fluid milk and so forth multiplies the deficiency in the butter segment. It just about doubles it, as a matter of fact, because about half of our total of butterfat production goes to butter manufacturing. Therefore, if we get a one per cent increase somewhere else, we are apt to get a two per cent deduction in butter production. So if there is a distinct possibility that with all these shortages in essence or all these increases, it will be reflected in further deficiencies possibly in butter production, but I think there is one thing I must modify in any statement I make in this respect, that no one can forecast what our season is going to be—our pasture season—and it is a very, very strong determining factor in total milk production in Canada in any one year.

The CHAIRMAN: Just a supplementary question; are you saying then that we may be importing butter this year?

Mr. WILLIAMS: The Minister implied in his announcement that that could be a possibility. I would hesitate to make any forecast at the present moment because of the qualification that I have just made in respect of the type of season that we have here in Canada.

(*Translation*)

Mr. MATTE: I want to ask a last question, Mr. Chairman. Do you think that the dairy situation is better and more promising than ever with the implementation of the new program?

(*English*)

Mr. WILLIAMS: I think that there is no doubt that the present dairy program is a superior one from the standpoint of the producer than any that the Board has had to administer to date. In so far as the position of the dairy farmer is concerned, I am quite convinced that his position will be improved this year over any recent years.

(*Translation*)

Mr. CHOQUETTE: Do you think that, in the near future, it will be necessary to ask five or six dollars? I should like, if the committee will bear with me for thirty seconds, to point out that, much to his regret, Mr. Chagnon, a faithful servant of his country and of the Department of Agriculture, may have to leave us for reasons that only gerontology can explain. I would just like to point out to the committee that Mr. Chagnon devoted his whole career to agriculture and to the promotion of agriculture. He has served the Civil Service in a way that gives credit to all his kinsmen and we are proud to greet in him a man who served his country well.

(*English*)

The CHAIRMAN: I think the words of Mr. Choquette are, if I may say so, Mr. Chagnon, well meant. Those of us who have had association with you, even before we came to this great institution, and some of us have, are well aware of your abilities. I do not know the exact date of your termination of duties with the government here, but I do hope that anyone as active and in as good health as you are, does not become dormant and remain so, for I feel there is probably much room for people like you to help agriculture in Canada.

Mr. CHOQUETTE: We have it all arranged. He has a new job already.

The CHAIRMAN: Pardon me, but I said "not in a state of dormancy".

(*Translation*)

Mr. CLERMONT: Mr. Chagnon, last year, the milk subsidy was paid, I think, on the 1964 production. Is it proposed to take note that the 1965 production exceeded the 1964 one or finally to make a note of who received the payments for the 1965 subsidies in comparison to 1964?

Mr. CHAGNON: We shall definitely deal with those who received their additional payment on the basis of the 1964 production.

An hon. MEMBER: Out of the question.

Mr. CHAGNON: The reason is that we wished to make the additional payment during 1965. Now, the best way to assess the 1965 production was to study the 1964 one. On the whole, farmers were rather favored by the fact that in all eastern Ontario and in Quebec, the western part especially, there was a drought during 1965, with the result that on many farms, the production would have been less important than in 1964.

(*English*)

The CHAIRMAN: If there are no more questions, I would like to thank the Committee for their attention. With regard to the questions which have been presented, I think if you read the Committee report you will have a good understanding of the dairy policy.

There is one other thing I would like to have agreed to by the committee and that is that the Statement re Dairy Support Prices be printed as an appendix to the evidence that has been presented today. Is it agreed by the committee?

Agreed.

Mr. DANFORTH: Mr. Chairman, before we adjourn, may I on behalf of the members of the Committee express to Mr. Williams and his associates our appreciation for this complete summary that was presented to us prior to this Committee meeting.

The CHAIRMAN: I think if all of our summaries are as good as this one, as we proceed with the estimates, it will make our meetings quite happy, good and expedient. We will meet at 9.30 on Friday morning. We are going to try a Friday morning meeting and we shall this Friday morning at 9.30 a.m. Notices will be mailed out, but I thought you should know this ahead of time. Thank you. The meeting is adjourned.

APPENDIX "1"

STATEMENT RE DAIRY SUPPORT PROGRAM

The dairy support program for 1966-67 was developed in a supply/demand atmosphere that differed markedly from that prevailing for the past several years. Whereas until recently one of the main preoccupations of the industry, whether producer or processor, and consequently the Agricultural Stabilization Board, was the massive accumulation of surplus butterfat in the Board's hands, last year— and the trends were evident somewhat earlier—the position changed greatly. In 1965 butter consumption exceeded production by approximately 20 million pounds, with the deficiency being met by a reduction in Board holdings.

These holdings were at the lowest level for many years. The outlook for 1966 indicated that, unless there were changes in the pattern of production, shortages and consequent consumer price increases that could have a detrimental effect on the overall industry could develop. As at December 1, 1965, the number of dairy cows on farms was down 1.4 per cent as compared with the previous year. More significantly, the number of heifers intended for milk production was down some 8 per cent. Concurrently export sales of dairy cattle had increased sharply, being up some 8.6 per cent for the year, while early movement in 1966 showed even sharper increases. Commercial slaughterings of animals in the categories in which dairy cattle fall were 32.7 per cent higher in 1965 than in 1964. This, briefly, was the background.

The new dairy program for 1966-67, which was announced on March 23rd, 1966, provides for an increase in the level of support for manufacturing milk from $3.50 per hundredweight to $4.00 per hundredweight for 3.5 milk, basis f.o.b. the factory. In addition to the increase in the support level there are three major changes in the program:

1. All federal assistance is combined in a single subsidy that will be paid at the same rate on the basis of one hundredweight of eligible milk to all producers;

2. The support payment goes directly from the Federal Government to producers, and

3. The federal payment is made on a portion of the surplus milk delivered by fluid milk producers.

Under the program the Agricultural Stabilization Board, by a series of measures which may include price support, export assistance and direct purchase, provides a basis that permits processors to pay producers $3.25 per hundredweight for 3.5 per cent manufacturing milk delivered to the plant. The direct payment to producers is at the rate of 85c per hundred pounds. Of this 85c, 75c is paid on a current basis to producers while 10c is withheld to provide funds for export assistance. The residue of this fund remaining at the end of the year will be returned to producers.

Briefly, the program in respect of the various segments of the production side of the industry is as follows:

Manufacturing Milk Shippers.

Over the past years a registration and reporting system has been developed for manufacturing milk shippers. This system will be continued and the Agricultural Stabilization Board will send to each plant a monthly prelisting of producers delivering in the previous month to that plant. At the end of the month the plant will complete the form, entering the milk and butterfat receipts by producers. The form will be returned to the Board and the 75c per hundredweight payments will go direct to producers based on this statement.

Farm Separated Cream Shippers.

The registration and reporting system for farm separated cream is not as well developed as that for manufacturing milk shippers. In order to give time for registration and development of the system, payments to cream shippers, while they will follow the pattern outlined for manufacturing milk shippers, will be made on a quarterly basis. The 75c per hundredweight of 3.5 per cent milk will be converted to butterfat and paid at the rate of 21.43c per pound of butterfat.

Fluid Milk Shippers.

Since this is the first year that fluid milk shippers have been included in the overall program, it is necessary to develop a registration and reporting system. This is being done and when completed the procedure will be essentially the same as was outlined for manufacturing milk. However, in the case of fluid milk shippers the eligibility for subsidy will apply to that part of their milk deliveries in excess of 120 per cent of that portion for which they received fluid milk prices. For example, should a fluid milk shipper deliver 50,000 pounds of milk during the month and should he be paid for 30,000 pounds of that at fluid milk prices, he will receive payment for 50,000 pounds less 120 per cent of 30,000 pounds, or 14,000 pounds.

General.

In all cases payment will be on the basis of 3.5 per cent milk and will be made on what is known as a direct ratio basis. This simply means that payment will be at the rate of 75c. per hundred pounds, divided by the standard test of 3.5 per cent, or 21.43c per pound of butterfat. Thus, if a producer's milk tests 3 per cent, his payment will be at the rate equivalent to 64.3c per hundredweight, whereas if his milk tests 4 per cent, the immediate payment will be at the rate equivalent to 85.7c per hundredweight.

The Agricultural Stabilization Board has contacted all known processing and distributing plants and has supplied them with complete details of the program. In addition, letters have gone to all known cream shippers and registration of both cream shippers and fluid milk shippers

is proceeding at a satisfactory rate. Since no payments can be made until reports of the monthly shipments are received from plants, it is anticipated that the first payments, covering manufacturing milk delivered during the month of April, will start to go out late in May.

Producers who have registered previously need not re-register. Should producers, whether they be shippers of cream, manufacturing or fluid milk, deliver to more than one plant they should ensure that the plants record all receipts against their registration number since payments will be made on the basis of conbined shipments. No farm unit should have more than one registration number.

Press releases on the various phases of the program have gone out to all media. Advertising material has been prepared and will shortly be appearing in the agricultural and weekly press. In addition, the next Farm News Letter will be devoted to an explanation of the current dairy support program.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. [illegible]

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, APRIL 29, 1966

WITNESS:

The Honourable J. J. Greene, Minister of Agriculture.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

OFFICIAL REPORT OF MINUTES

OF

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LÉON-J. RAYMOND,
The Clerk of the House.

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The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 3

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, APRIL 29, 1966

WITNESS:

The Honourable J. J. Greene, Minister of Agriculture.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

23600—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Côté (*Dorchester*),
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wataskiwin*),
Mr. Muir (*Lisgar*),
Mr. Nasserden,
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Tucker,
Mr. Vincent,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 23)

D. E. Levesque,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, April 29, 1966.
(4)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:50 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present:—Messrs. Asselin (*Richmond-Wolfe*), Beer, Berger, Clermont, Comtois, Crossman, Danforth, Forbes, Gauthier, Godin, Herridge, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Muir (*Lisgar*), Neveu, Noble, Nowlan, Peters, Ricard, Roxburgh, Schreyer, Watson (*Assiniboia*), Whelan (26).

In attendance:—From the Department of Agriculture: The Honourable J. J. Greene, Minister; Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (*Production and Marketing*) and Chairman of Agricultural Stabilization Board; Dr. R. Glen, Assistant Deputy Minister (*Research*); Dr. S. C. Hudson, Director General—Economics Branch; Mr. J. S. Parker, Director General—Administration and Mr. Don Peacock, Executive Assistant to the Minister.

The Chairman introduced the Minister who asked Mr. Williams to introduce the other Officials of the Department.

The Minister made a statement on the General Policy of his Department and was questioned by the Committee.

At the request of Mr. Danforth, a table of statistics in regard to Farm Machinery will be made available to the Committee.

It was agreed that the table of "Estimate by Provinces of Federal Expenditures under 1966-67 Dairy Support Program" as requested by Mr. Muir (*Lisgar*) at our last meeting now available be appended to this day's evidence (*See Appendix* (1)).

At 11:00 o'clock a.m., the questioning of the Minister continuing, the Chairman adjourned the Committee to the call of the Chair.

D. E. Levesque,
Clerk of the Committee.

23600—1½

EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, April 29, 1966.

● (9:50 a.m.)

The CHAIRMAN: I would like to ask the Minister to make a more detailed policy statement; I think you are all aware of this. So without any further words by the Chairman, we will call on the Minister of Agriculture, and probably you should introduce the officials Mr. Minister.

Hon. J. J. GREENE (*Minister of Agriculture*): I would like to ask Mr. Williams, Assistant Deputy Minister, to introduce any of the officials that are here.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing*): I think you gentlemen all know Mr. Chagnon, Associate Deputy Minister on my right, to his right, Dr. Glen, Assistant Deputy Minister of Research, on his right, Mr. Parker, Director General of Administration, Mr. Peacock, Special Assistant to the Minister, and finally Dr. Hudson, Director General of the Economics Branch.

Mr. GREENE: Mr. Chairman, gentlemen, as you will recall, at the first meeting of this Committee, inasmuch as this was a new procedure, I was under the impression that it might be best to stick to the specifics of the estimates themselves rather than to proceed as we did in the House where the Minister normally made a statement of policy at the opening of the deliberations on his estimates. Really, what I had in mind was that this would be more of a working group which would do the actual digging in the details of the estimates, and when they go back to the House the broader statements would be made, et cetera.

Having heard the views expressed by this Committee and, in thinking it over I concurred in the views that you had presented and thought it would be more appropriate if I did make a broad statement I think that this is what I propose to do now, primarily to review government agricultural policy already announced; but also to give the Committee some idea of my own thinking on certain problems faced by our farm economy, and thereby to get the play of your ideas upon those suggestions of my own and also your ideas which are not necessarily included in my statement. I think in this way probably the Committee meetings can be of great use to myself and to the government as well as to yourselves.

The change in Ministers of Agriculture has not changed the basic underlying purpose and philosophy of the government's agricultural policy. It is still to bring about conditions in our agricultural economy which will enable the normally efficient family farm to produce a minimum net income at least as

good as the national average in industrial wages. I think this was the purpose that we have announced since 1963, and that basic premise to our policy has not been changed. This goal of the government's agricultural policy was announced in the House of Commons on April 13, 1965 by my predecessor in this portfolio and it was repeated in the government's farm program during the last election, to which some reference was made by Committee members at the first meeting.

Hon. members of the Committee will understand the importance of this, but I am not so sure that it is well understood by the urban population. I think, personally, this is one of the very important responsibilities of all of us as parliamentarians and as politicians, in the best sense. It is to communicate this need to the urban population. I feel this is particularly important because not only do we find almost inevitably that whatever is done in the best interests of the agricultural community and of the economic needs of the agricultural community; there is inevitably a reaction and a lack of understanding and almost an antagonism in the great cities. The government is in some way carrying the farmers on their backs with subsidies at the expense of the urban worker. I think this is a very difficult atmosphere in which to legislate in a manner which is in the best interests not only of the agricultural community, but of the country generally.

I think it is very important I think it was Adlai Stevenson who once said the most important function of the politician is to be a teacher. I think so often we forget that, and I think in this area those of us who are interested in the farm people of this country have a very important responsibility, and in particular does this responsibility become a more pressing one, I think, when we consider the effects of redistribution.

I think quite properly we would all agree that redistribution is just; that there should be a reallocation of voting strength considering that this country has become more and more urban. But, in so doing, I think we must remember that in the past the farmer has at least in some considerable measure been able to rely on his political power to achieve some measure of equity in regards to his own needs. And that power, relative to the over-all political power, is of course going to be diminished, and this is going to be increasingly so in the future, because I think the trends are inexorable in a country which is developing as rapidly as we are. Economic history in other lands features this, but in that kind of a developing country fewer and fewer people will gradually produce the food to feed the population. I think in the United States today it takes some 6 to 7 per cent of the population to feed the rest of the people. In Canada I believe it is something in the nature of 10 per cent. I have been informed that in a country such as Poland it takes some 40 per cent of people to feed the rest of the population. Therefore, I think it is inevitable that as a country becomes more industrialized and thence more prosperous, a smaller percentage of people are going to be engaged in the production of food for the rest of the country because the farmer is becoming more efficient among other things, and in that kind of a development it is surely essential that we want to legislate in the best interests of the farm community; that we, the politicians, I think, have the responsibility—I do not know who else is going to do it—of seeing to it that the farmers' problems and means are understood by urban people, and

that the education process for which we are responsible in this regard will give an understanding to the urban people that in the long run it is in their best interest too to see to it that we have economic policies with respect to agriculture that will lend to a stable agricultural community a reasonable return for the investment in labour and capital of the farmer.

The bare fact is that, unless the people on whom we depend to produce our food are able to make as good a living out of farming as they can by going into the industrial world, they are not, in the long run, going to stay on the farm. We have become accustomed, in our western world, for some time now, to think in terms of abundance of food. This certainly is not the case in many other parts of the world, and it is becoming more and more evident that we would be wrong to be complacent about food supply. People knowledgeable in the field are getting increasingly concerned about this. The reason is a simple one of arithmetic.

In Canada alone, there are 720 new mouths to feed every day, and 160,000 more every day in the world as a whole. These are rather staggering statistics when we consider that every single day 160,000 new people must be fed in the world, and the food producers of the world, of whom I think we are certainly the most efficient, have the responsibility for feeding that many more people in human terms.

If there is one thing that has been brought very forcibly to my mind since I have had the honour to have this portfolio, it is this increasing pressure on the need for food and the fact that the game I think has done a complete reversal in the past few years, which again I think a great percentage of our population does not understand. Certainly since the depression, we have been concerned largely with the economics of surpluses. We have always been talking about what we are going to do with these great surpluses we have in the producing nations of the world: the United States, Australia, New Zealand and Canada. That is what we have been talking about, I think, for some 40 years and more—30 years and more, anyway. We have been talking about the economics of surpluses, and I am absolutely convinced that certainly from now until the turn of the century, we are not going to be talking about surpluses or worried about surpluses at all. We are going to be in a continuing battle with respect to shortages, which is an entirely new game in our approaches, in our philosophies, in our policies. I think we will have to be geared to that thinking rather than to the thinking of the economics of shortages, as has been our way in the past.

I think there is a great challenge to politicians again to revise their approach to the economics of agriculture in this manner. I think, if my memory serves me correctly, that the population of the world is going to double between now and the turn of the century, short of internal policies to control population in various countries, but that, of course, is not our concern. Our concern is, if the present trend continues the population of the world will double between now and the turn of the century.

That means that all the techniques, all the abilities that we have developed since the history of man commenced, have enabled us to produce food at the rate we are doing, and we have accumulated knowledge which enables us to produce food at current rates. We are going to have to double those abilities

between now and the turn of the century. Mind you, of course, in all this, while the population of the world doubles, of course the physical size of the world, the amount of arable land in the world does not change. Of course, encompassed within this whole question is the rate at which industrial countries such as ours have been using up agricultural lands for non-agricultural purposes. I do not need to tell you gentlemen about that; you would be more familiar with it than I would.

Also, there is one other statistic which comes to mind, which I am sure many of you are familiar with, which rather frightens one. I think the American Department of Agriculture have done very effective research in this area. We are going to have to double our production of cereal grains between now and 1980. Now there again is a rather frightening figure. In cereals, I think we have certainly always worried about surpluses. If my understanding is correct, there is going to be between now and 1980 a very considerable struggle to meet the needs. I think most of you have seen that the United States is considering and, I think, in the current year putting into production a great deal of land that has been set aside as non-producing land. In this former economics of surpluses, they are putting it back into production in this year and in the ensuing year at a very rapid rate. This is the kind of atmosphere, the kind of economic prospect to which our thinking must be geared.

Farmers in the past have done a tremendous job of increasing their efficiency to take care of this ever-increasing need of food, and there again I saw statistics the other day which, I think, is the kind of thing that we should assure that our urban citizens understand while we pride ourselves quite justly in how efficient we have become industrially, how much more productive we are industrially. Most people, I think, attribute our very high standard of living today to our productivity, our greater efficiency in productivity in the industrial factor since the Second World War. Well, singularly, agricultural productivity since the second world war has increased at a greater pace than has industrial productivity. Now I do not think that, again, many of our people realize this. If the farmer's productivity has increased at a greater pace even than our very efficient industrial economy, then surely it should follow that his income and well-being should have progressed at a similar pace. I think those of us who are concerned with the agricultural problems know that the latter has not been the case. The extent to which this need is pressing on the supplies, this need for food, is indicated by the extent to which countries like Canada and the United States have passed out of surplus farm production to a position where the demand is using up available supplies.

Agriculture, of course, will continue to improve its efficiency, although whether this can continue to improve at the pace of the past few decades may still be open to question. There can be no doubt, however, that we will only keep people in the business producing food if it is economically attractive to them. I do not think there are saints in agriculture any more than in other fields of human endeavour, and it is economics that will determine whether the farmer stays in the farming business or goes elsewhere.

From 1946 to 1965, average net farm income increased by 2.3 per cent a year in real terms, that is, after adjusting for increased prices of consumer

goods and services. During the same time, manufacturing wages and salaries increased by 2.9 per cent per year in real terms, using 1949 dollars in both cases. This indicates that farmers in general were not sharing in the growth of real per capita incomes. The objective of providing a minimum level of income for farmers which is as good as the average industrial wage is therefore not just something which is in the interest of agriculture. It is a matter of very considerable national and international importance and interest.

I do not need to remind members of the Committee that the problems involved in meeting this objective of an equitable level of income for farmers are by no means simple, any more than any other governmental solutions to human problems. They involve the need for stable prices for agricultural products, costs of production, protection against unforeseen losses, credit, and many other factors.

I do not think any of us would pretend that we have all the answers, but I might indicate to the Committee some of the thinking on this, and some of the lines of policy to achieve this stability of farm prices and to achieve these other needs to which I have referred above. We have, I think, made a good start in the dairy industry through the new dairy policy which came into effect on the 1st of April. This has already been discussed in detail with the Committee and I do not think I should go into it any further now.

The next step will be the establishment of the Canadian Dairy Commission, and I hope to get the legislation for this before the House reasonably soon. This will mark a significant new development in that it will be the first commissioner board apart from the Canadian Wheat Board to have responsibility for a group of products on a national basis.

There is quite a bit of interest now in national marketing boards to supplement provincial boards, and I think, probably, most of you will have seen the pronouncement of the President of the Farmers' Union in this regard. He feels this is the essential need right now, more than any other national marketing boards.

The extent to which these may be necessary to achieve the needs of agriculture and various commodities will, of course, have to be carefully considered, but the National Dairy Commission will be the first step in this direction.

The second need to which I referred is the question of credit. It is evident that credit arrangements and provisions will have to keep in step with the needs of agriculture, and there again I do not think I need to emphasize the change in this regard in the size of the economic unit in fiscal terms.

I think probably, if my reading serves me correctly, that in the immediate post-world war II period roughly a $20,000 or $25,000 economic unit was a viable economic unit in agricultural terms; a man could make a reasonable return as compared with his fellow man in the industrial world if he had a $25,000 capital unit. I think we all appreciate today that it takes a unit somewhere in the neighborhood of $50,000 to $70,000—and I have no specifics in this regard—but it takes a far bigger economic entity to enable the family

farmer of today to make a reasonable living as compared to his industrial compatriot than it did 20 years ago. This, of course, involves the question of credit at a very high and important level.

Farm organizations have proposed new credit features, and some were very ably suggested during the recent debate in the House on the Farm Credit Corporation amendments to provide more funds for the F.C.C. A question was raised in the House whether the present loan limitations were adequate for partnerships and family corporations where more than one family farm was involved in the same farm enterprise, and I think these points were very well taken. Another of the evolving new approaches in agriculture on which I think all of us have to keep an eye to determine the ways of the future is the two family farm, the corporate family farm as distinguished from the giant corporate vertical farm not geared to a family type of economy, but a two or three or four family corporate farm is certainly something that is being tried both here and in the United States, and I think all of us are very interested to know whether this may be in a larger measure the way of economic family farming than we had ever conceived in the past.

There is the very important problem of the credit needs and credit arrangements for young men trying to start farming. Again, I think this was brought out by many of you during the debate the other day. This is something very much in all our minds. In this regard the Committee, I think, may be interested to know that subsequent to the debate where I saw there was so very much concern in your minds on this question of young people going into farming, I requested my officials to give me some statistics in this regard. You may be interested to know that last year 67 per cent of the borrowers from the Farm Credit Corporation were under 45 years of age compared to the national average of 41 per cent. In other words, 41 per cent of our farmers are over 45 which is, I think, a striking statistic as compared with other fields of economic endeavour. And yet, last year 67 per cent of our borrowers in F.C.C. were under 45, which indicates that there is an awakening interest in young people in returning to the economics of farming.

There is the question of the extent to which we can increase the effectiveness of the farm credit program in farm consolidation and enlargement in low income areas where farming is economically practical. And again, I think all of us appreciate that this is one of the great challenges, the consolidation of units which are presently not viably economic units which could be, with consolidation, with credit and with funds made available for this purpose.

There is the matter of emergency disaster credit, and there is the need to consider what amendments may be desirable in the farm machinery syndicate program in the light of the experience we have had with it to date. I think there again this is one area where I hope this Committee can be of very great use to the government and to the country in letting us know your experiences with this new approach under the farm machinery syndicate program. Has it worked? Is it of benefit? Should it be broadened or improved? In what ways can it be made more useful to the farmer?

These are some of the areas we are examining in connection with the amendments to the Farm Credit Act. In my brief period in this portfolio, I have

been impressed with the need to provide farmers through crop insurance with the means to protect themselves against serious crop losses owing to weather conditions, and I think in this area, what has been of particular interest to me—and there are many of you who will be considerably more knowledgeable than I in this regard and, I think, can be very helpful to me—is the evolution with respect to the P.F.A.A., and the relationship between P.F.A.A. and crop insurance. Certainly, I think P.F.A.A. has been a great hallmark of accomplishment in this country, something of which I think we can be very proud in our agricultural history. It has done a wonderful job for the western farmer in the past. I have some concern whether it is as effective today as it has been in the past, and I am very interested to know what will be the relationship vis-à-vis P.F.A.A. and crop insurance in the years to come.

• (10.20 a.m.)

The crop insurance legislation introduced by the previous government provided a start, in this direction of crop insurance. The last Parliament brought in an amendment to this which provided for federal reinsurance with the major portion of this insurance taken on by the provincial governments participating in the crop insurance program. I think that the reinsurance aspect of our legislation in the last Parliament made by the federal crop insurance program more attractive to the provinces in that it made it financially more easy for them to enter into it without assuming risks that they could not foresee in the future and which they might not be able to adequately meet with the taxing powers available to them.

Now, this reinsurance provision led to a substantial increase in crop insurance coverage in the participating provinces but its application was still largely confined to grain crops on the prairies. I think it is only fair to say that crop insurance was not really effectively used anywhere but in the prairies up to the present time.

Both my predecessor and myself have had extensive discussions with the ministers of agriculture in the other provinces about the need to provide crop insurance. It has been indicated that some provisions of the present act, in these discussions, primarily the limitation of 60 per cent coverage, has been restrictive in proceeding with crop insurance in areas other than the prairies. I think in my discussions with provincial ministers and officials this 60 per cent limitation has been the single factor which the ministers of other provinces referred to most often in pointing out the shortcomings of the present crop insurance program.

We will be presenting legislation to parliament for some amendments to the Crop Insurance Act which will make it more adaptable to a wide range of agriculture. In the meantime British Columbia, Ontario and Quebec, have all introduced crop insurance legislation in their legislatures. I think Ontario and Quebec in the current session have announced it in their throne speeches. I do not think the bill has been passed in the three provinces. I think we can be hopeful of a marked increase in the use of crop insurance. This is a trend that is quite prevalent and we can certainly foresee it with reasonable accuracy in the future.

I would like now to say a word about research. I am sure that all ministers of agriculture have supported research and I would like to assure the Com-

mittee that I intend to follow in that tradition. If we are to keep ahead of this pressure and demand for food that I have referred to earlier, we will continue to need technological breakthroughs which will increase the volume of production per acre or per animal.

There have been many of these in the past such as hybrid corn, the tailoring of rust resistant varieties of wheat and they will continue to be needed in the future. Sometimes our scientists are criticized by laymen for engaging in basic research, but that is the area from which the really significant developments will come. In this area the Department of Agriculture has never had greater reason to be proud than it has this week. The discovering development of the new antibiotic drug "Myxin" by Drs. Cook, Peterson and Gillespie at the microbiology research institute at the Central Experimental Farm promises to be one of the most important breakthroughs in the fight against disease in a very long time. It is the most dramatic example of the vital importance of pure research in agriculture and of the benefits which can accrue to our farmers as a result. But at the same time I do believe that there may be something of a gap—an information gap perhaps more than anything else—between the researchers in my department and the farmer out on the land who may spot some new bug or worm on his crops and want to be able to take it straight to one of our laboratories to find out what it is and what to do about it. There is involved here not only the question of extension in bringing up to date technical information to the farmers; but associated with that is the whole question of farm management.

The farmer today increasingly is becoming and has become a businessman. I think while the family farm is still the most efficient economic unit, most persons concerned with agriculture wish to perpetuate the family farm as the economic base of our agricultural production. It is a different kind of family farm from that of 20 or 25 years ago. It is a family farm which is a business rather than a way of life as mixed agriculture at least has been largely the nature of the family farm of the past.

The family business farmer today needs a wide range of technical and business advice on production, marketing, accounting and so forth. Just as management in the city has become vastly more complicated and sophisticated today, so must management be upgraded in our farm economy. In some cases already the computer is being used for farm accounting.

Extension, of course, is an important field of provincial activity but I think it is important that the very substantial information available from the resources of my department in technical and scientific matters and in economics, should be fully brought into play in this total activity. I think in this area the relationship between extension which is constitutionally a provincial responsibility and what part we can play at the federal level in this direct communication with the farmer, with the developments of technology and the development of business techniques and approaches which is but a phase of technology, the relationship between federal and provincial is one to which we must apply our best abilities and attention.

I found in my short term that in my view there is considerable disparity between various provinces in this regard. Some, possibly because of the greater

ability to pay have been able to give a much more effective extension service than in other provinces. Now, in this area what should be the function of the federal government to give greater extension services in those provinces which themsleves have not become sufficiently sophisticated as others, or just what should the federal role be in this area of extension. I think that is a problem to which we must all give our concern.

Perhaps we may see the development, the co-ordinated farm advisory service on a national or regional basis. This is something in which I have become personally very interested and I am certainly going to be very much interested in hearing the views of the members of the Committee in this regard. How this service can best be provided still is not clear in my own thinking. I would welcome any useful suggestions from the Committee. I offer these ideas for the Committee's consideration and advice. There are other problems in agriculture and there are certainly some that in the back of my mind I am mooting and thinking about which have not become sufficiently crystallized to start talking about them yet.

I believe I have given the Committee at least a fairly adequate summary of the general agriculture picture as I see it at the moment and some indication of my present thinking. Thank you.

Mr. MUIR (*Lisgar*): Well, first, Mr. Chairman, I would like to express my appreciation to the Minister for accepting the Committee's suggestion to enlarge on his original statement in outlining some of the difficulties of agriculture. But, it would seem to me if we are going to solve one of the farmer's most pressing problems we have to find some way of providing him with a larger share of the consumer dollar in farm produce.

The Minister mentioned the continuing need for adequate credit, and, of course, we all know that in order to maintain an efficient operation credit is very necessary. An income to the farmer not only to give him comparable income to his industrial counterpart but to also retire these borrowed funds is essential. It would seem to me that this is one aspect of our agricultural problem to which the Minister could give his undivided attention. I turn to some of the problems that have been worked since he took over as Minister, I think it is safe to say that Manitoba pioneered in the legislation for crop insurance by setting up pilot areas which they did very carefully and I think it has paid off to the extent that now they are able to enlarge their operations in this regard.

Now, we see a continuing trend of an exodus from the farm area to more lucrative fields. This may mean a drop in farm production, but I do not believe that this necessarily will happen. In fact, agricultural production could conceivably continue to increase: first, by better tillage methods, better weed and insect control and the more extensive use of fertilizers which the farmers of Canada and particularly western Canada, might be embarking on only now. We have used fertilizers for the past few years but not to the extent that they are being used now. I would think that even if there is a larger call for cereal grain between now and the end of this century, the farmers will be able to meet it.

This, of course, may mean higher cost of production because labour and machinery and fuel and fertilizer are all expensive items, and I think it points up more than ever the necessity of maintaining farm prices at a level that will provide the farmer, not only with the tools that he needs to operate and to increase production, but to give him a standard of living that is going to keep him on the farm. I think this is one of the problems—and it is a very serious problem—that the government and parliament must wrestle with during this and sessions to come.

We may have to do things that we now think are not to best interest of the consumer, but I would suggest to you, sir, that the consumer has been getting a better break in Canada so far as farm produce is concerned than in any other country. I think it is time that the people of Canada realize the value of keeping sufficient agricultural people on the farm. If we can help them do this we will have done something that probably was not thought we were able to do in the past years.

I would like to—perhaps I do not have to—tell the Minister that I think this is one of the most important problems he is going to be faced with during his term in office.

Mr. GREENE: I do not know whether you would prefer, Mr. Chairman, that I try to meet these points as they come— I will try to be brief in these things. I do not think I could concur with you more, Mr. Muir, with respect to the same problem I referred to—and which you so effectively brought out—that the consumer in Canada has in fact got a very good deal which is not appreciated in my mind to a sufficient degree in the great cities. I do not think any statistics can indicate it more clearly than when we say, which is a fact, that the Canadian spends a smaller percentage of his income on food than the people in any other developed country in the world. This shows, surely, the efficiency of the Canadian farmer, and it also is the reason why the Canadian has such a high standard of living, because if you are spending 60 or 70 per cent on your income on food and, of course, in many less fortunate nations they do not even have enough income to feed themselves, but if you spend a lower percentage of your income, as we do here, then you have that much more of your income left to buy a car or a home or an outboard motor or all those other things which contribute to our high standard of living. I think that statistic more than anything else clearly indicates the point which you have been making.

I might point out that the best proof I can give that I concur in your view in this regard is the dairy program, which is the one major item that I have been able to bring in since my term of office commenced, and this new program indicates that the dairy farmer should be able to achieve an income at 14 to 15 per cent higher in the current year than he did last year. Now, if we can do this kind of thing where it is needed in other phases of our agriculture economy I think we will be working towards the end which you so properly outlined.

Mr. DANFORTH: Mr. Chairman, I would like to pose two questions to the minister now. So that he will have an opportunity to answer them both when he replies. They are not related subjects.

I very much appreciated the statistics the Minister provided to the Committee this morning. Certainly we all agree that it is very hard to know where

we are going if we do not know where we are now. The statistics which he provided, I feel, were not enough but were perhaps all he could give us in the limited time.

I was very interested in the percentage increase in the farmer's real income as compared to the industrial increases. I wonder if the Minister could inform the Committee whether in the compilation of these figures the government direct subsidy was included in the real income as realized by farmers, which would have quite a bearing on this particular matter. This is the first question I would like to pose to the Minister.

The other one deals with the approach in the government policy towards the solving of the very pressing economic problem facing farmers today. I appreciate that he dealt at length with the intent where there is a very low standard of living and real poverty in various agriculture areas. He dealt with the work which the government is proceeding with in connection with looking into the national marketing schemes and he dealt at length with the crop insurance. But the Minister stayed away from the policy of the government towards attacking the high costs that the men engaged in agriculture are faced with in all fields. The Minister did not mention any government policy or thinking towards the tremendous increase in farm machinery prices, as pointed out by Mr. Muir, the increases that we are going to be faced with in commercial fertilizers, although it is my understanding that the prices of commercial fertilizers, or the cost of commercial fertilizers, have increased at a far slower rate than the prices of farm machinery.

I feel that, perhaps, this is not one of the very major contributing factors towards the increase in farm prices, but I would like at this time if the Minister could give us some of the government thinking towards the tremendous costs that farmers are faced with because whether we are subsidized—as men in agriculture—by the government or some other method is taken, unless we reduce the over-all costs to agriculture in sufficient amounts to meet these costs we are in grave danger of pricing ourselves out of world market and active competition. I just fondered where the government stands on this very important policy.

Mr. Chairman, when I spoke of grants I meant both provincial and federal taxpayers' money. I should like to know whether or not it was included in the compilation.

Mr. GREENE: I am instructed that in compiling these statistics for the committee, the officials took into consideration all subsidies. When we speak of the 2.3 per cent increase in the farmers' income as opposed to 2.9 industrial it includes all subsidies he receives both provincial and federal. Therefore, it is every dollar he gets.

Mr. DANFORTH: Would it be possible, Mr. Chairman, for the Committee to be furnished, at a later date, with the statistics in the past few years, so that we could get an idea of the real picture of agriculture and have the comparison of the increase with the before and after government subsidy broken down. I think this would give a better picture for the Committee to see exactly where we stand on agriculture if agriculture were to stand on its own feet.

Mr. GREENE: I am instructed, Mr. Danforth, that we can do this with direct subsidies but indirect subsidies may be difficult. I think the best thing to do would be to put our economics experts to work on the question. I think it is a very valid one and we will give you the most comprehensive statistics we can in a meeting of this nature.

With regard to the second question, this is of course a continuing and unending problem. I have been most concerned to date with farm machinery which has been so constantly and effectively drawn to my attention in the House of Commons. I have no immediate answer but I have said several times I hope to have an answer soon, but I have not quite come to a conclusion yet as to what the word "soon" means in a parliamentary sense but I can assure you I have not been sleeping on it. I have had a great deal of help from members on both sides. I do not think it would be fair to members to name names but one particular member on this question of farm machinery has certainly helped me a great deal. He is certainly concerned about it and very knowledgeable in this area. Through communication with him and other members and through the representations in the House, I have come to the conclusion that if we are going to do anything useful in these areas it should be comprehensive and we should approach it not so much in a sense of retribution or witch hunting or merely in a political sense in its worst approach. We should try and do something that has a good chance of really being beneficial if we are going to do research into questions of cost and cost-price squeeze that the farmer is faced with.

Hence, I have done a great deal of work and I hope, again I say soon, and I hope that soon will mean soon, and not parliamentary soon, that we can do something useful in at least part of this area, namely, the question of farm machinery. Mind you, I do not think there is any black magic in all this. When we do have an industrial community that is expanding very rapidly, when we do have industrial wages that are moving ahead at a very rapid pace, which I think we all want, and when the farmer's income is in very large measure, certainly the western farmer, geared to world prices and when world incomes are not progressing industrially at as rapid a rate as we are, then this inevitable squeeze comes up that we cannot sell our products on world markets for prices that are going up as fast as our domestic wage and other costs are going up in Canada.

I do not think this is a new problem, I think this has been the problem of those who were selling raw commodities in world markets and whose industrial wages domestically were going up very rapidly. I think the history of Canadian agricultural policy has been the attempt to solve this question. There are those who are strong, free entreprisers who claim that the farm economy should stand completely on its own feet and there should not be such a thing as subsidy at all. Well, if such were the case, then I think that we can only say that we would end up in the jackpot that Mr. Danforth is foreseeing—we would not be able to sell in world markets at all. I think our whole economy would be chaotic.

All I can say is that this must be the immediate concern of government. Again I repeat that I think the dairy policy indicates something of our thinking with regard to the need for farm income. But this question of subsidy in its proper

place is something that certainly has given me some concern and I notice the premier of Manitoba, I believe it was in his throne speech, envisaged the need. I certainly have been thinking along these lines; I have no easy or ready solution, but the premier envisaged the need of a new look at our entire agricultural picture and approach. As you put it, Mr. Danforth, "Where do we stand, and where are we going"? I think he envisaged the need of some form of national conference or conclave to determine the agricultural road for the future. There is this concept. I am not sure that a national conference is the answer. It might be too much talk and not enough solutions but it may be that in this new kind of world we are taking about, the world whose population is going to double and between now and the year 2000, the world in which food shortages are going to be the way of life rather than world surpluses; the world of fantastic technological advances in the industrial area as well as in the agricultural. Maybe we should take a very clear look at the ways and approaches of the past under a new microscope to determine whether in many of our approaches we are too much on the road of yesterday, and we are not building rapidly enough the road of tomorrow.

Believe me I only cite this as an illustration because I am no expert in this to the degree that many of you are. There are the problems in grain handling, for instance, which I think are of great interest to all. In my reading I have come to the conclusion that the ways in which we are handling our grain are really just an historical growth from the county elevator all the way through that started with the first shipment of wheat from Manitoba before the turn of the century; and we have just developed this system on that original base.

• (10.50 a.m.)

Now, whether or not this is the proper base on which to continue our grain handling in the future, or whether some new approach, some new methods, should be thought about is something that has given me concern. If we go on on the original base and keep building on it are we on the road which was satisfactory in the past? But instead of following that same road maybe we should be building a super highway paralleling the old road which, when it is finished, we will travel that new super highway instead of staying on the old county road. These are certainly the kind of dynamic problems with which we are faced today in the light of a very rapidly changing world. I think someone has said the world has changed more, technologically, in the last decade than it did in all man's known history prior to that time. That is the kind of world we are in and that is the kind of world in which we have to gear our agricultural policies to meet the needs of this new kind of world we are living in.

I have no ready answers in regard to your second question except that I appreciate the problem and we will certainly continue in every facet to look at it.

Mr. DANFORTH: I would like to ask the Minister, through the Chairman, if the department is in the process, at the present time—and I base my question on the experience of the committee we had set up to look into this where we sat in endless meetings but did not seem to make too much progress—of compiling, so they could be made available to the Committee, if this should come up,

comparative figures to illustrate graphically the increase in the price of farm machinery to the farmer in comparison to the component parts and labour going into the machinery, so that we can get a picture of just exactly what is happening in farm machinery. In other words, are the machine people taking an average increase in profit or are their expenses increasing to such a point that they are compelled to ask these prices; because I think this would have a bearing on whatever methods that might be taken to help agriculture in this respect. It may be as the Minister pointed out—we might have to look at this in an entirely new light as to the creation of machinery pools, or co-operatives or some other completely new approach. I just wonder, if this is being done or perhaps has already been done, in the department, in regard to this picture.

Mr. GREENE: I have seen statistics relative to the increasing costs of farm machinery as compared to the increasing cost of other industrial products which did not indicate in any startling sense that farm machinery had gone up at a greater percentage per unit, for productive unit. Farm machines today are bigger than they were 10 or 15 years ago so you cannot compare them as equals. It did not appear, for instance, in the statistics I looked into, that farm machinery had gone up at any greater rate than motor vehicles. But, I think this kind of statistic could be useful. I hope, as I say, that soon we will be able to do something which will meet with your approval with respect to taking a look at the question of farm machinery.

Mr. JORGENSON: I see that it is almost eleven o'clock and the House will be sitting soon. I was wondering if we are to assume that we are operating on much the same basis as we do in Committee of the Whole in the House of Commons. This is more or less an extension of one. I was just wondering if we were going to continue the debate here on Item I at the next meeting or whether we are going to go to some other item of the department.

The CHAIRMAN: I have just been in conversation with the Clerk of the Committee and I suggested to him that before we adjourn today we decide whether the committee wants to proceed on the order that the Minister be back here, which you have suggested or not. If this committee wants this, if the Minister can be available next Tuesday—

Mr. GREENE: There are not just enough hours in the day to be at all the places you should be when you should be there. I know that there are Committee members who are on more than one committee who have the same difficulty. This hour here—if this "hour" is not a bad word—is a very useful one for me. If this meets with your needs, in that the cabinet very seldom sits unless there is a crisis of some kind at this particular time. On Tuesdays and Thursdays the cabinet sits and if I am here at that time I miss a cabinet meeting.

Mr. JORGENSON: Is there any particular reason why the Committee could not meet at 9.30 rather than 11 o'clock on Tuesday.

The CHAIRMAN: We are having difficulty again, Mr. Jorgenson, in trying to arrange Committee rooms and times; they are trying to stagger them and I did not realize it until the Clerk said it was 11.00 a.m. I had asked, I do not think

for preferred treatment, that preference should be given to this committee on account of its size and need for a quorum.

An hon. MEMBER: We did ask for preferred treatment.

The CHAIRMAN: Yes, I think you can say that.

Mr. HERRIDGE: Well, Mr. Chairman, I understood a Committee of this nature operates somewhat under the rules of the House. I felt that while we had the Minister here it would have been better to have had one spokesman from each of the parties in the House so that the Minister would have an opportunity to reply to their reaction to his statement. But if the Minister could be here next Tuesday at 9.30—

An hon. MEMBER: That is what I had in mind.

Mr. JORGENSON: I thought we were proceeding on a course that would necessitate duplication of a great deal of the debate and if we could have statements by people who want to make statements at this time and then proceed on with the items I think it will provide for much more orderly discussion of the estimates.

The CHAIRMAN: Would 9.30 be any better?

Mr. GREENE: Well, the cabinet sits at 10 on Tuesday so that does not help much. It is pretty hard for me to say at this stage until I know what is on the agenda for the cabinet. Could you leave it open for the time being and permit me to straighten that out with the Chairman between now and this evening to know if I will be here on Tuesday or whether you will take up one of the items.

The CHAIRMAN: Is the committee in agreement with this.

Agreed.

The committee is adjourned.

APPENDIX (1)

Estimate by Provinces of Federal Expenditures under 1966-67 Dairy Support Program (millions of dollars)
(Based on 1965 production)

Prince Edward Island	1.5
Nova Scotia	0.7
New Brunswick	1.2
Quebec	33.7
Ontario	34.0
Manitoba	4.4
Saskatchewan	4.4
Alberta	8.2
British Columbia	1.0
Canada	89.1

Ottawa,
April 27, 1966.

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The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 4

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, MAY 3, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Agriculture Stabilization Board and Mr. C. R. Phillips, Director General, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24058—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Côté (*Dorchester*),
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Nasserden,
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Tucker,
Mr. Vincent,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 23)

D. E. Levesque,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 3, 1966.
(5)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 11:20 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Berger, Clermont, Comtois, Crossman, Danforth, Faulkner, Forbes, Gauthier, Gendron, Godin, Grills, Herridge, Jorgenson, Laverdière, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Nowlan, Peters, Ricard, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (28).

In attendance: From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister (*Production and Marketing*) and Chairman of the Agricultural Stabilization Board, Mr. C. R. Phillips, Director General, Production and Marketing, Mr. J. C. Moffat, Director of Administration, Production and Marketing, Mr. J. S. Parker, Director General—Administration and Mr. W. R. Bird, Director, Crop Insurance.

Also present: Mr. Winkler, Chief Opposition Whip and Mr. Régimbal.

The Chairman introduced the witnesses and the Committee proceeded to the consideration of the Estimates of the Department of Agriculture.

At the suggestion of Mr. Danforth, it was *agreed* that one speaker for each Party represented on the Committee be heard on the Minister's statement.

It was agreed that tables showing:

1. The effect of Government subsidies on the rate of change in real net farm income;

2. The price of farm machinery compared with other components included in the index of prices of commodities and services used by farmers and details respecting the increase in salaries in manufacturing.

(*For one and two above, see Appendix 1*).

The questioning of the witnesses continuing, at 1:00 p.m. the Chairman adjourned the Committee to 9:30 a.m. Friday, May 6, 1966.

D. E. Levesque,
Clerk of the Committee.

24058—1½

MINUTES OF PROCEEDINGS

EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, May 3, 1966.

• (11:20 a.m.)

The CHAIRMAN: Gentlemen, I see a quorum and we will get the meeting under way.

The meeting today is to discuss Vote 15 and I hope you all received a copy of the summary of the functions of the Production and Marketing Branch under this vote.

You will notice that we have by-passed Research because Dr. Anderson, from Research, could not be present today nor could the Minister, to finish his policy statement, as Tuesday is Cabinet day. Members of the Committee will recall there was some doubt regarding his avalability here today, but I have discussed this with him and he has agreed to come back on Friday and finish his policy statement. Those members who are desirous of questioning him might note that he will be back on Friday morning at 9.30 a.m.

As soon as we have finished Vote 15 of the estimates we will return to Research, if the Committee approves, but it may take some time to get through Vote 15.

Mr. DANFORTH: Mr. Chairman, on a point of order, are we to understand, then, that we are going to have an opportunity, when the Minister is present, for a representative of each of the parties to comment on the policy statement that he has made? And then, beginning this morning, we are going to go ahead in a regular fashion and deal with the items as they appear in the estimates, one at a time, until they are completed. And that each time we can anticipate an item in the estimates coming up, previous to our meeting on that particular item, we will receive a general statement so that we will have the facts available to us, in a general nature, before we come to the meeting?

The CHAIRMAN: This was the intention of the Committee, I think.

Mr. DANFORTH: Well, Mr. Chairman, the material which has been prepared is going to be extremely valuable; it is well put together and deals not only with item 15 but with a whole series of items. Is this going to be the basis of items 15 to 35, inclusive?

The CHAIRMAN: Yes, this is my understanding.

Mr. DANFORTH: But we are going to proceed in an orderly fashion, concerning the items as they appear in the estimates and we will have the appropriate witnesses before the Committee, the men who are responsible for each of the departments as they are referred to? Am I clear in this?

The CHAIRMAN: Yes, as they are available, that is right.

Mr. DANFORTH: Thank you, Mr. Chairman.

Mr. JORGENSON: Just one further question, Mr. Chairman. Is it then your intention, whenever the Minister is available, that we revert back to item No. 1?

The CHAIRMAN: Maybe I did not make it clear enough when we started the meeting that, just before we adjourned last Friday, it was the desire of some members to have the Minister back, at his convenience, and there was some discussion regarding whether he would be here today. I talked to him later in the afternoon and there were some items concerning his department to come before the Cabinet today and it was important that he should be there. He asked if he could come back on Friday and I said as far as I was concerned, as Chairman of this Committee, that would be all right.

I also discussed with Dr. Barry whether he could have the next item on the estimates back before the Committee today. However, Dr. Anderson was not available for Research, so that is why we are on the next immediate item after that.

Mr. JORGENSON: That is perfectly all right. I do not want to register any complaint about the Minister not being here. He is a busy man and he has other commitments. All I wanted to know is whether or not, when the Minister is here, we are going to revert back to Item No. 1.

The CHAIRMAN: That is right. That is my understanding.

Mr. JORGENSON: Then discuss broad policy statements.

The CHAIRMAN: What I gathered, from the discussion with the Committee members here last week, was that this is what they desired and I discussed this with the Minister and he said he would be quite willing to do that.

Mr. WINKLER: Not being a member of the Committee, but having an interest, Mr. Chairman, I came this morning in anticipation of the grouping of items as you referred to them. I have a specific interest when the Committee reaches the item of race track betting. I believe there is an area here in which the Committee might find some general interest and possibly discuss and recommend to the House changes that could be effected in the Criminal Code that would be desirable at the Federal level and would have a tremendous effect upon the provincial interest in this regard.

There are current inequities in the law, in consideration of the increased interest in this particular field and, although I make it clear I have no personal interest, I am aware of the general interest in a number of the provinces. I do not know how this affects all the provinces, mind you, but I do know of the interest of a number of provinces. A very minor amendment of the Criminal Code, on the recommendation of your Committee, would rectify these inequities which exist and would, I believe, be in the best interests not only of this business but, indeed, of the whole country.

It affects people, for instance, who depend upon having a charter for a one-day fair meet or something of this nature, upon which they depend for revenues and so on.

I think it is of sufficient interest and value that the proper officials be called to thoroughly discuss this matter.

The CHAIRMAN: I think this is well taken, Mr. Winkler, because I know, personally, that representation has been made to myself, as a member, concerning this operation and probably other members have had similar representations made to them too.

You are desirous, then, that at the time this is discussed before the Committee, the officials who are actually administering this operation be before the Committee at that time?

Mr. WINKLER: That is correct. I do not wish to deceive anybody. I am aware of the interest within the department; I am aware of the interest of the Minister; I am aware of the interest at the provincial level and there is a general area of agreement now.

I think the Committee, if they heard the explanation of the situation from the senior officials, might well consider recommending some change in the Criminal Code when the report goes to the House. When you reach item 20, under which this falls, I can come back.

The CHAIRMAN: It actually comes partly under item 15. Is that not right, Mr. Williams?

Mr. WILLIAMS: Actually, Vote 15 covers the broad administration and provides the headquarters for the various divisions and votes that follow. You will note that, in this year's estimates, the divisions are not listed as separate votes; they are grouped by animal products and plant products, with subvotes within these.

The actual operation of race track betting comes under Vote 20, which is a portion of animal and animal products, in which two major divisions are concerned—the Livestock Division and the Poultry Division. The race track betting comes under the Livestock Division as being a subsection of this division which is, of course, part of the Production and Marketing Branch.

Mr. WINKLER: However, if the officials are not here to talk, it will not be discussed today. Is that right, Mr. Chairman?

The CHAIRMAN: It is in the hands of the Committee, so far as I am concerned. Mr. Williams has just informed me that officials can be made available at any time, concerning this and other topics but, before we went into session, I should probably refer to the Committee. I did discuss items 1, 2, 3, 4 and 5. For instance, No. 4—Prairie Farm Assistance Administration—might be quite detailed. If, when we come to this item, the Committee should feel it desirous to call before them officials from Regina to go into details and technicalities, as Mr. Williams has now said, this can be done. I think we will have to see how we progress today.

Mr. WINKLER: I know it would be a courtesy of the Committee if they could facilitate me in this way, but I have no intention of forcing myself or my views or even my request, in this regard, on the Committee. What I am really saying to you is that if you will be so kind as to let me know when you have this item before you, I would like to be present.

The CHAIRMAN: So you can be told.

Mr. WINKLER: Yes, sir.

The CHAIRMAN: We do not know how far we are going to get today.

Mr. WINKLER: I do not want to rush you, Mr. Chairman. I am available 24 hours a day.

The CHAIRMAN: Well, Mr. Winkler then, if we get this far in the estimates today, we could call you and we could call them at the same time. Mr. Williams informs me they can be here in 10 minutes.

Mr. WINKLER: Any arrangement will suit me, thank you.

The CHAIRMAN: Fine. Gentlemen, if there is no further discussion on our procedure, we will then proceed.

Mr. CLERMONT: I wonder would it be possible to distribute French translations two days ahead of our meeting, because we got this one last night.

The CHAIRMAN: You are desirous of having these earlier?

Mr. CLERMONT: I am not making any complaint but would it be possible to get it. Instead of the night before at least a full day ahead, especially if the English one is a day ahead and we people do not get the French one until the morning of the session. We got the French version this morning.

The CHAIRMAN: I think it is probably due to the mechanics of setting up these meetings and trying to let the appropriate officials know in sufficient time to prepare.

Mr. CLERMONT: If it is possible, Mr. Chairman, then all right. If it is not, then we will have to get along the best way we can.

The CHAIRMAN: As long as we give the officials enough warning, ahead of time, what business we are going to be dealing with at the next meeting, I think this can be worked out. I think it will be better in the future.

Mr. CLERMONT: Thank you very much, Mr. Chairman.

Mr. DANFORTH: Mr. Chairman, I would like to ask, if I may, a preliminary question. I understand, now, that we are dealing with item 15?

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

15. Administration, Operation and Maintenance including the administration of the Agricultural Stabilization Act, and contributions to assist in the Marketing of Agricultural Products subject to the approval of Treasury Board, $2,506,300.

The CHAIRMAN: That is right.

Mr. DANFORTH: What I wish to ask arises out of a statement Mr. Williams made in reply to a previous question. Can I ask him through you, Mr. Chairman, if, in the compilation of the new estimates a different set-up is being contemplated by the Department of Agriculture; is there any re-organization or change? You spoke of different groupings and difference of set-up. Am I to understand, from this, that there is a change taking place?

Mr. WILLIAMS: No, Mr. Danforth, it is simply a change in the method of presenting the estimates.

Mr. DANFORTH: Is this so that they will appear differently in the compilation of the estimates themselves, as presented by the department?

Mr. WILLIAMS: No, it is simply to group together the funds that are devoted to a particular area of work so that they are more easily understood by Members and by the public. In other words, all plants and plant products will be in one lump vote together instead of being scattered through and mixed in with the livestock and the poultry.

Mr. DANFORTH: I can understand that but may I, Mr. Chairman, direct another question which has to do with general policy? I do not know whether or not the witness would be in a position to answer this question directly, but it is a matter of interest to me.

I can understand that the Department of Agriculture receives a directive in the form of government policy which is responsible, in general, for its program, and I can well appreciate that a government policy can be of a general nature. Now, may I ask what is the chain of control in regard to the establishment of basic programs followed by the Department of Agriculture? Is it by consultation with various groups? I am speaking of universities, provincial groups and all those allied parts of the department which are doing comparable work.

There must be some chain of control and I have always been interested to know how this is brought about. It could be very cumbersome and there could be a great deal of duplication of effort if there were not some co-ordinating factor. What I am asking, Mr. Chairman, is whether the witness could elaborate on this method of co-ordination.

Mr. WILLIAMS: There is one major co-ordinating body right across Canada; it is an unofficial body and it is known as the National Agricultural Co-ordinating Committee. It consists of the Deputy Minister of Agriculture for Canada and the Deputy Ministers of Agriculture for each province plus Deans of Universities of Agriculture, right across Canada. It meets at least one a year and subjects are put on the agenda at the request of any member.

In general, policies that represent co-ordinated policies—that may be joint policies or policies that may be national but apply variously in different areas—I would think are invariable discussed at these meetings. I would say that this is the major co-ordinating body. Now, I am not dealing with research coordination at the present moment, which does come through the same area as a subcommittee, but I think that could be dealt with at another meeting of this Committee when research comes up. I am talking of the type of policies that come under this organization.

In addition to that, the department itself, before implementing policies such as those which follow the general area of providing services to the producer and to the industry, things like the various record of performance programs and the various grading programs, follows a reasonably formal process of consultation with the major national organizations, if such exist. Now, if in some areas they do not exist the department uses the best available.

I think, briefly sir, that is all I can say in respect of co-ordination; the major formal body, which is the National Co-ordinating Committee on agricultural services and the other method of consultation through national bodies of farmers' organizations and special commodity groups and things of that nature.

Mr. DANFORTH: Do I understand, then, from your explanation that this formal regional co-ordinating body meets annually? Are there provisions made for any meetings that could be called in between or is it divided up into sub-committees which would carry on a continuity?

Mr. WILLIAMS: There are both. It can meet at any time but, in general, it meets once a year. There are standing committees and then the committee itself forms many ad hoc committees to deal with specific problems, dissolving these committees as soon as their function is served.

Mr. HERRIDGE: Mr. Chairman, how are the decisions of this co-ordinating committee related to its annual conference routine between Federal and provincial representatives?

Mr. WILLIAMS: I am not sure, sir, that I quite understand your question.

Mr. HERRIDGE: Political representatives—Ministers.

Mr. WILLIAMS: Are you thinking of the outlook meeting in the fall, Mr. Herridge?

Mr. HERRIDGE: Yes.

Mr. WILLIAMS: It is not specifically related to that at all. The fall meeting is an outlook meeting that is supposed, in general, to provide to the agricultural segment of our country some picture of what they might expect in the way of production, markets, and so forth for the coming year. In general, it is not a policy making one.

Now, I said that this Co-ordinating Committee is an informal committee, which is all it is. The Deputy Ministers from the provinces and the departmental representatives obviously must, within their own legal framework, make what recommendations they see fit in respect of their participation in it, but it does co-ordinate thinking on these matters.

Mr. DANFORTH: One further question, Mr. Chairman, and then I will pass, knowing that the other Members have questions too. I have always admired the detailed knowledge that the Canadian Department of Agriculture has always had of the advances in agriculture all over the world. Is there any co-ordination between this group, of which you have spoken, and the various agricultural segments of the other countries? Where is the tie-in?

Mr. WILLIAMS: Once again, I think I would have to say there is no direct tie-in; no formal channel of tie-in. The Federal Government's representatives on many international bodies are drawn, insofar as agriculture is concerned, from the Federal Department of Agriculture. In many cases, however, the Federal Department takes as co-partners to these meetings provincial representatives, if it is a subject which has a particular interest in a particular area.

There are a great number of international bodies that co-ordinate agriculture policy. Let us take a very simple example, Codex Alimentarius, which is simply the international body whose sole function is to try to draw together what might loosely be called the grade standards of the advanced countries of the world. So that, shall I say, our Canada fancy apple has a grade that our people know is equivalent, let us say, in France, in England and in other countries. We have people who meet constantly—and I use the term 'constantly' advisedly—with such groups to arrive at what they call equivalents between grades. They do not, of necessity, have the same grades, but the top grade and the second grade and the third grade are essentially the same.

In other words, the various countries are well aware of what they mean by their grades. This, of course, facilitates greatly the movement of our product into international trade.

The CHAIRMAN: Before we have any more questions, I want the Committee to excuse my oversight in not properly introducing the officials who are before the Committee today.

First of all, I think you are all aware of who the gentleman on my immediate right is, Mr. Williams. In case some of you do not, he is Assistant Deputy Minister, Production and Marketing, and Chairman of the Agriculture Stabilization Board. Next to him, is Mr. C. R. Phillips, Director General, Production and Marketing. Next to Mr. Phillips is Mr. J. C. Moffatt, Director of Administration, Production and Marketing. Next to him is Mr. J. S. Parker, Director, General Administration and, on the far right, is Mr. W. R. Bird, Director of Crop Insurance.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Further to this grading, are the same standards carried out on the grades of wheat in all the wheat-exporting countries in the world?

Mr. WILLIAMS: No, and I would mislead you, sir, if I left you with the impression that the same standards are used for fruit or vegetables, either, or any of these things. The effort at the present time is to equate the grades against each other; to know which fit the most closely and, where there is a major trade pattern, try to bring them closer together. But nobody, at the present time, has overall standards that are identical. That is, no countries.

For example, the United States grades and ours in many respects are almost identical—their egg grades, their apple grades and things of that nature. The difference is that they have different names and there may be some minor differences but these are relatively slight.

This is not true, for example, of meat grades between Canada and Europe. There are very wide differences in the beef grades, where these exist in some of these other countries. Our grades in North America are miles apart from European grades.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I take it, then, Mr. Williams, that if we take the example of the Argentine or Australia, there is no way we can compare the export price of No. 2 wheat from Canada and its

equivalent in these two countries to see if we are getting close to the same price of the comparative grades in the various countries? This is really what I was trying to determine.

Mr. WILLIAMS: I think I would say this, sir, the Board of Grain Commissioners and the Wheat Board are quite capable of comparing these grades. They are familiar enough with these grades to know.

Incidentally, this Codex Alimentarius to which I have referred, does not cover the cereal grains.

Mr. SCHREYER: Mr. Williams makes reference to the existence of grade differentials and discrepancies regarding names and so on. I would like to ask if there is any determined effort between agricultural officials of various countries towards reducing or eliminating these differentials.

Mr. WILLIAMS: Yes, very definitely so. At the present time this is one of the functions of the Codex Alimentarius, which is an international organisation of which we are members and to which we contribute.

Mr. SCHREYER: Would you say, sir, there has been any impressive success, to this end, in the last few years?

Mr. WILLIAMS: I would think that the greatest degree of success has been in the fruit and vegetable and dairy products areas.

Mr. HERRIDGE: They are very co-operative industries, all over the world.

Mr. ROXBURGH: Yes, well done, my friend.

Mr. WILLIAMS: And very significant advances have been made in these areas.

Mr. JORGENSON: I was wondering if Mr. Williams could tell us whether there have been any substantial changes in the methods of grading within this country. Consumer demand changes and particularly this applies to poultry and livestock. We find that consumers demand less of the fatty quantities in beef products and more of the high protein foods.

Are your grading standards changing so that you take into consideration the needs of the consumer or are we maintaining the same kind of standards that were maintained, say, 20 or 30 years ago? Has there been any significant effort to change?

Mr. WILLIAMS: To answer your question, Mr. Jorgenson, the categorical answer is 'Yes'.

Mr. JORGENSON: Can you give me some examples?

Mr. WILLIAMS: I would cite as an example that we have made major changes within recent years in the fat covering requirements in the poultry grades. This was necessary in order to cover consumer demand and to cover production changes.

I think you will appreciate that the Department of Agriculture is agriculturally oriented towards the producer and, obviously, it is very much in the

interests of the producer to supply the consumer with what the consumer wants, because there is no point in our having grades that will not move the product into markets.

Mr. JORGENSON: This is just my point. It seems to me that, in many instances we are, by our grading standards, encouraging producers to produce something that is not in demand. I find quite often that farmers are encouraged to put more fat on an animal and then, when he gets it to market, he finds that he is not being given the premium price because there is too much fat on it and I wondered if any changes had been made or any premiums had been offered. I realise this is true in the case of pork but I was thinking more particularly of poultry.

Mr. WILLIAMS: There are no premiums and I know of none that have been offered by the department to the poultry industry, or to poultry producers. That is to say, quality premiums such as the hog premium, which I presume you are referring to.

One change that I might mention was the change in the beef grading regulations among the lines that you have mentioned where overfat carcasses no longer could go into the red bracket. Hogs is a somewhat different problem. The hog, as it is graded, does not, of necessity, appear before the consumer in that manner, so far as fat covering is concerned. The other products, such as poultry and beef, in general, are not trimmed before they reach the consumer. The hog is trimmed before it does reach the consumer and therefore the grades, as applied to the carcass, may not apply to the same extent when that animal reaches the consumer.

A Grade B hog, and this is a matter of continuing concern to the department, I can assure you, properly trimmed, will put a loin of pork on the market that presumably is equivalent to that from a Grade A hog, insofar as fat covering is concerned.

Mr. JORGENSON: The result, here, is that although a farmer has made the mistake of putting slightly more fat on his hog than is required, he is penalized by getting a lower grade for that and not in proportion to what it costs to strip that fat off that loin of pork.

Mr. WILLIAMS: I would not want to enter into discussion on whether or not he is getting a fair value for his hogs. It presumably is what the market will return for it. I think, in addition to what it costs for stripping the fat off, there is the fact that the fat that is stripped off is worth a great deal less than the lean meat. I cannot quote the figures here but there is a wide range in the amount of trimming between Grade A hogs and Grade B hogs in tests that have been conducted in Canada.

Mr. JORGENSON: Are there such figures available?

Mr. WILLIAMS: Yes, such figures are available and, if you wish, we could provide them.

Mr. HERRIDGE: Mr. Chairman, I was very interested in something Mr. Williams said. I just have two questions to ask. Would he say—and I understand

this applies particularly to meat products—that the great difficulty in getting uniformity of grading results from the eating habits of the persons in the country concerned?

The second question is, is there a worldwide tendency to desire lighter carcasses? I remember, when I was a boy, we used to put 500 lb. hogs on the market, dressed. They would not be very acceptable today.

Mr. WILLIAMS: In answer to your first question, there is no doubt in my mind that the difference in grade standards for meat, particularly in the beef and veal area, but more so in the beef, is largely associated with the eating habits. The type of beef animal that brings a premium price in Europe would not bring a premium price in this country.

In respect to the latter, I think I would be only able to give you a matter of opinion on whether there is a demand for a lighter animal or whether the economies of production associated with the producing of the lighter animal have brought about these changes.

In general, lighter animals are more competitive in terms of feed conversion. The rate of feed conversion with beef, with hogs, with poultry—that is to say, the number of pounds of feed required to put on a pound of gain—goes up very sharply as the weight of the animal or bird increases. So there is some compunction on the part of producers to market at lighter weights. I think it is a case of where the demand started competitively.

I think you all appreciate that, depending upon the type of animal, this compunction or increased efficiency in marketing in lighter weights depends very largely on the cost of your original unit. If it was a chick it costs very little in terms of the final product at which this broiler or roaster is marketed. If it was a 1100 pound steer and you bought a 900 lb feeder, your initial unit costs you a great deal in comparison with the total value of the animal when it was finished.

Mr. FORBES: Mr. Chairman, I am not quite certain whether or not this is the fountain of discussion at which to ask my question, but it seems Mr. Williams, as head of the Stabilization Board, has been replying to questions. I would like to ask him, in view of the fact that we have a floor price on cattle, how do you put this floor price into effect and who determines when cattle have reached the floor?

Mr. WILLIAMS: The Agricultural Stabilization Act states that cattle must be supported at 80 per cent of the base price or 10 year average. Each year the Board calculates that 80 per cent and records it. This is a mandatory product and it must be supported at this level. In this country we are, then, in the very fortunate position that the price of cattle has never fallen below this level. We calculate the price through what is known as our Markets Information Section who maintain, on a daily and a weekly basis, the trading prices for steers at all the major markets across Canada.

Were the price to fall to the support level, the Board would have to make a decision on how it would support the price of steers. There are many ways

available to it. It could be by a deficiency payment, it could be by offer to purchase or it could be by a direct payment to producers marketing these animals.

Mr. JORGENSON: Mr. Chairman, may I raise a point of order here? We are wandering again and I think we are going to find ourselves in extreme difficulty if we jump about from one section to the other. Now, the Agriculture Stablization Board is an item which appears just a little bit later on this statement that we have received.

I suggest that, in order to preserve continuity, we deal with one subject at a time because, otherwise, you are going to find, after the Minutes of this meeting have been recorded, that you will have to attempt to locate these statements that have been made and the answers that have been given to questions, and it would be much easier to look for them if they are dealt with in the order in which they appear, rather than wandering about from one to the other.

Mr. FORBES: Mr. Chairman, I apologize but you will recall that I asked whether this was the right point in the proceedings for me to ask my question. I will concede to Mr. Jorgenson's request but when we come back to this item again, I have a number of further questions to ask.

The CHAIRMAN: Thank you, Mr. Forbes. I think Mr. Jorgenson's suggestion is well taken and we should try and follow the script as closely as we can.

Mr. FAULKNER: Mr. Chairman, where would you say we are, in terms of that?

The CHAIRMAN: We are on the Production and Marketing Branch. Now, there is Livestock Division, Poultry Division, Dairy Division and Fruit and Vegetable Division.

Mr. FAULKNER: I will hold my question till we get to page 4.

Mr. JORGENSON: The grading of agricultural products was the item we were dealing with.

The CHAIRMAN: We are not dealing exactly with the specifics of it; it is a generalization as far as I am concerned here now, on these items. And, as Mr. Jorgenson says, I think it would be wise if we could follow this grading of agricultural products. It covers such a wide area that it would certainly give you a lot of room for questions concerning these products. I know that, as Chairman, I have some questions I would like to ask concerning fruit and vegetables.

Mr. CLERMONT: On the grading of butter, how many inspectors do you have in Quebec? It shows here at page 2 that the butter is graded in 56-pound boxes. Is it graded in the factory?

The CHAIRMAN: They have found the page, Mr. Clermont, and are checking the figures to give you an answer.

Mr. WILLIAMS: I am afraid we cannot, with the data we have here, break it down into specific products but we have 47 Dairy Division graders and

inspectors in the province of Quebec. But these will grade cheese and butter as well. It is not possible to figure just cheese graders or just butter graders.

Mr. CLERMONT: In Quebec it will be mostly butter. Do we produce much cheese in Quebec?

Mr. WILLIAMS: Yes, cheese.

Mr. CLERMONT: I know, in some districts, but in others not at all. But is it graded at the factory?

Mr. WILLIAMS: The butter?

Mr. CLERMONT: Yes.

Mr. WILLIAMS: The procedure followed with butter is that the samples are sent to a central point for grading.

Mr. CLERMONT: When we speak about grading, do your inspectors test, too, or only grade?

Mr. WILLIAMS: They both grade and inspect the butter. A churn or a churning of butter is sampled by the factory and is sent to a central grading area. In addition to that, our inspectors do what we call administrative inspections, that is to say, they pick up butter samples at all levels of the trade and see if they have the correct grade marked on them, whether these be pound packs or whether these be 56-pound boxes or whatever they may be. We do it at all levels.

Mr. CLERMONT: Thank you.

Mr. MATTE: Is all our dairy butter inspected?

Mr. WILLIAMS: It depends upon the provincial regulations. If grading for intra-provincial use—that is to say, for use within the province—is compulsory, insofar as the province is concerned, we grade all the butter. If it is not, we only grade that portion that moves intra-provincially.

Other than that, we have what is known as our Retail Inspection Section, and this is in certain provinces that have requested it. We have retail inspection and these people do not grade but they inspect and place under detention products appearing in retail outlets that do not meet the retail standards marked on it.

I think you gentlemen will all appreciate that an agricultural product, once established in a grade does not, of necessity, remain in that grade. It is not the same as grading a car or something of that nature. A bag of potatoes graded in the Maritimes may have changed grade by the time it reaches a Supermarket in Ottawa or, rather, the contents of it may have changed grade. A pound of butter may change grade, so we have to continue inspections at all levels of the trade. A pound of butter can pick up odours. It can have surface taint, deterioration—all kinds of things. It will not change, in all probability, in respect to its composition. We have composition standards but then we have quality standards as well.

Mr. ROXBURGH: Where are those inspectors and where do they work when a product is coming from one province to another or from the United States to Canada? As you have stated, the grade may change, and I am thinking of fruits, in this particular instance.

Mr. WILLIAMS: That is a very difficult question to answer, Mr. Roxburgh. It depends so much on the commodity about which we are talking. In general, it is inspected at the wholesale level when it arrives in this country. But it may be subject to inspection later on at various levels, through our Retail Inspection Division.

Mr. ROXBURGH: Then, what check back is there? Who is responsible in the final run? For example, if it does not come up to standards and qualifications and we say it is fruit in the A. & P. Stores, you do make another check if you have had a complaint? I am not thinking about local people because I know that complaints go back to the local grower because his name is on the basket. I am thinking of fruit that has been brought in from another province or from a State in the United States. Who, then, is responsible for that to the people who buy the fruit?

Mr. WILLIAMS: Once again, it depends a little bit. I think if I gave an example it might possibly be the best thing. Let us say that somebody bought a car load of potatoes from the United States and they were sold to him as Canada No. 1. He could have them inspected by us on arrival. If they were in a province that required it, they would be inspected, anyway. If they did not meet Canada No. 1 standards, it would be up to him, through whatever means he saw fit, to enforce his contract with the shipper. We do not enter into the commercial aspects of this transaction.

Mr. ROXBURGH: But I know of a number of cases and I know that you do also, where the inspecting of the car either has been poor or something has happened and the car load of fruit is actually not Canada No. 1. It eventually gets on the market. So the housewife buys a basket of whatever it may be and it certainly is not up to qualifications at all; what happens in a case like that?

Mr. WILLIAMS: If our inspectors discover it at any level, they place it under detention and it has to be re-grated before it can be offered for sale again. Obviously, if our inspectors do not catch it, we get a letter from the housewife and we try to remedy the complaint and see it does not happen again.

Mr. ROXBURGH: Do you feel you have enough inspectors?

Mr. WILLIAMS: Well, let us put it this way, Mr. Roxburgh, we nearly always ask for more each year. We nearly always get more each year.

Mr. RICARD: May I ask some kind of question on this?

The CHAIRMAN: Is yours, Mr. Ricard, on the same subject, concerning fruit and vegetables?

Mr. RICARD: I just want to follow up this question about the number of inspectors with a question about the quality of inspectors. How are inspectors

appointed? What consideration is given? Are there standards set and, if so, what are these standards in making your appointment of inspectors?

Mr. WILLIAMS: Inspectors are Civil Service positions and there are standards written down for the positions throughout all the divisions. There are different standards, depending upon the commodity.

Mr. RICARD: Are they appointed by competitive examination?

Mr. WILLIAMS: By competitive examination, yes.

Mr. RICARD: So any inspector in the province of Ontario would have obtained his position by having written a competitive examination and having been chosen by the Civil Service Commission in Ottawa or its comparable body in Ontario, if there is such a thing?

Mr. WILLIAMS: It might not be a written examination. It would be an examination of his competence by a Board of some type. It would be a Civil Service Board, whether it was constituted by the Civil Service itself or, if not, by the department. This is if he is a Federal inspector. If he is a provincial inspector it would have to pass the Ontario Civil Service Commission.

The sole exception to this is that from time to time we employ what we call casual inspectors. We have a few casual positions in nearly all of our divisions. They provide for severe overloads. These people may be hired for a month or two months and are selected locally, not by Civil Service competition and they are hired for six months.

In general, they are helpers rather than inspectors and very often, through their casual employment, become qualified and, later, do enter the Civil Service itself, as an inspector.

The CHAIRMAN: But, Mr. Williams, if they are hired under casual positions, they would have to have the requisite knowledge?

Mr. WILLIAMS: Yes, they are all examined for this purpose by a Board of some type.

Mr. DANFORTH: May I ask a supplementary question? Something that is of great concern to me, as far as the consumer is concerned, and this is from personal observation and a knowledge of having been a part of the industry, is hothouse cucumbers.

Now, the housewife goes into a Supermarket to buy hothouse cucumbers and they are generally in a bin or a tray on display—at a price. Now, this price is based, generally, on No. 1 product, but just a casual observation will show that not only are there No. 1 but also No. 2 and No. 3 products in the same bin at the same price. Now, obviously, one of two things has taken place; either a very substandard product has been purchased by the establishment, passing under a No. 1 grade, in direct violation to the grade standard or, secondly, the establishment itself deliberately mixed three different grades together and are pricing them at a No. 1 grade, therefore deriving a very much higher mark-up on this particular article.

What can be done in a case of this kind? Because the housewife is paying a premium price for a substandard article. What procedure can be followed? This can be very commonly observed in just a cursory travel around the supermarkets.

Mr. WILLIAMS: Once again, we run into the problem that, I suppose, all enforcement agencies have and that is, even though the regulations may say no product can move within the province that does not meet certain grade standards, it is entirely possible for somebody at the terminal end of a movement to mix one or more grades together.

I think it will be appreciated that it would be virtually impossible for the department, other than on a spot basis, to police this completely, any more than the police forces of this land do any more than sample the number of people caught speeding or parking in the wrong places. We do it on a sampling basis and if the standards do not represent an intra-provincial movement and the province does have legislation, we will place them under detention and force them to re-grade them, even forcing them to return them back to the original.

I will not say that it works perfectly. I know quite well it does not work perfectly, but it certainly is a deterrent.

Mr. DANFORTH: I am dealing here strictly with the principle involved. May I ask if there are provisions under the Act and under the administration that guard the consumers' interests when something like this is taking place? In other words, when a consumer runs into something like this where there are cucumbers offered for sale, for example, and there are three specific grades there, or worse. In some instances there are culls involved.

Is there any protection or is there any violation where this takes place? A primary producer is compelled, under the law, to carefully grade and select and designate his product and then, at the other end, is it possible for the retailer to just take and put them back together again or offer them for sale as a grade A product? Or must they be designated as No. 1 or No. 2? This is my enquiry; is there a protection or is there a violation if this is taking place?

Mr. JORGENSON: Mr. Chairman, just before Mr. Williams answers that, I would just like to ask a supplementary so that he can answer them both together. What would be the course of action that a consumer could take if he found there was a violation of the Act? Just what could a consumer do? To whom could he go? To whom would he report it?

Mr. WILLIAMS: It depends on what the violation was. If a product originated within the province and terminated in a store within the province, it would depend upon the province's legislation. In the province of Ontario, for example, they say that no product—and I am talking about fruit and vegetables now—can be displayed for sale without a grade marking. So, if it was in a province that required that, and if it was displayed with a grade marking, and if the grade marking was incorrect, the law provinces for penalties for incorrect marking and also provides for our people putting them under detention and forcing them to re-grade them.

Mr. JORGENSON: It also requires that proof be offered, does it not? And how does one obtain that?

Mr. WILLIAMS: A consumer, of course, who was in that position, would have to call on our Retail inspection people, who could go round and provide the necessary evidence. We get calls of this nature, certainly, and we send our people to investigate.

However, irrespective of whether it originated in the province or not, if it displays a national grade, that is to say, if a fellow says, "This is Canada No. 1", if it does not meet those standards, he is committing an offence under the Act, no matter where it originated. But there is nothing in our Act that says that he has to say the produce has a grade. This is provincial legislation, not federal legislation. All our Act says is that if it does show a federal grade it must meet the federal standards. He cannot use our trade names, in other words, or our national grade names, unless they meet our national standards.

Mr. HERRIDGE: I would just like to ask a supplementary question of Mr. Danforth. For the protection of the consumer, when he notices the violations of the Standards Act, has he ever reported these to the authorities concerned with inspection?

Mr. DANFORTH: Pardon?

Mr. HERRIDGE: When you have noticed these violations of the Grade Standards Act, to the disadvantage of the consumer, have you, yourself, ever reported these violations to the inspectors concerned?

Mr. DANFORTH: No, I never reported it to the inspectors but I did report it to the people who were responsible for the packaging and who had to take the responsibility for the grading.

The CHAIRMAN: I would think, in a lot of cases, by the time a consumer reported this to the officials concerned, by letter or any other means of communication, that it would be a dead issue by the time people were aware of it.

Mr. HERRIDGE: Mr. Chairman, I challenge that. I reported some apples in a store down here and the inspectors were down there within an hour.

Mr. WILLIAMS: Thank you, Mr. Herridge.

The CHAIRMAN: Because you are one who is so familiar with the laws of this country and the sources of protection, as a consumer, you are probably only one out of many millions who would know enough to do this. The officials in Ottawa, being very cautious on anything Mr. Herridge makes representations about, would be quick to act.

I have one question, to follow this up. It says here:

> In the case of fruit and vegetables and poultry products the grading is done by the commercial interests handling the products.

What does that mean?

Mr. WILLIAMS: We do not grade fruit and vegetables and poultry per se; we inspect. The people who put up the pack decide what grade it is going to be and what label is going to be on it and we provide an inspection service to see that it does meet the standards of the grade name that they put on the package.

The CHAIRMAN: Another question that I have concerning imported fruit and vegetables is this and Mr. Roxburgh touched on it. Last year, in the Food and Drugs Committee, we were very concerned with insecticides and pesticides. In Canada most of our fruit and vegetables are under strict control regarding what we can use to control fungi and insects by way of different sprays. On imported fruit and vegetables from other countries and the United States, what protection is there to the consumer of these products? We know there are other countries which do not follow regulations as strictly as we do in Canada, regarding spraying and controls.

Mr. WILLIAMS: I wonder if Mr. Phillips might answer that question for you.

Mr. PHILLIPS: Insofar as pesticide residues are concerned, this is checked by the Food and Drugs Directorate of the National Health and Welfare department.

The CHAIRMAN: You say it is checked. How is it checked? I remember when we questioned the Food and Drug people who were before us and we suggested that at border entering points they set up facilities whereby fruit and vegetables could be checked when coming into the country, they said this was not done.

Mr. PHILLIPS: Insofar as I am aware, they do check, because there have been cases that were stopped at the border when residues were found in excess of the permitted level under the Food and Drugs Act.

The CHAIRMAN: And Mr. Danforth was talking about cucumbers. Probably Mr. Danforth is aware of how the price of cucumbers in Canada was built by the importation of cucumbers from another country at a very low price. The quality did not anywhere near match ours and I would not doubt that these were some of the ones he was talking about. What grades they ever passed, I do not know, because they were simply inferior.

How do we control this type of import to protect the consumer? These were an inferior product brought from another country and put on the market. In order to grow the same product in Canada, we are subjected to the type of spraying we have to use in order to protect the consumer and the product. But we know that in some of these other countries where these products are being bought they are not subjected to these rules, as we are in Canada. Is there any way in which you control this?

Mr. WILLIAMS: If you are talking about pesticides the answer is 'No'. The Department of Agriculture does not include, in its grading standards, contaminants, irrespective of what they might be, other than if it was an obvious coating that would affect the appearance of an apple, for example. Anything

of that nature would obviously not meet our grade standards. Or if it had dirt on it or something of that nature. But, insofar as pesticides are concerned, our grade standards do not provide standards for contamination by pesticides.

The CHAIRMAN: I just have one other question. This concerns imported tomatoes and processed tomatoes. I recently had some tested by the department. I took two cans off the shelf that were processed by a Canadian processor and two cans that were imported from a European country. The European product was ten cents a can more expensive but the tests barely allowed it to pass what we call No. 2, whereas the Canadian product was excellent in every way. The solids were about 12-15 per cent less in the European cans than in the Canadian cans. Are there any regulations on this type of import to protect the consumer and ensure that he is actually getting value for money?

Mr. WILLIAMS: The regulations that we have are related to the grade. If they use our grade, it must meet our standards and we enforce that. But we do not, in all products, say that only certain grades can be imported into this country, any more than other countries say that only certain grades can be imported into their countries.

Mr. DANFORTH: May I ask a supplementary question?

The CHAIRMAN: Yes.

Mr. DANFORTH: On the matter of this grading, and it follows along the matter I brought up, Mr. Williams spoke of spot-checking. Do we have, in the major cities or in the major markets, regular checks on the produce departments, such as meat and dairy and vegetables, in these tremendous discount establishments that we have today? Are such checks made on the consumers' behalf or is it left to their complaints? What is the procedure in this case?

Mr. WILLIAMS: In all major centres, other than in the province of Quebec, we have regular retail inspections. I think there could be some argument on which are the major centres but, certainly, in all the metropolitan centres, we have regular checks. Their objective is to call on every store an average of four times a year, irrespective of its size. This is what our staffing standards are at the present time.

Now, I think you will appreciate that in any enforcement organization it does not work out that way. The people themselves know where the misdemeanours are being committed and instead of calling on a store that they know is always good, they may call 12 or 15 times on the ones that are bad. Or they may call even more often, if necessary, until they have straightened them up.

We are now making plans, at the request of the Quebec Department of Agriculture, to provide retail inspection in the province of Quebec, in the metropolitan centres there.

Mr. DANFORTH: In other words, would a large grocery outlet, here in the city of Ottawa, for example, have any indication of when an inspector might be expected to call? Could there be violations in between visits if the visits

of the inspector were of such regularity as to be anticipated. Or are these routes varied to such a degree that there can be no possibility of welcoming an inspector and having top grade produce in every department?

Mr. WILLIAMS: If our system works, it certainly could not. We change our frequency of visits, we change our inspectors around, giving them different areas so that they do not develop relationships that we would not favour. I would not gainsay the fact that what you have suggested may happen. We do our best to prevent it by setting up schedules which the man himself has to follow, rather than he being the one who determines what schedule he will follow.

Mr. SCHREYER: I would like to ask Mr. Williams if he considers it desirable or feasible or even necessary to include, in the grading standards, the contaminants or residue factors that he referred to? I know this is a policy question.

Mr. WILLIAMS: I do not think I would want to give my opinion on it but I would say this, that were the department to include it I am sure there would be a great deal of duplication of effort, because the Food and Drugs Administration covers a great many products that the department does not cover.

Mr. SCHREYER: Yes. Thank you.

Mr. RICARD: Am I right in presuming that there is a mixed or shared responsibility with regard to the grading of butter and cheese, as well by the federal and provincial governments?

Mr. WILLIAMS: Once again we get into the area, Mr. Ricard, of what province you are in. In the province of Quebec, that is correct. But, in general, across Canada the provinces accept responsibility for the standards of the plants and of the raw product because it obviously, in most cases, originates with the province.

In others words, let us take the dairy industry where milk grading and cream grading is strictly a provincial responsibility, right across Canada. We have no milk graders, we have no cream graders in the Federal Government. But because the product of this very often moves inter-provincially, we do have federal standards for butter, cheese, skimmed milk powder—most of the products other than some of the branded products, such as evaporated milk or things of that nature where we have basic standards but not grades.

In most provinces the federal standards have been accepted and have been adopted by the province as the provincial standard, in which case we enforce it within the province.

Mr. RICARD: Suppose there was a lack of agreement between the inspectors from the provincial government and the federal government; who would have the final responsibility? You say that in all other provinces but the province of Quebec, it is accepted. Would you give me the reason why the province of Quebec has not agreed to that?

Mr. WILLIAMS: I was talking about retail inspection, Mr. Ricard, and they now have agreed and we are providing staff at the present time, to move into the retail inspection there.

In the case of two people inspecting the same product and coming to disagreement, I am not at all sure who would win. I suspect it would depend very much on what jurisdiction it was under. Actually, to my knowledge, this very seldom happens. What does happen and which sometimes does cause a slight amount of difficulty is that possibly a federal or provincial grader may grade a product at one place, we will say the shipping point, and somebody else grade it at its destination at the request of the receiver. And there may be a difference of opinion there.

We have in the department, under our Fruit and Vegetables Division, a Board of Arbitration, consisting of departmental and industry people who endeavour to settle such disputes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I wonder if, at this point in the proceedings, we could discuss the type of pressures available through the Department of Agriculture on the Tariff Board when it is a question of the Americans, for example, retaliating against Canadian imports? I will give you an example.

The CHAIRMAN: We are discussing grading now. We have agreed that we are going to continue on this line of operation. We are on tariffs, if I understood what you said here.

Mr. ROXBURGH: Mr. Chairman, we have had enough grading, right now. There have been quite a lot of questions.

The CHAIRMAN: There have been a lot of people put their hands up for questions yet.

Mr. HERRIDGE: Do not be impatient, Mr. Roxburgh.

Mr. ROXBURGH: No, I am not.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I will wait until the appropriate time. However, I thought we were discussing a few minutes ago, the import of fruit and vegetables.

The CHAIRMAN: We are talking about the grades of these fruit and vegetables.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I will keep my question, then.

The CHAIRMAN: All right. Next is Mr. Godin.

Mr. DANFORTH: Mr. Chairman, I thought the meeting was going to adjourn at 12.30. That was our understanding.

The CHAIRMAN: I thought it was 1 o'clock. Two hours was our agreed time for meetings and we called this meeting at 11.00. This is what the steering committee recommended, earlier, and the Committee adopted.

Mr. DANFORTH: Well, I am sorry, Mr. Chairman, we were not aware of that and we have already contracted another meeting at 12.30. We must apologize but we must leave.

The CHAIRMAN: It is in our subcommittee's report to the Committee and is one of the first recommendations that we made, that our meetings would be of two hours' duration.

Mr. DANFORTH: Then perhaps, Mr. Chairman, you would not see us leave.

The CHAIRMAN: I cannot see at all Mr. Godin.

(Translation)

Mr. GODIN: There is one thing that I find abnormal in the province of Quebec in the case of poultry, all packing plants are not controlled by the federal government and many small packing plants have taken advantage of this fact to kill sick birds and this is getting so serious that the producers know about this and they are sending these sick birds to those packing plants which are not inspected. This becomes a very grave danger, because leukemia is cancer.

The CHAIRMAN: I do not want to stop you, Mr. Godin, but this comes under another vote, that of Health of Animals. It comes under another section and will be discussed at length at that time, when we come to it.

Mr. GAUTHIER: With regard to inspection of fruit and vegetables and following Mr. Ricard's question, I heard Mr. Williams say that the federal government carries out inspection in most of the great cities of Canada, except in Quebec. I would like to know, from Mr. Williams if he could explain why, first all, Quebec never asks federal goverment inspection assistance in some of our cities; and secondly, because of this lack, could not some cities ask the federal government to intervene, even if Quebec has never requested this assistance, according to Mr. Williams? Could the municipalities ask the federal government for help in certain circumstances or ask them to carry out inspection in these cities?

Mr. WILLIAMS: Well, I would not want to express an opinion regarding why the province of Quebec has not asked previously. But I did say that they now have asked and we will be providing this retail inspection. You enquired whether the municipality itself could ask for this inspection.

The basic problem, here, is legislative basis. We will only inspect if our grades are the required grades in the province or in the area. We cannot inspect for somebody else's grades. If they say, by law, in the province that the Dominion of Canada's grades for butter, for example, are the provincial grades, then we move in and we inspect. But we cannot, if they have different standards and they call it a different grade name.

Insofar as fruit and vegetables are concerned in the province of Quebec, Mr. Phillips was at a meeting in Montreal on Friday of last week, at which arrangements were made for stepping-up inspection. At the present time we do provide inspection for fruit and vegetables within the province of Quebec but largely for those moving into export because we, ourselves, can require that they meet our grades if they are moving into export or inter-provincially.

Mr. GAUTHIER: It is not the same case for export from the province of Quebec.

Mr. WILLIAMS: Exports from the province of Quebec or any other province are treated identically. This is federal legislation and the same treatment is given, irrespective of the province. I am only saying that a product, which is produced within the province and sold within the province, is one over which we cannot have jurisdiction unless the province passes legislation making our grades their grades and asks us to enforce it. We can then enforce it because our law says that nobody can put our grade on a product unless it meets our grade standards.

Incidentally, Quebec has just passed legislation in respect of this and we are now moving into this area.

Mr. GAUTHIER: Has this new legislation been adopted just recently?

Mr. PHILLIPS: It was adopted just recently and has not been published, as yet, but is expected to be in the next week or so.

Mr. FAULKNER: Are you done, Mr. Gauthier?

Mr. GAUTHIER: Yes, thank you.

Mr. FAULKNER: Is it possible to get onto Dairy Products Division?

(English)

The CHAIRMAN: Mr. Herridge has a question here.

Mr. HERRIDGE: I want to say this has been a most interesting discussion and, I am sure, quite informative to the Committee. It is obvious that the inspection laws or regulations require the co-operation of the public, in general, if they are going to be effective.

I would like to ask Mr. Williams this question: has the work of the departments, its inspectors and what it is trying to do, been brought to the attention of, say, an organization like the Canadian Consumers' Association and has their co-operation been solicited to bring any violations to the attention of federal authorities, in this case, and provincial authorities under the proper circumstances?

Mr. WILLIAMS: We have, Mr. Herridge, within this branch, at least—which is what we are discussing at the present time—as well as the divisions, a Consumers Section, one of whose functions is, in essence, to give departmental grades and departmental operations in the production and marketing field the consumer flavour. They have people who, among other functions, go round the country doing publicity work, meeting with groups and telling them about these things. We put out a publication, for example, "Bye Bye Grade", that explains to the consumer all these grades and what they mean to her and what the intent of the whole operation is. So there is very close liaison between not only the Canadian Consumers' Association but all types of organizations. In particular, our consumer section does a great deal of work with the various Farm Institute people throughout the country.

Mr. HERRIDGE: Thank you. Could the Committee get a copy of that pamphlet?

Mr. WILLIAMS: Most certainly.

Mr. HERRIDGE: Thank you.

Mr. MUIR: Mr. Chairman, I would like to ask a supplementary to Mr. Gauthier's question, if I might?

The CHAIRMAN: Well, if it is a real supplementary.

Mr. MUIR: It is a supplementary. I just want to clear up something in connection with the export of Quebec butter to other provinces.

I am wondering how this is handled. Does the shipper request Canada No. 1 grade on his butter and then you inspect it? Or how do you know that Quebec butter that comes into other provinces is being graded to your standards?

Mr. WILLIAMS: Butter is a very simple commodity on which to answer such a question, because of our support programme. The Agricultural Stabilization Board buys essentially all the butter that is not just used locally and moves it around the country. And our buying standards are that we will not buy anything that is not Canada first grade and we will not buy anything that our own inspectors do not actually grade.

So far as butter is concerned, there might be a very limited movement right here, between Hull and Ottawa. In other words, there might be some very minor amounts transported, but any major inter-provincial transactions in butter would be through the Stabilization Board, not through private trade.

Mr. MUIR: Does that apply to cheese as well?

Mr. WILLIAMS: No, it would not apply to cheese.

Mr. JORGENSON: The thing that puzzles me is how Mr. Williams can hack his way through this jungle of mixed authority. I was wondering if there was some possibility that a central grading authority could be set up to administer grades all across Canada.

Mr. WILLIAMS: Well, I would think our major problem would be, Mr. Jorgenson, the British North America Act. I might say remarkable progress has been made in this. Poultry products is the outstanding example. Almost without exception, the national grades are the provincial grades, right across Canada.

The major factor, here, is whether it is a commodity that the chain stores buy in any quantity. If they do, they insist on the national grades, because a chain store that buys it in Quebec is likely to move it any place and it cannot, in general, cross boundaries unless it is graded. So this has done a great deal towards ensuring that we do have pretty well uniform standards right across Canada.

Mr. FAULKNER: Is it all right now to get on to Dairy Products Division?

The CHAIRMAN: Well, I think Mr. Grills has a question. Is yours on grades, Mr. Grills?

Mr. GRILLS: I have heard a lot about inspectors here. From my own personal experience, I think there is a very good job of inspecting done. I am not complaining about it and, as one who is in the dairy business, I know an inspector comes in and takes a pound of butter at random and tests it for moisture and grade and to whether it is up to standard. I do not know how often he comes but I know it would be three or four times a year at least. Another man

comes in and takes maybe 25 cartons of eggs and checks them and reports his findings to us. If he finds anything wrong, he reports that. Likewise with milk and butter fat tests—and this is Food and Drug again. The butter fat content of chocolate milk must be two per cent and so on.

I am just speaking from my own experience and I think, generally speaking, it is pretty well covered. I am not objecting to it. I think the consumer is well protected in the dairy line, as far as I can see.

The CHAIRMAN: Mr. Faulkner, I do not know what you mean by the Dairy Products Division.

Mr. FAULKNER: That section is on page 4 of the brief.

The CHAIRMAN: We are not near that part yet. We have Market Information, Livestock Division, and we have Mr. Clermont.

Mr. FAULKNER: Are you saying we are still on page 1 after two hours?

The CHAIRMAN: We are on page 3 now.

Mr. FAULKNER: No wonder it is so slow.

Mr. CLERMONT: You say in some cases the provinces will designate federal inspectors. Does Mr. Williams have any names of provinces that are using federal inspectors?

The CHAIRMAN: I did not get your question, Mr. Clermont.

Mr. CLERMONT: Page 3 paragraph 2 states that some provinces will designate federal inspectors to police or inspect.

Mr. WILLIAMS: I think that if we took it across all the commodities I think we would find that every province has, in some area or other, some type of inspection or other by designated federal inspectors under their Act.

Mr. CLERMONT: Including the province of Quebec?

Mr. WILLIAMS: I am afraid I could not answer that, categorically, but I believe their new legislation in respect of the dairy products does this.

Mr. CLERMONT: Thank you.

Mr. MATTE: They will be, at least under this new authority.

Mr. SCHREYER: I would ask Mr. Williams if there has been any significant federal-provincial disputation relative to grading and marketing in recent years since the time of the Nova Scotia-Prince Edward Island test cases.

Mr. WILLIAMS: You mean in the Courts?

Mr. SCHREYER: Yes, anything that would give us something in the way of criteria.

Mr. WILLIAMS: Not in recent years, I do not believe so, no. I do not believe there has been any.

Mr. SCHREYER: Since the Nova Scotia-Prince Edward Island test cases?

Mr. WILLIAMS: I can recall none.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Last fall, the Food and Drugs Directorate initiated legal proceedings against some farmers in the province of Quebec for high bacteria counts in their milk. Was this done in co-operation with the Department of Agriculture or did they just launch out on their own? I think most of the cases have been withdrawn now, because they were launched against the farmers in question without proper proof at all.

Personally, I felt that this was a completely unwarranted venture on the part of the Food and Drugs people and one in which they acted without proper proof because bacteria counts can result from a number of causes. I had quite a few arguments with them about this because I felt they were being completely unfair.

I just wondered if the Department of Agriculture had anything to do with this at all.

Mr. WILLIAMS: The Department of Agriculture would not be involved because we have no grade standards for milk itself. We have standards for the products resulting, but not for milk. I think, if anyone, it would probably have been the provincial authorities.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): No, it was the Food and Drugs Directorate.

The CHAIRMAN: Order. Are there any more questions concerning grading?

Mr. HERRIDGE: I just have one question, while we are on this item. It is not directly related to grading or inspection. It is with reference to the meetings with representatives of other countries to try and standardize grades and that sort of thing.

Have there been any meetings with respect to standardizing packaging at all?

Mr. WILLIAMS: We have had bi-lateral meetings in respect of packaging and I believe that some of the meetings of the Organization for Economic Co-operation and Development have been concerned with the subject of containers.

Mr. ROXBURGH: Relating to that, I would like to ask a question regarding inspection. We have had a lot of controversy over the years, now, about bacon inspection and grades. As I understand, recently, from the press, at one time they were to have it open so the bacon could be seen by the housewife. Now, they have decided, for I do not know what reason, that it is now only two-thirds. What is behind the principle of that and is the Department of Agriculture looking after that?

Mr. WILLIAMS: It does not come under the Department of Agriculture. This, as I understand it, is under the Food and Drugs Directorate and under a deceptive packaging or deceptive practices Act or something of that nature.

Mr. ROXBURGH: I see. The Department of Agriculture have nothing to do with that at all.

Mr. WILLIAMS: No. The Department of Agriculture, under health of animals, has certain requirements in respect to the labelling of bacon. In other words,

it must show the establishment number and things of that nature. But we do not have grade standards and we do not make any requirements in terms of the product being exposed or not exposed.

Mr. HERRIDGE: I want to say, here, that it is fortunate we remained on this item to give Mr. Roxburgh an opportunity to ask this important question.

The CHAIRMAN: Thank you, Mr. Herridge, I am sure he appreciates that.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to ask Mr. Williams another question. Do you feel, Mr. Williams, that this area which is now being covered by the actions of the Food and Drug people, should be within the purview of the Department of Agriculture? Or do you prefer that they continue acting in this area?

The CHAIRMAN: That the Food and Drugs Directorate should continue to act in this area or that it should be referred to the Department of Agriculture?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Yes, that is right.

Mr. WILLIAMS: I think I would have to say this is something on which I should not express an opinion in front of this Committee.

(*Translation*)

Mr. MATTE: Can we be less severe in regard to inspection of the scarcer product? In other words pork inspection and grading would be less severe than if there were large quantities of pork.

(*English*)

The CHAIRMAN: In your inspections do you relax them when there are shortages or over-surpluses?

Mr. WILLIAMS: I know what the question is, it is the answer that troubles me. I think I would not be fair if I did not say that there have been cases where, to meet an emergency situation, there have been some official changes in the grades. But we try to emphasise, with all our grading and inspection people, that they may not do this by themselves, they must adhere to the standard, irrespective of whether a product is in a short or a long position.

Possibly I could cite an example, which was a somewhat difficult example and is in the opposite direction. I recall in one instance where potatoes were in extremely long supply and the producers and the producer organizations themselves agreed that we should put in standards that temporarily were more stringent than normal. In other words, it was enforced culling. The potatoes had to be a larger size. In other words, the smallest size permitted was increased to meet a situation.

But I think the intent of your question was whether our inspectors themselves would do this. The answer is, if they do, they are not following instructions.

Mr. MUIR: Under whose directive were the packers told to stop trying to fool the public on their bacon packages?

The CHAIRMAN: The Food and Drugs Directorate.

Mr. WILLIAMS: The regulations in respect of exposing a slice of bacon are administered by the Food and Drugs Directorate of the Department of Health and Welfare.

Mr. MUIR: It had nothing to do with your department at all?

Mr. WILLIAMS: Not directly to do with us. We do, through our Health of Animals Division, have some specifications insofar as packaging is concerned. Our specifications do not, however, cover whether or not a slice of bacon is exposed to view. But, because we have some jurisdiction in this area, there has to be consultation about the type of package because the type of package has to comply with what our law requires to be shown on that package. In other words, it has to show the establishment number and things of that nature.

Mr. MUIR: They are still doing a pretty good job of covering the fat part of it, anyway. But the situation is a lot better than it was.

The CHAIRMAN: Are there any more questions on grading and inspection? Are there any questions on Markets Information?

Mr. HERRIDGE: How is that undertaken at the present time by the department, as far as the provinces and regions are concerned?

The CHAIRMAN: Markets information?

Mr. HERRIDGE: Yes, by being published and by other means of communication.

Mr. WILLIAMS: This particular Section operates a service that is both internal and external. It also provides the department with information and it also provides the trade and the producers with information.

In general, the information is obtained by our people on the spot in markets across Canada. It is reported by different means, depending upon the commodities, by telephone, telegraph, letters, and reports are compiled and information issued to various media. For example, the noon quotations on the radio comes through our Market Information Service where our people, in the various stockyards across Canada, collect this actual information.

There is something I would like to emphasise here. We are sometimes accused, under this, of setting prices. We do not set prices in any way, shape or form. We report prices and we report actual paying prices that took place on the market. How it is handled depends largely on the commodity but, in general, it is done by an officer or employee of the department making a report of a transaction or a series of transactions, all of which are compiled to give a master report.

The CHAIRMAN: Are there any further questions concerning Markets Information? Are there any questions concerning the Livestock Division?

Mr. MUIR: On this Livestock Division, I notice that you only designate the public yards for purposes of inspection. What do you do about the small private yards where purchasing of cattle and hogs takes place? You cover the larger public yards to see that ethical practices are followed but the smaller yards are not apparently covered under this Act.

Mr. WILLIAMS: That is right. In general, these are covered by provincial legislation. In general, the smaller yards do not deal inter-provincially. The ones we cover under the Act are the ones that, in general, operate on an inter-provincial basis.

Mr. MUIR: Would that explain how a small yard in Ottawa were able to sell dead cows as prime beef a couple of years ago?

The CHAIRMAN: Do you mean for use by the consumers?

Mr. MUIR: This would not be a public yard designated under the federal law and the federal Act?

Mr. WILLIAMS: No, this certainly was not a public yard, in this case.

Mr. JORGENSON: But any abattoir could apply to be certified under the Act, could they not, and receive federal inspection if they choose to do so. As a matter of fact, as a result of this incident a couple of years ago, did not a good many of the Ontario plants apply to be registered under the federal legislation?

Mr. WILLIAMS: Yes. We are not on a slightly different subject here, but it is somewhat related. This is stockyards?

Mr. JORGENSON: Stockyards.

Mr. WILLIAMS: These are not killing plants that we are talking about here? The Livestock Division has nothing to do with killing plants. These are terminal stockyards in Winnipeg, Montreal and so forth and the basic function of our Livestock Division there, is that it supervises the operation of the various Agents, Commission Agents, stockyard buyers, and so forth under the stockyard proprietor. We have our own Act under this—the Stockyard Act—and it ensures that the trust funds set up in these areas under the Act, are properly administered. So that, in essence, the producer has quite a good guarantee that he is going to be paid if he ships stock there. But it is not to an abbatoir, it is not to a killing plant.

The other one, I think, Mr. Jorgensen, would come under Health of Animals.

Mr. MUIR: Just one question, does this apply to these little livestock auction markets all across western Canada?

Mr. WILLIAMS: No sir, these are handled provincially.

Mr. MUIR: I want to get back again to your Stabilization Board. Is there any control or observation there with respect to the floor prices, again, taking place in these yards?

Mr. WILLIAMS: Not specifically, no.

Mr. CLERMONT: Mr. Chairman, I would like to ask a question of a general nature to Mr. Williams. I read in a report that you department is responsible for 32 or 33 pieces of legislation. Would it be possible for a member of this Committee to have copies of all that legislation? I know we can get a resumé, say, for the province of Quebec concerning farm legislation, but is it possible to get information on federal farm legislation? I know there was a red book issued in the past.

Mr. WILLIAMS: I presume you are not asking for a list or the copies; you are suggesting a résumé?

Mr. CLERMONT: Yes, that is what I had in mind.

Mr. WILLIAMS: As soon as these estimates are finished, you will have had a resumé.

Mr. CLERMONT: No, no, that is not what I meant. I read in a report that was given to us that your department is responsible for 32 or 33 pieces of farm legislation.

Mr. WILLIAMS: That is right, yes.

Mr. CLERMONT: What about supplying this Committee with a resumé of this farm legislation?

Mr. WILLIAMS: Well, this is what I think you will have finished this, sir. We could make up one. But, for example, if you turn to page 5 you will see that there are six Acts listed there under the Plant Products Division and then it goes on to explain what the Seeds Act does.

Mr. CLERMONT: But I understand that your department has such a resumé.

Mr. JORGENSON: Mr. Chairman, I think Mr. Clermont is asking for copies of all of the Acts pertaining to farm legislation.

Mr. WILLIAMS: Oh, we can give you copies of all the Acts.

Mr. CLERMONT: We tried to get some from the library but they were short of copies.

Mr. WILLIAMS: Some of these are amended from time to time, of course, or are in the process of amendment and they may not be reprinted because they know amendments are coming up.

Mr. CLERMONT: But can such information be supplied to the members of this Committee?

Mr. WILLIAMS: Yes, sir.

Mr. CLERMONT: Thank you very much.

The CHAIRMAN: Before you all go, I want to say one thing. I want it understood by the Committee that on Friday the Minister will be back, when his policy statement will be discussed further, first of all by the different Parties who wish to make a statement. Will any members who wish to make a statement, let the Clerk know? This will be followed by a general discussion of the Minister's statement.

Next Tuesday we will continue from here and I think we should make provision for the attendance of those people who can answer the racing problems, at our meeting next Tuesday.

The meeting is now adjourned until Friday morning.

APPENDIX "1"

Effect of Government Subsidies on Rate of Change in Real Net Farm Income (1949 dollar basis), 1946-48 to 1963-65

On an annual basis, it makes little or no practical difference to the rate of change in net farm income between 1946-48 and 1963-64 whether supplementary payments and subsidies paid to agriculture are included or excluded in the calculation of net farm income.

If the value of supplementary payments, as given in Farm Net Income, DBS Cat. No. 21-202, is subtracted from realized net farm income, the average net income per farm family worker (farm operators plus unpaid family help) has increased 2.4 per cent a year, comparing the average for 1946-48 with 1963-65. This compares with the figure used of 2.3 per cent a year including supplementary payments.

If the amount of Federal subsidies paid to agriculture, as described in the national accounts, is subtracted from the realized net farm income, the average percentage increase over the same comparison is again 2.4 per cent, even though the subsidies figure is larger than the supplementary payments. The so-called "subsidies" figure is larger than supplementary payments because it includes items which are not direct income payments, such as feed freight assistance on western grains.

Actually, the value of supplementary payments in 1946-48 was $16,425,000 compared with $11,560,000 in 1963-65, in current dollars. Thus, supplementary payments contribute less to net farm income in both absolute and real terms in 1963-65 than they did in 1946-48. The difference of one-tenth of one per cent could therefore be considered significant.

Comparing the five-year periods 1946-1950 with 1961-65, and deducting the supplementary payments from realized net farm income per farm family worker would place the average annual percentage change at 2.0 per cent compared with 2.2 per cent when supplementary payments are included. The average percentage change in manufacturing wages over this comparison was 2.6 per cent. The difference in the average increase in farm income arises in this case because supplementary payments averaged $16,142,000 a year in 1946-50 compared with $28,151,000 in 1961-65, again in current dollars.

TABLE 1

PRICE INDEX NUMBERS: COMMODITIES AND SERVICES USED BY FARMERS, GENERAL WHOLESALE, AND FARM PRICES OF AGRICULTURAL PRODUCTS, CANADA, 1950–1965

	Commodities and Services Used by Farmers									
	Farm machinery	Composite (excludes living costs)	Equipment and materials	Taxes and interest rates	Building materials	Gasoline oil, grease	Feed	Farm wage rates	General wholesale	Farm prices of agricultural products
					1935–1939 = 100					
1950	165.1	210.4	189.9	144.3	255.0	145.1	225.3	368.7	211.2	260.8
1951	186.8	230.0	206.0	151.8	296.1	147.1	228.2	416.6	240.2	296.8
1952	195.4	243.1	215.8	161.4	303.3	149.9	233.3	445.5	226.0	274.4
1953	196.7	239.8	207.4	168.2	307.8	150.4	215.7	449.1	220.7	250.4
1954	197.9	237.2	203.3	174.6	307.0	153.0	205.3	441.2	217.0	236.8
1955	198.8	238.3	204.6	177.2	308.8	151.7	214.7	439.7	218.9	232.7
1956	209.4	247.6	208.8	184.7	316.6	152.5	206.4	470.3	225.6	234.6
1957	223.8	255.9	211.3	191.9	322.9	155.0	204.5	501.4	227.4	234.2
1958	236.7	259.9	213.0	196.7	321.6	156.1	192.5	513.2	227.8	245.5
1959	248.4	269.5	219.1	204.7	325.6	155.9	202.7	538.2	230.6	247.4
1960	254.2	276.7	222.7	214.5	327.7	155.0	204.0	555.3	230.9	250.0
1961	261.4	282.2	226.7	220.6	324.3	156.5	210.9	566.0	233.3	261.2
1962	268.1	290.7	234.9	228.0	326.3	157.8	232.2	576.1	240.0	272.0
1963	272.9	298.6	237.4	239.2	334.2	157.5	232.0	600.6	244.6	268.4
1964	279.6	308.6	243.5	247.4	357.8	159.9	226.1	627.5	245.4	265.8
1965	284.9	319.4	247.4	247.4	371.4	159.7	227.3	677.0	250.3 [a]	272.2 [a]

[a] Preliminary

TABLE 2

Index Numbers of Average Weekly Wages and Salaries in Manufacturing, 1950-65

1949 = 100

1950	105.7	1958	165.3
1951	117.5	1959	172.5
1952	128.2	1960	177.8
1953	134.8	1961	183.6
1954	139.1	1962	189.2
1955	144.4	1963	196.1
1956	151.7	1964	204.1
1957	159.1	1965	214.0[a]

[a] Preliminary

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 5

Respecting

Estimates (1966-67) of the Department of Agriculture
(Minister's Statement)

FRIDAY, MAY 6, 1966

WITNESS:

The Honourable J. J. Greene, Minister of Agriculture.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24060—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Côté (*Dorchester*),
Mr. Crossman,
Mr. Danforth,
Mr. Èthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Nasserden,
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Tucker,
Mr. Vincent,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 23)

D. E. Levesque,
Clerk of the Committee.

Mr. Rapp replaced Mr. Vincent on May 5, 1966.

Mr. Stafford replaced Mr. Côté (*Dorchester*) on May 6, 1966.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

THURSDAY, May 5, 1966.

Ordered,—That the name of Mr. Rapp be substituted for that of Mr. Vincent on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY, May 6, 1966.

Ordered,—That the name of Mr. Stafford be substituted for that of Mr. Côté (*Dorchester*) on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

24060—1½

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Ordered,—That the name of Mr. Stafford be substituted for that of Mr. Côté (Dorchester) on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LEON-J. RAYMOND,
The Clerk of the House.

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Vice-Chairman: Mr. Hermann Laverdière

and

Mr. Beer,	Mr. Grills,	Mr. Noble,
Mr. Berger,	Mr. Herridge,	Mr. Nowlan,
Mr. Choquette,	Mr. Honey,	Mr. Olson,
Mr. Clermont,	Mr. Hopkins,	Mr. Peters,
Mr. Comtois,	Mr. Horner (*Acadia*),	Mr. Pugh,
Mr. Côté (*Dorchester*),	Mr. Johnston,	Mr. Ricard,
Mr. Crossman,	Mr. Jorgenzon,	Mr. Roxburgh,
Mr. Danforth,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Ethier,	Mr. MacDonald (*Prince*),	Mr. Tucker,
Mr. Faulkner,	Mr. Madill,	Mr. Vincent,
Mr. Forbes,	Mr. Matte,	Mr. Watson (*Assiniboia*),
Mr. Gauthier,	Mr. Moore (*Wetaskiwin*),	Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Gendron,	Mr. Muir (*Lisgar*),	Mr. Yanakis—(45).
Mr. Godin,	Mr. Nasserden,	
	Mr. Neveu,	

(Quorum 23)

D. E. Levesque,
Clerk of the Committee.

Mr. Rapp replaced Mr. Vincent on May 5, 1966.

Mr. Stafford replaced Mr. Côté (*Dorchester*) on May 6, 1966.

24068—1½

MINUTES OF PROCEEDINGS

FRIDAY, May 6, 1966.
(6)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Comtois, Danforth, Ethier, Forbes, Grills, Herridge, Hopkins, Jorgenson, Laverdière, Lefebvre, Matte, Muir (*Lisgar*), Nasserden, Neveu, Noble, Nowlan, Pugh, Rapp, Roxburgh, Schreyer, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Yanakis (26).

In attendance: From the Department of Agriculture: The Honourable J. J. Greene, Minister, Mr. S. J. Chagnon, Associate Deputy Minister, Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Stabilization Board, Dr. R. Glen, Assistant Deputy Minister (Research) and Mr. J. S. Parker, Director General—Administration.

Also present: Mr. Régimbal, M.P.

The Vice-Chairman introduced the Minister and his officials and the Committee proceeded in accordance with an agreement made at our last meeting, namely, "That one speaker for each party represented on the Committee be heard on the Minister's Statement".

At 11:00 o'clock a.m., the debate continuing, the Vice-Chairman adjourned the Committee to Tuesday, May 17, 1966.

D. E. Levesque,
Clerk of the Committee.

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Members present: Messrs. Asselin (Richmond-Wolfe), Choquette, Clermont, Comtois, Danforth, Ethier, Forbes, Grills, Herridge, Hopkins, Jorgenson, Laverdière, Lefebvre, Matte, Muir (Lisgar), Nasserden, Neveu, Noble, Nowlan, Pugh, Rapp, Roxburgh, Schreyer, Watson (Assiniboia), Watson (Châteauguay-Huntingdon-Laprairie), Yanakis (26).

In attendance: From the Department of Agriculture: The Honourable J. J. Greene, Minister, Mr. S. J. Chagnon, Associate Deputy Minister, Mr. S. R. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Stabilization Board, Dr. R. Glen, Assistant Deputy Minister (Research) and Mr. J. S. Parker, Director General—Administration.

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D. E. Levesque,
Clerk of the Committee.

EVIDENCE

FRIDAY, May 6, 1966.

• (9:50 a.m.) (*Recorded by Electronic Apparatus*)

The VICE-CHAIRMAN: Gentlemen, if it is agreeable to the Committee, we might begin right now. Is it agreed?

At our last meeting, it was suggested by Mr. Danforth, and it was agreed, that one speaker for each party represented on the Committee be heard in respect to the Minister's statement. I would ask Mr. Herridge to comment on the minister's statement, if he wishes to.

But first, I would like to thank the Minister for being here today, and to introduce Messrs. Williams, Chagnon, Glen, and Parker.

Mr. HERRIDGE: Mr. Chairman, first of all, I must say when I see the Minister smoking that delightful cigar, it comes from some place in Ontario, I shall look forward at some time to hearing his reconciliation of the differences between the policies of the Department of Agriculture and the Department of National Health and Welfare. That can come at a later date.

Mr. GREENE: You saw what happened to the Minister who was anti-smoking. She didn't keep even Health and Welfare.

Mr. HERRIDGE: Mr. Chairman, I made a few notes, when the Minister was speaking, and I am sure we all wish to thank the Minister for focusing our attention on the problems that must receive the attention of the Committee this session. While several people referred to his statement as a policy statement, I think what we took it as was a focusing of our attention on these particular problems, and our people were very pleased to hear him do this.

We are very interested in his suggestion that members of parliament have a responsibility to promote an understanding of the problems faced by rural people, and to get the understanding of the urban people in this matter. I should be interested to hear as we discuss this one suggestion any other suggestions that are made by the members of this Committee, because I am sure the Minister will also be interested; it is an important thing, and I think there is a role to be played in this respect.

We were very interested to hear his statement that only 4.5 per cent of the population in the United States are required for the production of food; whereas some 10 per cent are engaged in agriculture in Canada. Then he mentioned that it required some 40 per cent of the population in Poland to undertake the same work. I think that, as one of those who have always stuck up for the efficient family farm unit, with my colleague across the street, this is a witness to the efficiency of the economic family farm unit in the United States and in Canada, and I am one of those who hope this will be continued as a sort of way of life for us. I am a bit more concerned than the Minister in that respect, apparently.

We want to say the government's dairy policy has received the approval of producers generally, and I am one who gives the Minister full credit for persuading his colleagues that prompt and effective action was needed. I have received a number of letters in this respect. We were also interested in the Minister's remarks with respect to the need for a national marketing board or commission. This question has been discussed for the 20-ODD years that I have been here, and it may interest the Minister and the Committee to know that my colleague, Mr. Peters, moved a motion for the establishment of the national marketing board during the time I had the honour to be the parliamentary leader of the New Democratic Party. I had a purpose for putting that in there. I must say that after quite a lengthy debate his motion was defeated, but I think, largely, because members had not been informed of all the facts surrounding the circumstances of interprovincial and international marketing at that time. I might say that in this connection I had quite a lot to do with the marketing Act in British Columbia which was declared ultra vires in the first place, and then later was declared to be in order. I have always been an advocate of the need for an extension of this type of legislation, and our party has, to the federal field. I am sure the Committee will be very interested in hearing the opinions of the producers organizations that may come before the Committee as witnesses.

The Minister's references to crop insurance legislation were very interesting. I think this subject will have to be considered in relation to legislation presently being adopted by some of the provinces. If we do not have overlapping, we have some measure of co-ordination. I might say in this respect that for some years I have introduced a private bill in the House which provides for the establishment of a Canada disaster fund, and I hope the members will forgive me this rather personal reference, but it is done in all humility. I am wondering if the Committee would not be wise to consider crop insurance and the need for a disaster fund as one problem. There may be some relationship between them, because I have met a number of farmers who lost fields and barns and such through what are called disasters. We should find some appropriate way to meet and insure farmers from getting crop failure, and other disasters that I have mentioned, that can affect the farming population on occasions.

These are the recent amendments of the Farm Credit Corporation Act, and we were also glad to hear that the Minister had listened to members of the opposition when they were speaking on this measure when it was put through the House recently. He made reference to the possibility of the need for the further amendments to this act to provide additional funds for family corporations or partnerships that would be related to the total assets of one or the other.

Then the Minister made reference to the cost of farm machinery, concerning every farmer and the members of the Committee. This is a question that has been before the Committee before, and members here and I am one, hope that recommendations from this Committee will be favourably considered by the government when the report is made.

We were interested in the Minister's reference to an extension of the co-operation movement and the need for co-ordination between various groups and regions to preserve and develop what many of us are pleased to call farming as a way of life. I was very interested in a matter that was brought to my attention yesterday in connection with the University of Guelph, and the fact that certain trade unions in the Guelph area, having had the matter of the need for funds for the extension of the University of Guelph, particulary the agricultural faculty, brought to their attention, had agreed to canvas their members for subscription—and I think it is a cent a day—from their members to be provided for the extension of the agricultural facilities of the agricultural faculty of the University of Guelph. This indicates what can be done if we promote this greater understanding which the Minister mentioned in his statement at the commencement between rural and urban people. The Minister's reference to Canada's responsibility for assistance to feed the undernourished populations of the world, I think, indicates that he is viewing the whole subject of agricultural production as requiring a policy to meet all our domestic and overseas responsibilities.

There is one matter I wanted to mention, which is a question which I am very interested, and I would say, Mr. Chairman, that it came before the annual meeting of the Canadian Tree Farmers' Association. That was the question of trespass. The administration of the laws covering trespass are a provincial responsibility, but they are very varied from one province to another, and owing to the increasing population, there are many times when persons are hunting or fishing, they fail to observe the rights of the farmer and the right to the protection of his property.

I have had a good deal of experience in this because we often get as many as a couple of hundred people hunting on our place in a season, or fishing and we have always given everybody access. We are finding it more and more difficult because we get people in who do not realize, who do not close gates—stock go from one field to another—and they are in the habit, on occasions, of bringing in two or three cases of beer, drinking the beer, and then breaking the bottles on the banks of the creeks, and then the cattle cut their feet, you see.

In another instance, and they are neighbours of mine, there were some two or three carloads of people who came in and practiced target shooting all one afternoon at the tail of a steer, at a distance of about 200 yards. After firing about 100 rounds, finally cut the tail off about a foot below the rump. This can be somewhat annoying to farmers, you see.

While I find that a great majority of them are quite willing to co-operate, and do, I think it is a matter that should be placed on the agenda of our annual agricultural conference for consideration to see if we cannot devise a formula which all the provinces would accept that would, shall I say, develop an educational program in this respect to indicate the willingness of those on farm property to co-operate with persons who want to enjoy our natural resources, and yet at the same time provide for the proper respect for the rights of the man who is the foundation of society in Canada. That is all I have to say, Mr. Chairman.

The VICE-CHAIRMAN: Now I will ask Mr. Danforth for his comments.

Mr. GREENE: Do you want me to answer these as they come up, or wait until you are all finished?

The VICE-CHAIRMAN: No, I think I would wait until the end, and then you could make a general statement.

It would take up a lot of time if you were to answer all the questions.

Mr. DANFORTH: Mr. Chairman, in commenting on the statement made by the Minister, I certainly am not going to be as complimentary as the previous speaker, nor am I going to review item by item the principles enunciated by the Minister, and comment on each and every one of them. It is my intention to make a very short statement this morning of a somewhat different nature. I am sorry the Minister did not make an abrupt departure from the ordinary speech or enunciation made by a minister on this occasion. I say this because having the estimates before the Committee, and with the change in the rules of the House, it seems to me it was an abrupt departure from the system we have been accustomed to.

● (10:05 a.m.)

I think it was a golden opportunity for the Minister to make a drastic change in the pattern we have more or less dropped into over the past years. I would have hoped that the Minister would have taken advantage of this peculiar situation to try and bring the committee members up to date on the fast changing patterns and the agricultural revolution we are faced with today.

I had hoped that perhaps the Minister would have used simple principles and terms to provide the Committee with a picture of exactly where agriculture stands today as far as the department is concerned, and what agriculture is accomplishing, and then draw a comparison with the world situation where the department and the government felt Canada could take a part. I was looking forward to his giving to us and to the country as a whole the government's idea of where they thought agriculture should go, what the production goals should be or what type of agriculture we should be concentrating on. The Minister touched on this when he spoke of his world food program and of the growing population and the production capacities of the farms today compared with yesterday. But, there are no indications whether this is good or whether we should concentrate on this or where the emphasis on behalf of the government should be placed. He touched on it too when he spoke of the educational program that is necessary in the urban thinking in regard to the value of agriculture in today's economy.

I think there was an opportunity there to set out for all to see where the agricultural economy would fit into the government's picture of Canada as a whole and give the urban people an opportunity to see the close association between their economy and the economy of the farmer. Now, I think most Canadians realize that we have a Department of Agriculture that has a world wide reputation, but to most Canadians it is a gigantic organization and they can just imagine its scope. I would have hoped that the Minister would have taken this opportunity—since these are the estimates of the Department of

Agriculture—to give the Committee the government's view of the capacity of the Department of Agriculture, the programs that the various departments were concentrating on; how they fit into the picture of their consideration of the future of agriculture. He might have dealt with the continuing work that was expected of the departments and the Minister and how there could be closer co-operation between the department and the industry of agriculture, how it could be made more useful, and how the department itself could attack this major proposition of lack of public relations between agriculture and the urban population, as pointed out by the Minister.

I would have hoped that the Minister would have dealt at some length with the government's consideration of the effect of automation in this agricultural revolution that we are faced with today: the major problems it is causing the farmer today, for example the tremendous shift of labour from the fields of agriculture into industry, its effect on agriculture, the government's proposals for counter action. I would have hoped that the Minister would have taken this opportunity to deal with the increasing costs, what the government felt was the major cost price index raise that farmers should stand, what steps the government was taking in all these fields to make it more economic for the agriculturalists of today to stay with this industry.

There did not seem to be any encouragement in the speech of the Minister that would promote the youth of today to stay within the field of agriculture. I would have hoped there would be some over-all program forthcoming that would have illustrated quite clearly to a young professional agronomists today that there is a dire necessity for them to stay in the different fields of agriculture and the allied industries. They are going to be not only needed but absolutely essential if we are to meet the tremendous problems of the supply of food to meet the growing population. This I feel would have been of the utmost benefit to the Committee. We would have known what the government considered to be the major problems in the course of the consideration of the estimates. As we came to each of the departments where the major problem was focused the Committee could have asked direct questions on the departmental's action in this regard and been in a position in their wisdom to offer suggestions of how we might proceed.

It seems to me that this was the ideal time to break away from the old stolid conception that agriculture is there; it is a green thumb proposition. It could be put into a position of attacking with great effect the serious problems that are causing consternation today. I would like to use an illustration. I certainly could not agree in one point with the previous speaker on this new dairy policy. This is an example of where the benefit of advice from all parties could have been put to very practical use.

Now, in the main, this dairy policy is doing a tremendous amount of good I think over Canada and is lending encouragement to the industry. But we cannot dispute the fact that if this policy is continued in its present form across this country there will be hundreds of creameries forced out of business under the effects of the new policy. Now, the men that are supplying these creameries and the creameries themselves are an important segment of the dairy industry, and when any segment of an industry is hurt to this degree the whole industry

cannot help but suffer. This is just one instance where the conception of the program was sound; it was the principle asked for by the industry itself. The government put it into effect swiftly and we have found this one hole in the grid of the industry.

If this had been brought before the Committee we would have had the opportunity perhaps of looking into it in detail. I hope, Mr. Chairman, that we are not going to be faced with the humdrum detail of going through item by item by item of the estimates asking questions on various small economic expenditures. I trust that this Committee will deal with the major principles affecting agriculture today in a manner that will allow us when we produce a report to the government, to give them something substantial to work on in order to meet some of these major problems today. Agriculture can no longer stagger along with any government just making patch-work concessions on a year to year basis trying to keep the industry together. I think that in the light of world conditions we no longer can afford the luxury of such action on the part of government. We must meet now major issues and lay a firm groundwork on an all-party basis in order that Canadian agriculture can fulfil the role so necessary in world conditions that we are going to be faced with in the next few years. Thank you Mr. Chairman.

The CHAIRMAN: I think Mr. Jorgenson would like to comment before the Minister answers the statement.

Mr. JORGENSON: I think the work of this Committee is pretty much an extension of what the House of Commons would have done. I know there is some confirmation from members of the fact that there are a number of speeches being made this morning and I think this is part and parcel of our whole operation. I think members should be given an opportunity to make statements on the statement that the Minister has made and on agriculture in general. Following that we will proceed to the detailed consideration of the estimates. There are a rew comments I would like to make at this time regarding the general situation of agriculture.

I think the Minister when he delivered his statement mentioned some of the problems that the industry is facing. I do not think I can disagree with some of the remarks he made, and I think that his comments represented somewhat an enlightened attitude towards agriculture, something that I think is very commendable. However, I could not help but feel that he, within himself, does not have that confidence he is able to deal with the problems that he sees as he would like. I think perhaps some of that difficulty arises from the problems that he is going to have within his own cabinet. I detect a very wide range of attitudes among members of the present government, and I think that this is one of the problems that the Minister is going to be faced with, perhaps the greatest one in his administration of his department. The question of farm cost is one that immediately arises, if anyone is familiar with agriculture, as many of us are on a practical level. It is my opinion that the raising of farm prices through subsidies, through floor prices, whatever means is used, is of no avail whatsoever if we are going to allow those who supply the agricultural industry with the tools of their trade, to raise prices of their products as they see fit.

We had a group of the farm machinery people before the House of Commons Committee a few years ago. It was quite evident from the statements they made at that time in reply to some of the questions that were posed to them that they have one philosophy so far as pricing of their products is concerned and that philosophy is take all the market will bear. If you raise agricultural prices to the point where there may be a profit to the producer, if you are successful in doing this, some smart fellow in the farm implement industry or other industries that supply agriculture is going to find a way of extracting that increased profit out of the farmers' pocket.

They seem to think that it is their God given right to extract everything that may represent a profit to the farmer, and unless something is done about these people and about controlling farm costs, then all the raising of prices to the farmer that you can think of is going to be of no benefit or to no avail.

The question has been raised on many occasions that the Agriculture Committee or some commission be set up to examine this question of rising farm costs. Recently in the Manitoba Legislature a resolution was passed urging that this study be undertaken and it has been urged in the House of Commons on several occasions as well.

One might also take into consideration the effect the increases in taxes have on the cost of farm machinery. I recall reading a brochure, or something that came across my desk several years ago, about some farmer writing in inquiring about the reasons why his share of a price of a loaf of bread was so low in relation to what the consumer was paying for it and this person who received the letter decided—he was a newspaper man incidentally—that he would do a survey on his own. He discovered that out of a 24 cent loaf of bread the legitimate costs that were involved in the 24 cent loaf of bread, taking into consideration profits and so on on the parts of the various people who handle the wheat product, amounted to 12 cents. He calculated that the remaining 12 cents was made up of taxes imposed by various levels of government, county, state and federal—it was an American who did this. Now, I do not know whether our economics division has done any research along these lines to determine what impact increases in taxes has on the final costs of a product.

There is no question in anyone's mind that starting January 1, for example, after the first deductions were being made on the Canada Pension Plan, whether it was justified or not, every retail dealer in the country took this as an opportunity to raise prices of the products they sell, and blamed it on the deductions they had to make under the Canada Pension Plan. You multiply this by the number of taxes that are being applied and increased from day to day and you get an example of how costs can spiral, whether they are justified or not. It seems to me that most of these people take advantage of this opportunity to raise their prices. The question of farm credit was one that was raised and we can have no quarrel with what has been done to the Farm Credit Corporation Act. It has been one of these organizations that has materially assisted in the transformation of agriculture to a business profession and assisted in keeping up to date in the trends that have been necessitated by automation and improvements in farming techniques.

• (10:20 a.m.)

However, having said that I think one must draw attention to the fact that since this has happened there has been a considerable increase in the price of land during the past number of years. I just received an answer to a question that was placed on the order paper referring to this particular problem and I find that in the past year, for example, in the prairie provinces, the average increase in the cost of land is the highest in any single year on record. I think this is something that we should be considering too.

I recall when the Farm Credit Corporation Act was set up, at the same time the Manitoba Agricultural Credit Corporation was formed and we had the veterans transaction operation at the same time. I expressed some concern to the heads of these various credit agencies that there may be some competition for business in the province resulting in an increase in the price of land. They assured me that every step would be taken to ensure that this did not happen. Now, I am sure that they did everything in their power to prevent this increase, but it has taken place none the less and we have a situation now where because of the high cost of farm machinery and the high cost of land it is becoming virtually impossible for the younger farmer to get himself established. I do not know what the answer is. Even the amounts of credit that are available to a farmer today under the Farm Credit Corporation Act are not sufficient to set up the type of unit that can be classed as economical in some aspects of agriculture and, particularly in grain farming, where one man can handle a tremendous amount of land with the type of machinery that we have today.

It seems to me that it takes more than one generation to pay for the investment in agriculture, and I wonder if something could be done to ensure that some provision is made for a transfer of property from father to son. I do not think enough of that is being done. Mind you, I am aware of the problems that are involved here. In many cases the son does not want to farm and in many cases he is a pretty lousy farmer and it is better if he is not there. But in those cases where such a transfer is desirable, and where the younger generation are willing and eager to farm, then every form of assistance should be made available to arrange for the gradual transfer of that property so that the succeeding generation will have an opportunity to pay off the debt that is going to be incurred.

Again, you have to bear in mind the fact that agriculture will change. There will be increases in costs, perhaps larger units will be demanded. But it seems to me it is the only way that you are going to prevent the corporate type of farming that seems to be the trend today—and speaking of corporate farming, I operate my farm on the basis of a family corporation and I find it is one of the ways in which a gradual transfer of property can take place and one way in which you can operate a farm even on an absentee basis. Perhaps it is one good method that could be used to consolidate a lot of the smaller units, particularly in the face of the fact that there is such a tremendous shortage of farm labour today. This is another one of the great problems that we are facing in agriculture and perhaps the consolidation of a few of the smaller units into a form of family corporation is one of the answers that we can find.

The third point that I want to make this morning has to do with the question of necessity of co-ordinating policy. We had the rather odd spectacle Wednesday of the Minister of Trade and Commerce making an announcement with respect to the renewal of the international wheat agreement; and, yet, the Canadian Wheat Board which is responsible for the movement of this grain is under the Minister of Finance. The Minister of Agriculture in conjunction with the Minister of Forestry has the responsibility for the people who grow the wheat. So you have this rather odd division of responsibility rather than a more closely co-ordinated effort which I think is not only necessary within the department itself but within the government and even between different levels of government across the country and even internationally. I just cannot see how this type of co-ordination can be effective when you have the one industry, the agricultural industry, divided up into four different parts.

Now, within the department itself one can point out some rather serious conflicts of interest and I am speaking particularly of the Prairie Farmers Assistance Act and the Prairie Farm Rehabilitation Act; one, unintentionally, and I do not want to be unduly critical of the Prairie Farm Assistance Act because at the time it was introduced it was the type of legislation that was needed. However, through the years the Prairie Farm Assistance Act, despite the many changes that have been made,—and they have been desirable changes—is not able to perform the type of service that we envisaged when the P.F.A.A. was set up.

The Prairie Farms Assistance Act was set up as a relief measure and a relief measure it will remain. There have been some efforts to make it a crop insurance program. This it will never be unless the whole structure and intents and purposes of the act are changed. I think we were much wiser in setting up the crop insurance act. But there is no question that under P.F.A.A., if one has checked the amounts of money that have been paid out in various areas across the prairie provinces, he will find that there are some areas that come in for payments on a regular basis, if a further check is made it will be found that in many cases it is those areas that perhaps are not as well suited to the production of cereal crops as they are for the production of livestock. I think that in some respects it has been a deterrent to the more efficient and more effective use of that particular land. What P.F.A.A. represents today, to a large extent, is the transfer of money from good farming land to poor farming land in so far as the grain producer is concerned.

P.F.R.A. on the other hand, is the type of program that has done a great deal to encourage and foster the effective use of land, and the proper utilization of land. I think that this type of program has done a great deal to assist in the transformation of the prairies from what we knew of them in the '30's to what they are today. But here you have that conflict within the department that must be straightened out; otherwise, you are going to be working at cross purposes.

I want again to commend the Minister for, what I think is an enlightened approach in the statement that he made the other day despite its obvious shortcomings. I know, the Minister, has a problem, and I want to assure him that we on this side are certainly not going to be placing ourselves in a position where we are going to put in any more road blocks in his way then he has. I

want to caution him though about some of the comments that he made about the Opposition members during the debate the other day in the House of Commons, on the Farm Credit Act, and again here when he met with the Committee the other day. There is a shortage of butter and I would hope that he would not use it all up here in this Committee buttering up the members because he may find himself short on the market.

I do appreciate the interest that he has taken in the many problems that are facing him and again I want to assure him that he can depend on our support as long as we feel that he is pursuing the right course. At the same time, however, I do not think that one should get the impression this is nothing more than an oversized P.T.A. meeting. If there are criticisms, then those criticisms will be forthcoming without prejudice to the greater good of this industry with which so many of us are concerned.

The CHAIRMAN: I think the Minister will answer now and then we will resume questioning.

Mr. GREENE: Would you prefer to have it that way or would you prefer—

Mr. JORGENSON: I would suggest, Mr. Chairman, that if there are any other members who want to make statements, then let them all make them and if there are no further statements you can close off and we will proceed on to the items.

(*Translation*)

Mr. CLERMONT: Mr. Minister, I have just a comment to make on the question of inquiries into the prices of agricultural machinery. I hear our friends in the Conservative party requesting an inquiry into the prices of farm machinery either by Royal Commission or through this Commission or through this Committee. I hope it is the Committee on Agriculture that will be conducting the investigation into the prices of farm machinery and that it will be different from the Committee of 1961 which had 39 or 40 sittings and presented no final report; it only presented a preliminary report. I hope, Mr. Speaker, that if it is the intention of the Minister or the Government to set up such a committee, I trust the terms of reference of the Committee will not be the same as they were ten so that we can turn in a report that will be useful and not just a preliminary report. I do not think the earlier report affected farm machinery at all in 1961, 1962 and 1963,

(*English*)

Mr. RAPP: Mr. Chairman, may I comment on what the hon. member said. Apparently he would be in favour of setting up a standing committee to—

Mr. CLERMONT: I did not say that.

Mr. RAPP: Just let me finish my sentence.

Mr. CLERMONT: Do not put words in my mouth. I did not say that.

Mr. RAPP: At any rate, the opinion is that a standing committee to investigate on the same basis as we did in 1962—

Mr. CLERMONT: No, no. I said if the government—

Mr. RAPP: —would not serve the purpose. We all remember that. I was a member of that committee. we had quite a number of witnesses appear and

machine companies, but then the 1963 election came along. Our recommendation could never have been implemented. My suggestion to the Minister is that an inquiry should be set up. Whether it is a one man inquiry or a Royal Commission, I do not care. At the present time we have in our country people who have devoted all their energy and their edcation to matters pertaining to agriculture; and if such a person as a professor of a farm management department or a professor of an agricultural college they would be in a better position to collect this information. This step should be taken regardless of whether there is going as to be election during the inquiry period or whether changes are made in the department. On the basis of their recommendations the Minister of Agriculture or the government could take action.

• (10:35 a.m.)

We have set up one man commissions and they do not take too long to arrive at their conclusions. In our particular province I know people from the colleges who have real knowledge of the problems the farmers are faced with in respect of the high cost of farm machinery. I would just point out to the Minister that he should give this matter serious consideration. I had a private talk with the Minister on this matter and I think he understands what I mean.

Mr. WATSON (*Assiniboia*): Mr. Chairman, my remarks are going to be brief as the time is getting on and the House meets at eleven o'clock. I know we all want to listen to what the Minister has to say. I do want to say that Mr. Jorgenson has prettey well covered a good many of the problems that I wanted to mention but, at the same time, there are two or three that I feel should be mentioned. One of them is research pertaining to the cattle feeding industry. I realize that at the Experimental Farm here in Ottawa, and in various places across Canada, there is research available to the farmers. At the same time, I feel that possibly there could be more co-operation between this and going out into the actual projects on the farms. I have one specific thing in mind which I do want to mention. Today we are getting more feed lots in the cattle feeding industry and the feed lot situation, I feel, is going to change drastically in the next ten years. Along this line I am thinking of enclosed housing, where your feed lots are no longer going to be out in the open. There is going to be a completely enclosed business where cattle are going to be fed on slatted floors, the same as we have in the chicken industry today, where the chickens are never outside. I am not going to say whether this is going to be bad or good but there is a definite trend this way. There are three or four places in England and Scotland that are doing this. There are some in the Netherlands and there are two or three projects in the United States. I know that, in my area, there are one or two, in particular, who are interested in this and also in getting some definite information on what is going on. To my knowledge, today we have none in Canada at all. I feel that if the Department could work with one or two of these men in Canada and possibly give them some research and financial assistance in what can be done, this would be of great value to the whole cattle feeding industry.

Again, regarding the cattle business, I want to refer, for a few minutes, to veterinary colleges. We are now in the process of getting a veterinary college in

Saskatchewan and we will be taking in 33 or 34 students this fall. We have one at Guelph. Regarding the over-all picture at Guelph, and I am speaking from memory now, the capacity is about 70 per year. There are 200 students wanting to get in. This means that 130 of these are going to be lost and once they miss their opportunity to get in to the veterinary college, we have lost this many potential veterinarians. There is the same thing in western Canada. Our capacity is going to be about 30. It will be increased eventually, but, at the same time, we have students out there right now, about 100, who would like to go in and we are going to lose 70 potential veterinarians. Once they have missed their opportunity to go into a vet. college, then they go into a different field and, possibly, will never return. I think it is common knowledge that possibly one third of the veterinarians in Canada who graduate are picked up by the government for government veterinarians. About one third end up in the cities looking after pet cats and dogs, and what not, but the farming industry, which supplies the food for the people in Canada, are not getting their fair share of veterinarians. The only way to overcome this is to increase our capacity to turn out more veterinarians.

Another item I would like to mention now is the one the Minister mentioned the other day; P.F.A.A. and Crop Insurance. I am one of those who are possibly not in complete agreement with the idea that crop insurance is the best thing. I realize that Mr. Jorgenson comes from a province where there is more crop insurance in effect than in any other place but, at the same time, I think that we have to look back at what P.F.A.A. has done since 1939, when it was started. In this period, up until the present time, the farmers, through the one per cent contribution, have paid in $164 million. In this same period of time, they have received $353 million which means that the difference of $183 million which has come out of the federal treasury.

Now, in 1942, there was no P.F.A.A. payment at all. The next smallest year was in 1962, when there was only $1.6 million paid out in P.F.A.A. payments. What I would like to say now is that this is compulsory. I think possibly everyone realizes that it is compulsory that farmers pay into P.F.A.A. one per cent of what they receive. The exception to this is that if you are in crop insurance, you can be excused from paying into the fund. The disaster year in western Canada was 1954 when we were wiped out with rot. I am thinking in particular terms of that year, and of the Durum wheat growers. I can remember fields of wheat being two and three feet high. You would go out with a combine and could not find a kernel of wheat. There was no wheat there. If we were operating on crop insurance, which is not compulsory, these same farmers who would qualify under P.F.A.A., would not be carrying crop insurance and, therefore, would still be in the position that they had nothing at all. I think this is something that we cannot lose track of. P.F.A.A. covers everybody. Crop insurance is going to be on a voluntary basis and when it is on a voluntary basis, this is what will happen: the ones who figure it out financially and feel the difficulty as I see it and this is why I feel crop insurance would not work under the present set-up; it is not compulsory.

I am not saying, for one minute, that it sould be compulsory as I do not like compulsion, but I think if we go into it under the present set-up and if

P.F.A.A. was ever done away with, we would get ourselves into a real jackpot. As Mr. Jorgenson mentioned, it is possibly a form of relief, but it is a form of relief for a type of man who is not going to carry it if he has to do it on a voluntary basis. I realize there are certain areas—I know them as well as he does and we have them in Alberta also—which definitely should not be in the grain business. But, they are in the grain business. These are private individuals and nobody is going to take them out.

These are just a few of the things that I did have in mind, Mr. Chairman, and I am going to cut my remarks short now in order that the Minister can speak.

The VICE-CHAIRMAN: There are three other members who have asked to comment. We will have to go to the House in fifteen minutes. Now, it is up to you, Mr. Choquette, as to your comments.

Mr. ROXBURGH: I do not know how you are going to do this, in fairness to the Minister. At the same time I think that all members who are here should have the right to voice any thoughts that they have because it is for instruction and, therefore, you cannot expect them to hold down on their talk any more than you would in the House of Commons. As far as I am concerned, I have nothing definite so say, except that I just want to congratulate Mr. Jorgenson on his practical approach. I am glad to hear that somebody appreciates the fact that the Minister has approached the whole part of agriculture in an enlightened way. At the same time we would like to hear the Minister and if he feels he can reply to the comments now, that is fine; otherwise, I think the others should go on with their questions. He is not being given much time to comment. It is up to the members remaining. If the Minister feels he can do it in the next 15 minutes, that is fine.

Mr. GRILLS: I wondered if it was being fair to the Minister. As far as my few remarks are concerned, I can withhold them until some other time. They have to do with agriculture and immigration with respect to the farm labour problem. I would also like to say a word about the butter problem. However, I do not want to stand in the way of the Minister.

Mr. GREENE: Mr. Chairman, I would be most happy to come back another day. I do not think it is fair for me to answer some of the comments and then leave other members in the position that they will be talking to an empty chair the next time. I would be most happy to continue the discussion and continue it the next day until all members are finished and then reply to the whole.

Mr. MUIR (*Lisgar*): Mr. Chairman, may I suggest that it would be useful, for the Minister to have the comments of the members of the Committee, and that he peruse them and return to the Committee at his earliest convenience?

Mr. RAPP: I would suggest to the Minister that he peruse the remarks of the members and on his return comment on them.

Mr. HERRIDGE: It would be advantageous to have the statements and replies in one issue in the record. I think it would be much better if the members who have something to say this morning, say it and then let us have the Minister's replies to all these questions. You could not expect him to reply in ten minutes.

The VICE-CHAIRMAN: Mr. Grills, would you like to continue.

Mr. DANFORTH: I suggest that the members be heard, if we can hear them all this morning, and get on.

The VICE-CHAIRMAN: Is that agreeable to the Committee?

(*Translation*)

Mr. CHOQUETTE: I was not expecting to make a long speech, I only want to draw the attention of the Committee to the fact that in the Province of Quebec, there was already an inquiry. There was a Commission of Inquiry on which Mr. Chagnon was a member and he certainly has made a very worthwhile contribution. The Commission submitted an interim report on marketing of farm products. I also want to draw the attention of the Committee to the fact that the Government of Quebec set up a Royal Commission of Inquiry into farm problems in the Province of Quebec. Inevitably, the report of the Commission reflects the problems which are about the same problems for Eastern Canada, and that is why I thought the Committee should follow closely the deliberations of that royal commission in Quebec. And I don't think it would be within the procedures of the House of Commons to make representations to a provincial commission without but I would think very opportune for this Committee to follow most closely the deliberations of that Royal Commission of Inquiry, for the Royal Commission of Inquiry in Quebec will bring indubitable light on problems affecting farmers in Eastern Canada over the past few years. Farmers in Eastern Canada have been very vigorous in making their grievances known.

• (10:50 a.m.)

I would also like to point out that the *Union catholique des cultivateurs,* in its brief, submitted to the Provincial Government in Quebec, expressed the grievance which is probably the major grievance of all farmers in Canada, that is the farmers are getting less than 40 cents for every dollar of agricultural production. And I think that it is this grievance formulated with a great deal of vigor which incited the Lesage Government to set out a Royal Commission of Inquiry into farm problems. I merely wanted to make a few remarks and equally endorse an idea that is dear to my colleague, Mr. Rapp, and not brush aside the possibility of submitting the idea to the people, that is that the Unemployment Insurance Act should be amended to cover agricultural laborers.

(*English*)

Mr. GRILLS: Mr. Chairman, I assure you I will not take long because I can see that clock moving. There is one thing that I would like to bring to the Minister's attention as I have had several inquiries, phone calls and personal visits and some letters on behalf of the smaller creameries that have been previously mentioned. Smaller creameries in our area—I think this applies particularly to eastern Ontario—get their cream from small farmers. I would say that generally speaking in the area that I know, they are considered smaller farmers with herds of 5, 10 and 12 cows more often than 25 or 30. This does appear to have some urgency as they think they are in real trouble. They see the end of the small creamery. Now I know there are going to be changes taking place and there are many reasons for them. I am in sympathy with the Minister and the department trying to solve this, but when the small creamery

is gone there will not be anyone there to service these small cream shippers. One other thing that I feel is going to change that is the fact—this is my opinion and I think the Department concurs in it—that skim milk is worth about 50 cents on the farm and it is worth about $1 if it goes to the factory after the manufacturing cost it taken out; is that right? So that the skim milk has enough value in this manufacturing plant where it can be made into powder to take care of the hauling and still leave some premium. There is a real problem there, though. They are concerned about it.

The other item that I had in mind was this: Whenever we meet with the Federation of Agriculture or the farm union or farmers geneally, they will tell you they cannot get help. Farmers generally are getting older, and when I say older I do not mean they are all 60 or 70 years old, but they are getting older and their sons appear to be going other ways, taking up other occupations, and they are badly in need of help. I wonder how much importance or how much thought has been given by our immigration people to bringing in potential farmers as farm labour.

Now, with all due respect to countries of, for instance, southern Europe and their way of life, they are not agricultural countries. If we could have the people who emigrate to Canada work as potential farmers in the years to follow they would take the place of our farmers who are getting older. Today we have expensive machinery on farms. Someone said the other day in a meeting, he did not want to put an unskilled man out on the farm to run this expensive machinery. Well, a farmer who comes from an agricultural country is pretty well to some extent a skilled farmer when he comes here and he does not find too much difficulty in applying himself to our way of life. I think there could be quite a bit more done there. We are living in a world with many hungry people and that we are going to need farmers and we are not going to have enough of our own. If we can produce more food and sell it to the hungry people of the world it will help our balance of trade and we will still be in the farm business. Thank you, Mr. Chairman.

Mr. SCHREYER: I would like the Minister in his report to bring us up to date on crop insurance in British Columbia as affects fruit growers. When I say bring us up to date, I would like to know what representations will be made by the provincial authorities, or what research is done, provincially and federally; that is, working together, and what conclusions they are reaching whether crop insurance is actually feasible, the manner of coverage and the types of coverage. Could the Minister also let me know whether any further representations have been made by the province of British Columbia in regard to the payment out for the fruit losses of last year, through frost. Why I ask that is there was a question that the base of payment might be broadened. I know there have been changes since the first time, but I am wondering though whether it has been finalized and whether any further representations have come either from the government of British Columbia or the B.C. Fruit Growers Association or any other organization out there?

Mr. NOBLE: I suggest that we continue this discussion at another meeting because I think there are quite a few members here who would like to say something on it.

The VICE-CHAIRMAN: We propose to do that next Tuesday.

The Committee is adjourned to the call of the Chair.

OFFICIAL REPORT OF MINUTES

OF

PROCEEDINGS AND EVIDENCE

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The Clerk of the House.

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HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, MAY 13, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24062—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. McKinley,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 23)

Michael B. Kirby,
Clerk of the Committee.

Mr. Stefanson replaced Mr. Nasserden on May 11, 1966.

Mr. McKinley replaced Mr. Danforth on May 11, 1966.

ORDER OF REFERENCE

WEDNESDAY, May 11, 1966.

Ordered,—That the names of Messrs. Stefanson and McKinley be substituted for those of Messrs. Nasserden and Danforth on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

24062—1½

MINUTES OF PROCEEDINGS

FRIDAY, May 13, 1966.
(7)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:50 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Berger, Choquette, Clermont, Crossman, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Herridge, Honey, Hopkins, Laverdière, Lefebvre, Madill, McKinley, Muir (*Lisgar*), Neveu, Rapp, Ricard, Roxburgh, Schreyer, Tucker, Whelan, Yanakis—(27).

In attendance: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

On motion of Mr. Roxburgh, seconded by Mr. Hopkins,

Agreed,—That the Committee order an additional 1,000 copies, English, and an additional 200 copies, French, of the Committee's Proceedings and Evidence of Tuesday, April 26, 1966 (*Issue number 2*).

Mr. Muir (*Lisgar*) suggested that the quorum of the Committee be reduced. The Chair brought to the attention of the honourable members a motion made by Mr. Watson (*Châteauguay-Huntingdon-Laprairie*) and seconded by Mr. Choquette on Tuesday, April 26, 1966, to which the Committee had agreed:

> That the reduction of our quorum be referred to the Subcommittee on Agenda and Procedure for consideration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman introduced the witnesses and called Items 5 and 10. The Committee proceeded to the questioning of the witnesses.

The questioning of the witnesses continuing, at 11:00 a.m., the Chairman adjourned the Committee to 9:30 a.m. Tuesday, May 17, 1966.

Michael B. Kirby,
Clerk of the Committee.

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Members present: Messrs. Asselin (Richmond-Wolfe), Berger, Choquette, Clermont, Crossman, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Herridge, Honey, Hopkins, Lavergne, Lefebvre, Madill, McKinley, Muir (Lisgar), Neveu, Rapp, Ricard, Roxburgh, Schreyer, Tucker, Whelan, Yanakis—(27).

In attendance: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

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Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, May 13, 1966.

• (9.50 a.m.)

The CHAIRMAN: Gentlemen, I will call the meeting to order. First of all, we have a demand for extra copies of Report No. 2 which concerns the dairy policy. There has been a demand by different members and groups for extra copies of this report. We feel that probably 1,000 extra copies would be sufficient to take care of the demand. I feel we should supply the groups that are interested. Would someone care to make a motion?

Mr. CLERMONT: Will these extra copies be in French or both French and English?

The CHAIRMAN: The demands have been for copies in English, Mr. Clermont, but if you have any knowledge of there being a need for extra French copies, you can include that in the motion.

Mr. CLERMONT: Could we have 200 copies?

The CHAIRMAN: Two hundred in French also?

Mr. CLERMONT: Yes.

The CHAIRMAN: A thousand extra copies in English and 200 extra copies in French.

Mr. ROXBURGH: I so move.

Mr. HOPKINS: I second the motion.

Motion agreed to.

The CHAIRMAN: Now, today, you are all aware of the fact that we are going to proceed with research. The reason for this is that the officials concerned with the other department we were discussing last week, are not available today, and research was ready to go, so we decided to proceed with research today. I hope the Committee is in agreement with this.

Mr. MUIR (*Lisgar*): Mr. Chairman, before we proceed with the meeting, I wonder if it would not be a good idea to reduce the quorum of this Committee? All the other committees have had to do that and I think that 23 is a large quorum to expect, particularly on Friday morning.

The CHAIRMAN: Just to remind you, Mr. Muir, we have a motion before the Committee that the steering committee consider reducing the quorum and report back to the Committee. Now, we have not done that and that has probably been my fault more than anybody's because I went and made some investigations on my own and found that there had been representations by different people, including party representatives, that this Committee remain large, at the time that these committees were being set up.

I was not here last Friday, so I did not call the steering committee, but it is my intention to call the steering committee together before our meeting next Tuesday to discuss this more thoroughly. I do feel it is necessary, if we are going to proceed with the estimates at any speed at all, to lower the quorum and probably meet more than twice a week, if we are going to get the estimates finished by the end of June. We are not making much headway at the present time.

Mr. MUIR (*Lisgar*): I would not suggest that we cut it drastically but I think that 23 members are too many.

The CHAIRMAN: Yes, we have the largest quorum in the House. Actually, our quorum has been more successful than some of the other committees that are much smaller than ours. So this, in itself, puts us in good standing, I would think, so far as the interest of the members of this Committee is concerned.

We will have a report for the meeting next Tuesday and there has already been a request by many members that we meet next Thursday. Now, we had agreed to meet on Friday, because of the space problem related to the size of our Committee and we have met, now, for three Fridays in a row. I think it is now only proper that some other Committee take a turn at meeting on a Friday, and give us a chance of meeting on a Thursday.

Mr. LEFEBVRE: Mr. Chairman, is this the opinion of the steering committee that you are giving now?

The CHAIRMAN: The steering committee will submit a report. This is just an opinion through discussions we have had very informally. The steering committee will meet before next Tuesday and these are some of the things that we will be discussing and on which we will bring out a report for the Committee.

Mr. LEFEBVRE: I hope you reconsider and keep the meetings on Friday morning.

The CHAIRMAN: Do you hope so? If you have any feelings along this line, you should report them to the members of your party who are on the steering committee, and let them know what you think, before the steering committee meets. I imagine it will try and meet probably next Monday evening. I am going to send out notices and try and make contacts to see if it is suitable to the steering committee to meet next Monday and discuss lowering the quorum and the times of meeting.

We are also supposed to discuss the prior motion that has already been discussed by the Committee here, of whether we should ask the House for permission to sit while the House is sitting. These matters will be discussed by the steering committee and a report made to you next Tuesday.

Mr. FORBES: Can you tell us something about your aims? Are you aiming to cover the estimates before the House adjourns for summer recess? And do you plan on having the Board of Grain Commissioners before the Committee before that time? What are you aiming at? If we knew this, we would have some idea how many meetings we should hold and when.

The CHAIRMAN: We are hoping to get these estimates done by the end of June. We are also hoping to have the Board of Grain Commissioners. This will make it necessary that we do meet when the House is sitting; otherwise, we are not going to get nearly so far as we projected our program, because we have a lot of work on agriculture.

Mr. MUIR (*Lisgar*): Will you refresh the memories of members of the Committee regarding who are the members of the steering committee?

The CHAIRMAN: Pardon?

Mr. MUIR (*Lisgar*): May we have the names of the members of the steering committee?

The CHAIRMAN: There is myself and Mr. Asselin, Mr. Laverdiere, Mr Danforth and is it Mr. Herridge or Mr. Peters?

Mr. HERRIDGE: Mr. Peters, normally.

The CHAIRMAN: And Mr. Gauthier from Le Creditistes and Mr. Olson from the Social Credit.

If there is no further discussion, we will have a report for you next Tuesday morning at our meeting.

I should tell you what happened this week. We were supposed to meet Tuesday afternoon at 3.30 to hear the Minister's reply to the statements that were made last Friday. A representation was made to me concerning the fact that world developments were being brought before the House that afternoon and many members of this Committee wanted to be in the house and wanted to take part in this discussion. So I did not feel it was right to call this meeting, with members trying to be in two places at the same time. This was why I did not get up in the House and make the motion that we ask their permission to sit last Tuesday afternoon.

If there is no further discussion, we will proceed. We have here the people from the department concerned. First we have the Deputy Minister, Mr. S. C. Barry; Dr. J. A. Anderson, the Director General of Research, Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research Branch and Mr. J. S. Parker, Director General of Administration.

I believe you have all received this summary regarding theresearch branch. I think we should start off, right away, with questions. I think this would be proper, in order to get on with the business.

Mr. ROXBURGH: Mr. Chairman, in looking over the information which was sent to us, a thought has struck me and I would like to ask whoever is responsible, is there not a great amount of duplication in carrying out experiments in the different experimental farms across Canada? We will just take as an illustration, the national dairy breeding project. I have nothing against the dairymen but I am just taking this as an illustration. Charlottetown—how do you pronounce that in French?

An hon. MEMBER: La Pocatière.

Mr. ROXBURGH: La Pocatière, or whatever it is, national dairy breeding project; Lennoxville, dairy breeding; Normandin, national dairy breeding project; Lethbridge, dairy; Agassiz, national dairy breeding project. And also you can check down through plant breeding and diseases and forage crops and so on.

I am a farmer myself. Right at the beginning there is something having to do with Newfoundland and there are experiments for that province. Under those circumstances, we can understand these things.

But when we see dairy breeding say, in Lennoxville and in Normandin, one right beside the other, and your French name, there, that I cannot pronounce, I was just wondering if there is not a great amount of duplication in your experiments across the country. I would just like a few comments on that.

Mr. S. C. BARRY (*Deputy Minister*): Mr. Roxburgh has pinpointed one operation which, on the surface, may imply duplication but this, in fact, sir, is not so, in referring specifically to the national dairy breeding programme.

This is a large dairy cattle breeding operation involving large numbers of animals and, lacking facilities to do it at any one place, it has been spread across several stations. But all the animals involved in this, at any one station, are all part of a total national project with respect to dairy cattle breeding.

As I say, it so happens that, with the facilities available, these have had to be put at a number of points, but they are all part of the same total project.

Now, when you come to plant breeding, it is true, also, that plant breeding is carried on in several establishments but I think that Dr. Anderson and his associates can go into this in some detail. I think you will find, gentlemen, that these are indeed not duplications but that certain stations devote their efforts to certain particular crops or the crops of certain regions and, while there may apparently be several involved in cereal breeding or forage breeding, they have indeed, to a high degree, specialized with respect to specific aspects of that. Dr. Anderson may have something to add.

Dr. J. A. ANDERSON (*Director General, Research*): I think that covers the case, generally. I do not feel that there is any excessive duplication. I think we can demonstrate that.

The CHAIRMAN: Is that all your question, Mr. Roxburgh?

Mr. ROXBURGH: Yes.

Mr. ASSELIN (*Richmond-Wolfe*): Just one question about experimental farming; I understand that last year, Mr. Barry, the previous minister put in some query about the board of directors on the experimental farm in Manyberries. It had a board of directors or an advisory committee.

Mr. BARRY: An advisory committee.

Mr. ASSELIN (*Richmond-Wolfe*): Made up of farmers?

Mr. BARRY: Yes.

Mr. ASSELIN (*Richmond-Wolfe*): First of all, I would like to know how this would work out, exactly what was their role and is it the intention of the department to put in such an advisory board in all the experimental farms

across Canada? I am thinking particularly of the experimental farm in Lennoxville, because there is a complaint by the farmers that there is a lack of contact, a lack of information and that experimental farms are too big. It is not realistic, according to them.

Mr. BARRY: This has been done in a few instances where there is a very specific type of operation. On Manyberries station, which actually comes under the direction of our Lethbridge station, its work is devoted entirely to range matters in connection with the beef cattle industry. This is a specific one function station and there we did, and I think quite usefully, have an advisory committee of local ranchers, cattle and sheep people in the area, to go over with our local administration and Dr. Anderson, the projects which were to be done in their interests.

• (10.05 a.m.)

We have done the same thing under similar circumstances and in a similar type of station at Kamloops, in British Columbia.

Now, not all stations are, by any means, adaptable to this type of approach. Many of our stations have a wide range of functions and operations which would involve a large number of committees, in order to be specific in them all. And, there are many cases where, even without a formal advisory committee—and indeed, I think in a good many cases—the local administration of our stations is quite close to the people and the interests of the area.

I can think, for example, of Summerland, which is our horticultural station in British Columbia. It is very closely linked with the fruit industry and milk in the Okanagan and Kootenay valleys and where, I think, there is a high degree of liaison and an understanding of the industry and a constant association with it, without the necessity of a formal advisory committee.

We have other classes of stations, of which the classic example would probably be our cereal breeding laboratory at Winnipeg which, historically, has been called the rust research laboratory, which is involved in cereal breeding for the western provinces and deals primarily with wheat. And here, of course, this is a highly technical thing where advisory committees do not particularly fit.

I think, in general, Mr. Chairman and Mr. Asselin, my feelings is that in areas and in circumstances where advisory committees of this kind can be related to a station with one specific function, and where there is a close association with the specific interests of the area which cannot be met otherwise, this has probably worked well. But, at the moment, we have done it only with respect to Manyberries and Kamloops.

The CHAIRMAN: I only have one suggestion for the Committee—and it is only my suggestion as Chairman—and that is, that we proceed as these different items are listed; Animal Research Institute, Entomology Research Institute and Food Research Institute and so on. We may then progress without a repetition of different lines of thought.

Mr. HERRIDGE: Mr. Chairman, could we have a general question, first, on the question of research and then follow the order you suggest?

The CHAIRMAN: If you so desire, yes.

Mr. HERRIDGE: I have one question to ask. I must say, Mr. Chairman, that I am very surprised to hear Mr. Roxburgh suggest that there is possibly more being expended on research as the result of duplication. Because I think if there is one department that is entitled to full support for research, it is the Department of Agriculture, when you compare what is spent on agricultural research with what is spent in defence research.

My further question on this subject is, is there any difficulty in providing satisfactory staff to continue the research being undertaken at the present time?

Mr. ANDERSON: Mr. Herridge, the problem of recruiting in Canada and I think in all other advanced countries of the world, is that it is difficult to get a share of the top notch men and it requires very serious effort. We feel that we have been recruiting quite successfully on the whole, during the past year in particular. I think we have recruited 52 research officers during the past year and I think almost all of those have Ph.D's.

Mr. ROXBURGH: On a point of privilege, Mr. Chairman, Mr. Herridge has made a statement here and I just want to let everybody know that I am 100 per cent behind plenty of money for agricultural experiments. But you can have the best program and you can have the best there is in Canada and the world and you can do duplications—the best of governments and the best of businesses right across the country can certainly get behind the 8-ball in many cases by duplicating. All I was pointing out—and I want to get this straight to Mr. Herridge and everybody else—was the fact that we are behind this but we just do not want extra money spent where it is not necessary. I sincerely hope that Mr. Herridge believes in that.

Mr. HERRIDGE: Mr. Roxburgh's motives are entirely pure.

The CHAIRMAN: I think every member of the Committee understood what you meant, Mr. Roxburgh.

Mr. HONEY: I was just wondering whether one of the witnesses could tell us, probably in very general terms, the amount of our budget spent on agricultural research as compared with a comparable nation such as the Soviet Union or the United States or any of the other agricultural nations.

The CHAIRMAN: Percentagewise?

Mr. HONEY: Yes, percentagewise; if they could just give us a broad basis of comparison.

Mr. ANDERSON: Mr. Chairman, I do not think we can do that precisely for agriculture. But, by and large, the two leading countries in research are the United States and the U.S.S.R. which, so far as one can tell from quite detailed and exhaustive studies that have been made, are spending something like 3 per cent of the GNP on research. We are spending approximately 1 per cent of GNP.

Now, to break this down to agriculture is more difficult. I think that we might, in agriculture, show a little better comparison than we would in research in general. This is my opinion in this area.

Mr. HONEY: Thank you.

Mr. MUIR (*Lisgar*): Well, Mr. Honey asked my question, which had to do with the difficulties in regard to maintaining an adequate scientific stand. But I would like to add, do you people go to the universities, and try and recruit these young people before they get taken away or go elsewhere, such as to the United States or other parts?

Mr. BARRY: We do.

Mr. ANDERSON: We have recruiting teams out, through the Civil Service Commission. We, of course, lose some people to Canadian universities and a few people to the United States. But this is normal; there is always a turnover in any research organization.

Mr. MUIR (*Lisgar*): And the Civil Service Commission has to recruit your people for you; is that not right?

Mr. ANDERSON: Not entirely. We help; we normally have a member on each recruiting team that goes out, either from this department or some other department which has biological research. And we do a lot of bird-dogging ourselves steadily, through our staff getting people interested in making an application, which has to be made, of course, through the Civil Service Commission.

Mr. MUIR (*Lisgar*): And how do your salaries compare with the private sectors?

Mr. ANDERSON: Well the salaries for research scientists are just in the process of being corrected. A new series will probably be brought in quite shortly. There has been a great deal of work on this during the past year and I think it will make our salaries much more comparable to university salaries in Canada.

The CHAIRMAN: But Mr. Muir, what you were asking was that in the past they have not been comparable. Is this right, Dr. Anderson?

Mr. ANDERSON: I think they have been a little low in the past few years.

Mr. BARRY: In recent years. This has fluctuated over a period of years.

Mr. MUIR (*Lisgar*): Well, is not there some competition between your own departments for personnel?

Mr. ANDERSON: There is, in certain lines. There would be chemists employed, for instance, in several departments and in crown corporations. There would be, for example, pathologists both in forestry and in agriculture, but I think the competition in mainly between the civil service and the universities.

Mr. FORBES: I know of a case where a fellow left plant products and moved to plant science on account of the salary range.

Mr. BARRY: This can happen, sir.

The CHAIRMAN: Dr. Barry says that this can happen.

Mr. BARRY: Career opportunities.

Mr. HERRIDGE: Mr. Chairman, I was wondering—

The CHAIRMAN: Is this a supplementary question?

Mr. HERRIDGE: A supplementary, yes, in an elementary sort of way. I was wondering if Dr. Anderson would tell the Committee if he supports wholeheartedly the representations made by the Agricultural Institute of Canada with respect to salaries in this department?

Mr. ANDERSON: I do not know, Mr. Chairman, that I have even taken into consideration the recommendations made by the Agricultural Institute of Canada, although I am a member of it.

Mr. ETHIER: Mr. Chairman, maybe I am out of line here but I do not see anything on research in the dairy industry in this brief. I do not know whether it is the time to put a question to the research department here regarding the procedure used in buying milk on a butter fat basis. I see that they are buying milk in the British Isles, now, on the solid basis that there is in the milk. I understand that the Department of Agriculture of Canada is working pretty hard on that to find a more adequate way of buying milk.

Mr. BARRY: This would not, Mr. Chairman and Mr. Ethier, come so much within the orbit of the research branch as it would within the orbit of the production and marketing branch and the dairy division and this kind of thing. But could you elaborate on that a bit, Dr. Anderson, so far as the research branch is concerned?

Mr. ANDERSON: All of our experiments in genetics and breeding relating to dairy cattle include, as a principal measurement, the measurement of total solids in the milk. We are building up the background of information in this area, as well as in the butter fat.

Mr. ETHIER: Do you foresee that some day there would be another way to buy the milk?

Mr. ANDERSON: From the viewpoint of research, we think we shall be able to produce such data as may be required for policy decisions, if such is required.

Mr. ETHIER: Thank you.

(*Translation*)

Mr. LAVERDIÈRE: I know that research is most important. Could we obtain some information with regard to the immediate means of getting information which you use so that our farmers here who are interested, can get this information. What means do you use to disseminate this information, to provide this information to farmers?

(*English*)

Mr. ANDERSON: Mr. Chairman, one has to say, first, that agricultural extension, that is getting information out through the farmers, is primarily a provincial responsibility and the agronomes in Quebec and the agricultural representatives throughout the rest of our provinces are all under provincial control.

Now, we have extremely close liaison with these groups in areas relating, say, to information on what varieties are recommended, on what pesticides should be used and how, on what herbicides might be used and on recommendations with regard to the use of fertilizers. There are, I think, essentially in

every province, committees meeting each year to assimilate the most up to date research findings and to make the recommendations which will be put forward through the agronomes and agricultural representatives.

Now, in addition to this, our experts in all our establishments are available whenever anybody calls on them, to deal with any problem and to do trouble shooting. They are available and do speak at meetings of farmers. At many of our farms, of course, there are meetings of farm associations of one kind and another held, I was going to say, almost weekly, and I think this is true at a number of stations.

We also get out a number of bulletins, practical bulletins, and these are distributed. I think we are working in almost every field as a back-up to the extension service and doing what we can, ourselves, through our own staff, in getting information to the farmers.

If I may, Mr. Chairman, be permitted to express a personal opinion, I have frequently heard it said that there is a large gap between research and its application. I think this statement is repeated until one begins to believe that it is true. Personally, I do not think that it is. I think if an investigation is made, you will find that in areas like western Canada, for instance, our farmers are as closely on top of research findings as they are any where else in the world. I think this would apply to the Okanagan valley, to most of Ontario and various other areas.

• (10.20 a.m.)

(*Translation*)

Mr. LAVERDIÈRE: If I understand you properly you do your utmost to provide information to farmers in the province of Quebec in particular and to a number of agronomists—there are about a thousand of those now whereas perhaps fifty years ago they were only about fifteen. Do you think that you have sufficient personnel so that the farmers can be well informed by those technicians and agronomists who are now being trained in Quebec?

(*English*)

Mr. ANDERSON: On the whole, I think yes. But one has to realize that in the province of Quebec there has been a tremendous reorganization in this whole area of agricultural research during the last two to three years or perhaps a little longer than that, which we think is coming to fruition now. They have an excellent organization heading up through their Department of Agriculture and through their Agricultural Research Council. We, ourselves, have suffered a little in Quebec because we lost a number of people when the new Faculty of Agriculture was established at Laval University and as a result of the growth of the provincial department. I think we lost 17 persons, if I remember and it has not been easy to recruit replacements for them. But at the new faculty at Laval they are now starting to turn out graduates and postgraduates and a number of their people are doing Ph.D. studies now and we think this situation will correct itself within the next two to five years.

(*Translation*)

The CHAIRMAN: Are you done?

Mr. CHOQUETTE: Is there not an information service in the Department of Agriculture? Therefore, there is a very close relation between the research service and the information service?

(*English*)

Mr. BARRY: Yes, sir. I am sorry I did not bring a copy with me but, in addition to the various types of information and the various means that Dr. Anderson referred to, we have just now instituted a new quarterly publication and I will have a copy of it here at the next session. I am sorry I did not bring one today. In this publication there will be a great deal of information and stories on the work the Department is doing in this general area. This is primarily for distribution to agronomes, agricultural representatives and people who, in turn, have the responsibility of carrying the extension directly to the farmers. But, through bulletins, press releases, and a wide range of information data, we do try—and I think successfully—to disseminate quite a bit of our material.

(*Translation*)

Mr. CHOQUETTE: The reason why I ask this question is because Dr. Anderson seems to attribute to information services to provincial jurisdiction but that you say that there is an information service in the department though the service mentioned is specialized in research, are these services required to produce a monthly or bi-monthly or semi-annual report? How do they go about informing the department of the nature of research and extent of their research?

(*English*)

Mr. ANDERSON: Most of our establishments now produce a formal biannual report. In addition, most of which are closely associated—I am not thinking of Winnipeg but of places like Summerland and Agazziz and others—are producing press releases of their own, which they get out to the local press and also mimeographed reports every three months or so, mimeographed reports to the agricultural representatives dealing with the recent results of research and various matters that they wish to put before the farmers of their area. We try, as best we can, to make all this information available. On the whole, I think that Canada does a very good job in this area.

The CHAIRMAN: Mr. Madill is next, unless you want to ask a supplementary, Mr. Forbes.

Mr. FORBES: Is this the place to ask about this new chemical or vaccine you developed recently at one of the colleges?

Mr. Barry: Yes, Mr. Chairman, we would be glad to deal with it.

Mr. ANDERSON: It was developed right here in Ottawa on the Central Experimental Farm. It is a new antibiotic for which we have considerable hopes because of the wide range of micro-organisms which it will attack. It is now at the stage where we have it covered by patent application. The Canadian Patent Corporation, which handles the patents produced by civil servants and in crown corporations, has the matter in hand now and will be endeavouring to negotiate a suitable license or licenses for the further development of this antibiotic.

Mr. FORBES:: What would you use this for?

Mr. ANDERSON: We cannot really tell. This is a difficult area. When you make a discovery of this sort, you must protect it by patent as soon as you can. This means that you do as much work as rapidly as possible, then make your application for patenting because, after all, the same thing might be discovered in Japan tomorrow. Therefore we have to protect the Canadian interests here. We think, because it is a wide spectrum antibiotic, that after adequate testing it may prove to be very useful in human medicine, probably replacing some of the antibiotics now in use. We believe that it will be useful in veterinary medicine. We know, also, if it is cheap enough, it may well be useful in some applications relating to the attack of micro-organisms on plants.

In addition, I would like to say that this particular compound in produced by fermentation in a very simple broth. It is not an expensive broth to make up, fermentation is rapid, it is about 16 hours compared with six or seven days for many other well-known antibiotics and it is relatively simple to isolate from a broth and to purify. All this suggests that it will be relatively cheap to produce by comparison with other compounds.

The CHAIRMAN: Is your question along the same line, Mr. Schreyer?

Mr. SCHREYER: No.

Mr. MADILL: My question is related to the Animal Research Institute. There are three things that affect the dairyman today, and have for some years, but they have not seemed to arrive at the answer. One is acetonemia in dairy cows after they first freshen. Is there any method by which we can administer something in their feed to avert that because if you do not lose the cow they go down for the whole lactation period as far as production is concerned along the same line as milk fever and sterility. They are the three things that seem to be affecting the dairyman about as much as anything, but I think the number one is acetonemia.

Mr. J. C. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman, gentlemen, this is an excellent question in that acetonemia and milk fever are two physiological disorders in dairy cattle that are of great consequence to the dairyman. There has been a great deal of research done around the world in acetonemia or ketosis. This is a physiological disorder that affects dairy cattle, where it is known as acetonemia, and in sheep it is known as ketosis. We have research in depth going in this field now with our Dr. Sawyer in the Animal Research Institute to get at the real reason. We have had some shotgun methods of treating acetonemia which have not, as Mr. Madill has stated, been satisfactory. We have, we think, a good program in finding out just why we have acetonemia, which will be basic to a practical solution. The work on sterility in the Department is in the Animal Diseases Research Institute and I think that will come in another part of the estimates.

Mr. BARRY: That will come up under the health of animals estimates, Mr Madill.

The CHAIRMAN: Is that all, Mr. Madill?

Mr. MADILL: That is all for now.

Mr. SCHREYER: It is my understanding that the federal department of the research branch took the responsibility for carrying out basic research into plant and animal research, et cetera, for the provinces. On the other hand, the provinces were left the task of extension, that is to say, bringing the results of this research to the producers and to the farmers. Yet I have the impression that the federal Department of Agriculture does engage in a certain amount of extension service and that some of the provincial departments of agriculture engage in a certain amount of basic soils and crops research and animal research. So I would ask this; do you consider that there is any problem so far as overlapping or duplication of effort is concerned?

Mr. WOODWARD: This is, of course, a question which is raised quite often. I think, basically, when you ask if there is duplication, in general one would have to say, no, not substantially. The federal department does not engage in extension in the classical sense of employing agricultural representatives, district representatives or agronomes or this kind of thing. We do, as Dr. Anderson has said, engage indirectly in extension, by our people attending farm meetings or other discussions of this kind and by visits from farmers to our establishments. Also, of course, by the participation that we have jointly with the provinces in a wide range of recommendations with respect to such things as pesticides, fertilizers and so forth. Within this total area I would say, no, I do not think there is duplication on the extension side. Farmers of the provinces do it, provinces do it through their formal extension services and, to the extent that we are involved, it is usually with complete collaboration with the provincial organizations for the purpose.

On the research side, the research done in provinces is primarily by the universities rather than by the provincial departments per se. There are one or two exceptions to that. The Department of Agriculture in Ontario does engage in some research such as at Kemptville and Ridgetown. But, primarily, the research is done at universities. Here, in this area of total research, which is basically our department and the universities, with the large proportion of it still being in our department, we are, and I think with some degree of success, arranging co-ordination in this area as well. There are continuing discussions, formally and informally, between our scientific people and the people at the universities and we have a national organization which includes provincial deputies, myself, the deans of the colleges and senior officials, who meet to deal with these things. I think we are making some considerable progress in getting co-ordination in this direction.

I should add just one thing, and I think it is probably relevant to some of the questions which were asked earlier in connection with staff; we have this year instituted a program of providing financial assistance to universities for research in the universities—this, as a further tie-up between us.

Mr. SCHREYER: I would like to ask about research into cost of production. Is that under this branch or the economics branch?

Mr. WOODWARD: The economics branch.

The CHAIRMAN: Mr. Roxburgh, have you got a question?

Mr. ROXBURGH: This is a general question I would like to address to Dr. Barry. It has to do with the Experimental Farm at Delhi.

The CHAIRMAN: Mr. Roxburgh, we are supposed to be speaking on generalities. If you will notice on the list provided, these stations are listed and I think it would be better if—

Mr. ROXBURGH: I take the stations in order?

The CHAIRMAN: I mean, when we get to the stations but we are not that far. But, if you would not delve into that—

• (10.35 a.m.)

Mr. ROXBURGH: This is a general question that has to do with the farm itself. I understand there are going to be some improvements made at the experimental farm there and just so my western friends will know, it happens to be an experimental station on tobacco only. I was just wondering, Dr. Barry, what is being done; why is it being done; has it taken place yet or when will it?

Mr. BARRY: I think it is taking place and is in the continuing process of taking place. If you do not mind, Mr. Roxburgh, may I defer that question to Dr. Anderson and his associates in detail.

Mr. ROXBURGH: Yes, that will be fine.

The CHAIRMAN: Mr. Schreyer, a question?

Mr. SCHREYER: I have one more question. Is it in order to ask it at this time?

The CHAIRMAN: I did not realize you had any more. I should not have called on Mr. Roxburgh. I thought you had a point of order on Mr. Roxburgh's question. I thought it would have been in order if you had a point of order.

Mr. HERRIDGE: I have a point of order. I want to bring to your attention Mr. Roxburgh's very great difficulty in understanding the difference between general and particular.

Mr. ROXBURGH: Maybe Dr. Anderson will add to the answer now?

Mr. ANDERSON: I think I can answer it quite briefly. We are in the process of planning and will be probably building, I think next year, additional kilning facilities there. We also have to put in additional greenhouses and we are moving on the leaderhouse. On staff we have hired one more physiologist who is finishing up his Ph.D. and will come in shortly. We intended to move a very experienced tobacco entomologist who was familiar with the pest. Unfortunately, he died from a heart attack. We have not found a replacement yet. We have one other man being trained in the specialty of dealing with nematodes. He is currently at Vineland for training but is really working on tobacco. Both in facilities and in staff, we are building.

Mr. ROXBURGH: In the facility end, when did you say that would be starting?

Mr. ANDERSON: There is a planning stage on both of those and I doubt whether we will get started in the present fiscal year.

Mr. ROXBURGH: Is the vine under way?

Mr. ANDERSON: It is under way but it is still in the planning stage. There is no hole in the ground yet.

Mr. ROXBURGH: Thank you very much.

The CHAIRMAN: I am very surprised, Mr. Roxburgh, that you have to ask these questions when this is in your area.

Mr. ROXBURGH: No comments from the Chair.

Mr. SCHREYER: In recent weeks we have heard a good deal about a comprehensive land inventories program that is to be embarked upon by the Federal and by some of the provincial governments. I would ask if the research branch or any one of its subdivisions is to be directly involved in this?

Mr. ANDERSON: This broad program, Mr. Schreyer, is under A.R.D.A., of course. Our research branch and our soil people, in our research branch, are very closely involved in this and participating in it fully.

(Translation)

The CHAIRMAN: Mr. Laverdière.

Mr. LAVERDIÈRE: A very brief question. Some diseases in some areas seem to reappear periodically every five, six or seven years, due to a worm destroying the leaves of maple trees in particular. Is it because of that kind of epidemiology? Do we inform these people about what they should do to protect their crop?

(English)

Mr. ANDERSON: I think we do. This is a very difficult area; the epidemiology of a particular pest has a tendency to create an epidemic for a year or two and then to fall off again. It is quite common. You see it in grasshoppers in the west, you see it, as you mention, in certain insect pests of trees. We had an outbreak of the army worms in Ontario last year. We try to get in, as frequently as we can forecast that these are going to happen and we can take steps beforehand to deal with them. If it is a small isolated local outbreak, I think we hear about it as soon as anybody and we normally put an expert in and get right at it.

Mr. RICARD: Does the federal government wait until there is a request from the provincial government to walk in or do you have authority to operate first?

Mr. ANDERSON: I think that co-operation in this area is excellent. I do not think—

Mr. RICARD: I know about the co-operation, but could you walk in first without the authorization of the provincial government?

Mr. ANDERSON: Yes, I am sure we can.

Mr. RICARD: Then you have final authority?

Mr. ANDERSON: No. We may make recommendations. I am not quite sure what you mean by final authority?

Mr. RICARD: Then who has, the provincial government or the federal?

Mr. ANDERSON: If I may, sir, this is not an area, I do not think, of legislative authority. It is an area of technical assistance and technical help so that I do not suppose it would be a question of constitutional or jurisdictional authority particularly, in that sense. Whether we, or a province, may engage or may become involved in a particular pest outbreak and do what is necessary—what can be done—to help people to control it, would depend to a considerable extent on our respective facilities in the area concerned. There may be areas, for instance, in Ontario that Guelph may be involved in and may have the expertise to handle a certain thing. Or there may be other areas where we would handle it with our facilities. This is about the pattern that is followed. I am clear, Mr. Ricard, on that. It is not, primarily, a question of jurisdiction. It is a question of making use of what facilities are available.

Mr. RICARD: I am asking some questions on this because several years ago, there was a kind of epidemic like this and before any action was taken, the provincial government was throwing the ball to the federal government and the federal government throwing it back and it was too late to take any action.

Mr. ANDERSON: I do not know the circumstances, sir.

Mr. RICARD: It was along the lines of what Mr. Laverdiere was saying. It was a kind of caterpillar that was eating all the leaves. In my riding a lot of damage was done before action was taken.

Mr. ANDERSON: I think Dr. Woodward could probably contribute something here.

Mr. WOODWARD: Mr. Chairman, an example of how we are operating in Saint Jean in Quebec might help at this point. The federal and the provincial people meet weekly. This is after they have already determined what their spray calendar recommendation will be for the year. Their fieldmen come in and indicate what has happened and whether their predictions are being carried out, or what might be a severe pest. Actually they put out a spray information program and a weekly so that, for example, in the apple industry, in Quebec, your producer will know exactly when he should apply his protection. This is what we try to do between us. It is not a jurisdictional matter but, a matter of the federal and provincial people coming together and pooling their information and getting on with the job.

The CHAIRMAN: I hope the Committee will excuse the Chairman asking a question. I was interested in what Dr. Anderson said about recruiting 52 new research people with Ph.D's. How many did you lose last year?

Mr. ANDERSON: About 50.

The CHAIRMAN: Some of the members asked questions about wages. Do you find that the facilities your research people work with are adequate? Would this be part of the reason you lose some of your people?

Mr. ANDERSON: That is a very pertinent question and I think that we would have to say that our stations vary considerably. We have a number of stations where we have rebuilt the facilities and we are continuing and have a continuing plan for rebuilding. For instance, we finished a very fine station at

Swift Current last year. We are finishing up at Vineland in Ontario and West St. John's in Newfoundland this year and we have a continuing program of updating our facilities. My personal feeling is that it is falling a little behind. I wish it could go a little faster but we have certainly excellent facilities at quite a number of our major stations and have a program for building up where we need it.

The CHAIRMAN: One other question I would like to ask, sir: there was a question on extension people. I, myself, feel very strongly that in agriculture, one of the places where we fall down, whether this is strictly provincial jurisdiction or not, is on agriculture extension people to advise our farmers to visit our farms, not just by request of the farmer themselves. I have visited in many places in the United States, for instance, and they seem much further advanced in agriculture extension people than we do. I realize that the United States Department of Agriculture has much more authority and more money than we do in Canada, as far as state and federal jurisdiction are concerned compared to provincial and federal jurisdiction here, but do you feel any lack of extension, any need for further extension?

Mr. BARRY: I think it would be difficult for us to comment, Mr. Chairman, specifically there. As we have said, this is an area activity which is undertaken largely by provincial departments of agriculture. This is becoming clear and increasingly recognized by everyone that extension will become a more specialized thing than it has been in the past. As agriculture becomes more technical in its total operation, the requirements for specialized technical people and extension work increase and I think it is in this area that you probably have reference to.

The CHAIRMAN: This is what I meant, the scientific and technical assistance.

Mr. BARRY: Yes.

Mr. HERRIDGE: Mr. Chairman, I can speak from 50 years' experience, in the interior of British Columbia there has been excellent co-operation between the federal and provincial departments and in universities with respect to extension services.

The CHAIRMAN: I do not want to give the Committee the opinion that I think there is lack of co-operation but what I mean is that we may have the best scientific and technical information available, maybe in book form such as this. The common complaint or feeling that I get is that this information is not placed before the average farmer in a way that he can take advantage of. I feel that this service should be developed and we should get this information across, even if we have to hire people who have a full knowledge of this district. They should be on the road 90 per cent of their time talking to farmers and advising them on the new scientific and technical advances.

• (10.50 a.m.)

Mr. ASSELIN (*Richmond-Wolfe*): Is this done in Quebec through the agronomes, which were mentioned before? Therefore, if there were any complaints of lack of contact or lack of information to the farmers between research

and the application of research through the agronomes, it depends on the quality or the calibre of the agronomes, does it not?

Mr. ANDERSON: We must carry our share of responsibility and of co-operating with them too.

The CHAIRMAN: I know what I think you would say, Mr. Asselin, if you do not mind my making another comment, as Chairman. Most of your agronomes or agricultural representatives are overworked now in our own area and they just cannot do any more. They do not have the time to go out in the country and visit these people. I am saying that we need more people to get across this information to all those people who are engaged in agriculture.

Mr. SCHREYER: Mr. Chairman, I have a question that relates to the animal research institute, and I do not put the question in a bantering manner. I would ask if there has been any public relations problem or if there has been any difficulty, in any way, with organizations like the Society for the Prevention of Cruelty to Animals or the Humane Society? Have they ever bothered people at the institute with requests to visit the premises and so on?

Mr. BARRY: I think, referring specifically to your question on the animal research institute, the answer would be no. I do not think there has been any impediment there at all. The Society for the Prevention of Cruelty to Animals obviously takes an interest in anything in which they may feel there are difficulties. There has been some question recently with respect to laboratory animals, guinea pigs, mice and dogs—dogs particularly— and there is, I believe, a committee looking into this in which the National Research Council and other departments are involved. But, specifically, there is no specific problem so far as the animal research institute is concerned.

The CHAIRMAN: Are there any further questions on animal research institute?

Mr. SCHREYER: A supplementary question, Mr. Chairman: to your knowledge, organizations such as these have never requested permission to nose through the premises?

Mr. BARRY: No. I am referring specifically to the animal research institute now, Mr. Schreyer. We run into this a bit more in our veterinary work and in our meat inspection work and in this kind of thing.

Mr. CROSSMAN: Insect control? Would that be within the—

Mr. BARRY: Yes, sir.

Mr. CROSSMAN: Do you do work on research in insects on spruce, such as budworms or is that done by the Department of Forestry?

Mr. BARRY: It is done by the Department of Forestry.

The CHAIRMAN: It is about time for us to adjourn. I know there are many more questions. Some of the members, who are not here today, told me they would not be able to be here on account of previous commitments they had made.

Mr. LEFEBVRE: Do you intend to continue this at the next meeting?

The CHAIRMAN: Yes, next Tuesday on research, if it is in agreement with the Committee and Dr. Barry and your people.

I want to announce one other thing to the committee members before they leave. You will notice there is a new man acting as Clerk of the Committee this morning. His name is Michael Kirby. Mr. Levesque has been transferred to the Veterans Affairs Committee. They are getting ready for their trip overseas. Mr. Kirby is taking Mr. Levesque's place. If any of you want extra copies of the proceedings or any information about a meeting, get in touch with the Clerk of the Committee.

We will continue this subject next Tuesday.

The meeting is adjourned.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, MAY 17, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research).

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24160—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),	Mr. Honey,	Mr. Olson,
Mr. Beer,	Mr. Hopkins,	Mr. Peters,
Mr. Berger,	Mr. Horner (*Acadia*),	Mr. Pugh,
Mr. Choquette,	Mr. Johnston,	Mr. Rapp,
Mr. Clermont,	Mr. Jorgenson,	Mr. Ricard,
Mr. Comtois,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Crossman,	Mr. MacDonald (*Prince*),	Mr. Schreyer,
Mr. Éthier,	Mr. Madill,	Mr. Stafford,
Mr. Faulkner,	Mr. Matte,	Mr. Stefanson,
Mr. Forbes,	Mr. McKinley,	Mr. Tucker,
Mr. Gauthier,	Mr. Moore (*Wetaskiwin*),	Mr. Watson (*Assiniboia*),
Mr. Gendron,	Mr. Muir (*Lisgar*),	Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Godin,	Mr. Neveu,	
Mr. Grills,	Mr. Noble,	Mr. Yanakis—(45).
Mr. Herridge,	Mr. Nowlan,	

(Quorum 23)

Michael B. Kirby,
Clerk of the Committee.

REPORTS TO THE HOUSE

TUESDAY, May 17, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present the following as its

FIRST REPORT

Your Committee recommends that its quorum be reduced from 23 to 15 members.

Respectfully submitted,

(Concurred in Thursday, May 19, 1966.)

TUESDAY, May 17, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present the following as its

SECOND REPORT

Your Committee recommends that it be permitted to sit while the House is sitting to meet the convenience, amongst others, of the outside Officials of the Canadian Wheat Board and the Board of Grain Commissioners when they appear.

Respectfully submitted,

EUGENE WHELAN,
Chairman.

(Concurred in Thursday, May 19, 1966.)

24160—1½

MINUTES OF PROCEEDINGS

TUESDAY, May 17, 1966.
(8)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.55 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin *(Richmond-Wolfe)*, Clermont, Crossman, Ethier, Forbes, Gauthier, Gendron, Godin, Grills, Honey, Jorgenson, Laverdière, McKinley, Matte, Moore *(Wetaskiwin)*, Muir *(Lisgar)*, Noble, Nowlan, Peters, Rapp, Roxburgh, Schreyer, Tucker, Watson *(Assiniboia)*, Watson *(Châteauguay-Huntingdon-Laprairie)*, Whelan, Yanakis (27).

In attendance: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

The Chairman read a letter to the Committee from the Co-ordinator of Committees which requested honourable Members to be conscious of the proper use of the recording equipment.

The Chairman then read the Third Report of the Subcommittee on Agenda and Procedure which was as follows:

> Your Subcommittee met on Monday, May 16, 1966, Mr. Whelan presiding.
>
> *Members present:* Messrs. Asselin *(Richmond-Wolfe)*, Gauthier, Herridge, Laverdière, Muir *(Lisgar)* and Whelan (6).
>
> Your Subcommittee is of the opinion:
>
> 1. That a recommendation should be made to the House that the quorum be reduced from 23 to 19 members.
>
> 2. Since the Committee will be hearing and examining such non-resident organizations as the Wheat Board and the Board of Grain Commissioners among others, that your Committee recommend to the House that it be allowed to sit while the House is sitting to meet the convenience of the officials of such organizations.

Mr. Asselin *(Richmond-Wolfe)*, seconded by Mr. Muir *(Lisgar)*, moved that the first recommendation of the Subcommittee be amended to read "from 23 to 17 members".

Mr. Forbes, seconded by Mr. Ethier, moved that Mr. Asselin's motion be amended to read "from 23 to 15 members".

The question being put on Mr. Forbes' sub-amendment, it was resolved *on division.*

The Third Report of the Subcommittee on Agenda and Procedure was carried as amended.

The Chairman informed the Committee that the Board of Grain Commissioners could not appear before the Committee before June 15, 1966, and that the Wheat Board would appear after June 1, 1966.

The Committee then resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman called on the Committee to resume questioning of the witnesses from the Department of Agriculture on items 5 and 10.

At 11.00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9.30 a.m., Friday, May 20, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

TUESDAY, MAY 17, 1966.

(Recorded by Electronic Apparatus)

● (9.54 a.m.)

The CHAIRMAN: We will start the meeting. First of all, I would like to make one or two comments before we get on to any business of the meeting. I will read you a note that was presented to us by the co-ordinator of the committees:

> Almost all committee proceedings are now being recorded on tapes. Some technical difficulties are being experienced in which we as Chairmen of the committees, can help in the following ways:

They want me to announce each speaker's name clearly so that it can be recorded. In some cases statements are being wrongly attributed because the voice of the speaker cannot be identified. Members, when speaking, should make sure they are speaking towards the microphone on the table. If necessary, move it so that it is in close proximity or in direct line with your voice. It also says, "when statements are being lost, the speakers turn from their microphone or lean back in their chairs at the time they are talking". If you will notice we have no reporter here and all the proceedings will be recorded on tape. So if you will watch these things when you are talking it will make a better recording of the proceedings of the meeting.

We had a subcommittee meeting last night and certain recommendations were made. Present were the Chairman, Mr. Asselin, Mr. Gauthier, Mr. Herridge, Mr. Laverdiere and Mr. Muir. We discussed the following: the size of the quorum and the hours the Committee might sit when non-resident organizations were before it. On the first motion by Mr. Asselin seconded by Mr. Muir, it was recommended that a recommendation be made to the House that quorums be reduced to nineteen from twenty three. I think we should deal with this one first.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I would like to suggest at this time, seeing the difficulties we have had this morning, that I move an amendment to my own motion to reduce that 19 to 17.

The CHAIRMAN: It has to be agreed by your seconder if you are going to use the same motion.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would be willing to second that. Do I understand that I am on the original motion?

The CHAIRMAN: Yes.

Mr. MUIR (*Lisgar*): Our experience this morning shows that 17 would not be too few.

The CHAIRMAN: It has been moved by Mr. Asselin and seconded by Mr. Muir that this motion read: "That the quorum be reduced to 17 members from 23." Is there any further discussion?

Mr. FORBES: I move that we make the quorum 15.

Mr. ÉTHIER: I second it.

The CHAIRMAN: There is an amendment moved by Mr. Forbes and seconded by Mr. Éthier that the quorum be reduced to 15. Is there any discussion on the amendment that the quorum be 15. I am going to ask for a vote if there is no further discussion. All in favour of the motion that the quorum be reduced to 15. Contrary, if any? I declare the motion carried. Sub-amendment agreed to.

Since the Committee will be hearing and examining such non-resident organizations as the Wheat Board and the Board of Grain Commissioners among others, on motion of Mr. Herridge and seconded by Mr. Gauthier it was agreed that your Committee recommend to the House that it be allowed to sit while the House is sitting to meet the convenience of the officials of such organizations. Now, this does not mean that we are to use this authority just for our estimates; we will use it when we have organizations or official groups who come out, say, from Western Canada or some place else and they travel a long way to appear before the Committee. We are asking permission, if it is necessary, for this Committee to sit while the House is in session to hear these groups. Is there any discussion on this?

Mr. CROSSMAN: What is the possibility of unanimous consent in the House on this?

The CHAIRMAN: We are optimistic.

Mr. MUIR (*Lisgar*): It would be very undesirable to bring a group down, for instance, the Board of Grain Commissioners, to sit around Ottawa just to appear here for an hour and a half a day. If this were explained to the House perhaps we could get consent. I think that most of the members realize that the steering committee was pretty well represented last night.

• (10.00 a.m.)

The CHAIRMAN: We will only be sitting when some group such as the Wheat Board or the Board of Grain Commissioners or maybe the P.F.F.A. group appears before our Committee because we do not think it would be right to bring people several thousand miles to appear before this Committee and just probably sit an hour and ask them to wait another few days so they can appear before the Committee again.

Mr. CROSSMAN: I make this remark owing to past experience in the House. There are always the odd few who will not give consent.

The CHAIRMAN: Yes, but we think that this is a realistic request and if the Committee is in favour we will present it to the House and see what happens. All in favour of that motion? Contrary, if any? I declare the motion carried.

Motion agreed to.

That is all that the steering committee has to report. Dr. Barry, the Deputy Minister of Agriculture, has just informed me that the Board of Grain Commissioners can possibly be here June 16. Therefore, we can count on hearing from them sometime around that time.

Mr. RAPP: I thought we were to be through on the 15th.

The CHAIRMAN: No. They are going to be in Ottawa on the 14th and 15th and rather than have them make another trip back to Ottawa we are trying to arrange that they be before the Committee at the same time that they are here in Ottawa. Dr. Barry has not cleared it with them yet but he is hoping to make these arrangements with them ahead of time so that they can plan to be in Ottawa and appear before the Committee at the same time.

Now, I think that we are ready to start the discussion where we left off last Friday. When we adjourned the meeting last Friday we were on Animal Research Institute.

Mr. FORBES: Mr. Chairman, could I start it off this morning on a question. I do not know whether it is proper or not but there has been considerable discussion about feeding poultry litter to hogs. Has there been any research done along this line; is it feasible to feed this litter to hogs or has anything been done about it?

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): I do not think that we have any research in the branch at the present time on the feeding of poultry litter to hogs. We have been following the work that is being done, particularly in the United States, but we have not been carrying out any experiments ourselves.

Mr. FORBES: Would you care to express an opinion on it?

Mr. S. C. BARRY (*Deputy Minister, Department of Agriculture*): Might I, Mr. Chairman? The more precise interest of our department in this area probably lies in our health of animals and our veterinary operation, from the standpoint of disease control and this kind of thing. The investigations we are doing are centered more in the Health of Animals Branch than in the Research Branch in this particular aspect. I am sorry that I cannot give you precisely where this stands at the moment but the Health of Animals Branch have been and are continuing rather extensive studies on the effects of feeding poultry litter to cattle. I can certainly, Mr. Forbes, have more precise information on this when we get on to the Health of Animals Branch estimates. The work has been more in there than in the Research Branch.

Mr. FORBES: Could you tell us how they feed it? Do they just throw the litter into the hogs or do they process it somehow?

Mr. BARRY: No, I think it is processed, sir, I am sure I am right on this. I think it is processed and I think it is mixed with supplements and this type of thing. This is my recollection.

Mr. FORBES: Thank you.

The CHAIRMAN: Are there any further questions on the Animal Research Institute?

Mr. NOBLE: Mr. Chairman, I would like to ask Dr. Barry if the federal Department of Agriculture takes any responsibility in research in respect of fur farming?

Mr. BARRY: Yes, sir, we do have one fur farm research station in Summerside, Prince Edward Island. This has been the extent of it to the moment. Perhaps Dr. Anderson might deal more specifically with that but that is, in general, the situation as of now.

Mr. ANDERSON: This was originally a station that was established at the time when fox furs were popular and there was a big fox operation in Prince Edward Island. More recently the fox operation has died down and there have been very few foxes produced in Canada commercially and we have been working with mink down there. We still have foxes but our main work has been with mink and I think the principal project has related to a disease known as "wet belly" that affects the fur on the belly. It is quite a small station but I think it has been fairly effective.

Mr. NOBLE: Might I ask a further question, Mr. Chairman? Do you take any responsibility in doing any analysis on feed? There is much to be said about animals on fur ranches.

Mr. BARRY: We do, Mr. Noble, have a Feeding Stuffs Act under which we have considerable jurisdiction over various prepared feeds for livestock. I am not sure, and I would like to check on this, whether fox feeds or feed for fur bearing animals comes within the purview of our Feeding Stuffs Act. May I check on this, Mr. Noble, and let you know specifically?

Mr. NOBLE: Mr. Chairman, I would like to bring to the attention of the Committee an experience I had last year at which time I sent a sample of food to the department to have some research done on it with respect to the finding of diethyl-stilbestrol that was present and I got a negative test on a product that was positive. This was quite a consideration as 15 ranches were involved and eventually it wound up in a settlement of between three-quarters and $1 million. I think that unless we have more efficient people doing this work something should be done about it because if we had not done some of this work through a private laboratory the people that were involved in this loss would have been holding the bag for this amount of money. I think that this should be looked into.

Furthermore, Mr. Chairman, I feel that something should be done about this Experimental Station in Summerside which is so far away from the centre of activity in respect to fur farming in Canada that it is almost obsolete. The work they are doing there is so insignificant compared to the money that is being spent that I think some change should be made. I would recommend that some investigation be made with respect to this station in Summerside with a view to having it moved to some point close to Ottawa, say, at Hull or somewhere close where more efficient work could be done.

Mr. ANDERSON: Mr. Chairman, may I deal with that question. We have planned to move the fur operation from Summerside to Ottawa. It is not too easy to do it promptly but we definitely have plans and these were brought to

the fore recently when we had a request to release some of the land we have at Summerside for housing for senior citizens down there. I think this will bring the thing to a head and that we will start up again in Ottawa.

Mr. NOBLE: I think that is a move in the right direction.

Mr. SCHREYER: I would like some information on the size of the operation there. How many full time staff have been appointed, et cetera.

Mr. ANDERSON: We have one professional man there, Dr. Gunn, and I think we have three supporting staff of technicians and a secretary.

Mr. SCHREYER: What is the budget?

Mr. ANDERSON: Pardon?

Mr. SCHREYER: What is the budget for the operation?

The CHAIRMAN: You are not coming through very clear, Mr. Schreyer.

Mr. SCHREYER: Mr. Chairman, I was asking as to the size of the budget.

Mr. ANDERSON: About $50,000.

The CHAIRMAN: This is for the Summerside station? One thing that might be of interest to the Committee is to know how big an industry in Canada is the mink raising industry? Can you give that information?

Mr. NOBLE: I might say that the world production of mink is now 20 million pelts. Canada, the originator of this industry, is producing only 1½ million, so you can see that not enough interest has been taken in this industry by the powers that be at the top, to encourage more people and give better service to the industry here so that it could be promoted to something much bigger than it is at present.

Mr. ROXBURGH: What would that be in dollars?

Mr. NOBLE: Well, I might say while we are on the subject that we did import $25 million worth of furs into Canada last year, a good bit of which could have been produced at home here. It is pretty hard, Mr. Roxburgh, to tell you exactly what this would amount to in dollars. I would say that you could estimate them at a value of approximately $20 a skin for mink. Our production was 1½ million pelts so you can figure that it would run around a $30 million industry.

The CHAIRMAN: Mr. Crossman, is yours a supplementary to this same line of questioning?

Mr. CROSSMAN: Yes, it is the same subject.

Is this station the only one of its kind in the maritimes?

Mr. ANDERSON: It is the only one of its kind under the Research Branch in Canada.

Mr. CROSSMAN: What is the percentage of furs raised in the maritimes?

Mr. ANDERSON: I would think it is relatively small.

Mr. NOBLE: Mr. Chairman, I might add that Ontario is the largest producer of furs of all provinces in Canada.

The CHAIRMAN: Thank you.

Mr. NOWLAN: The foxes in Prince Edward Island are pretty well over but there are mink in Nova Scotia, as Mr. Noble knows only too well.

The CHAIRMAN: Yes, I am sure that is so.

Now, Mr. Muir, have you a question on the same subject?

Mr. MUIR (*Lisgar*): No, it is not.

The CHAIRMAN: Any further questions on the problem of research in mink raising in Canada?

Mr. MUIR (*Lisgar*): Well, Mr. Chairman, I would like to ask Mr. Barry if there has been any research done on the feeding of pelleted hay in regard to the nutrition value over the ordinary cured hay?

Mr. BARRY: May I refer that to my colleagues?

Mr. ANDERSON: Yes, we have had work going on, on the use of pelleted feeds of various kinds and their advantages as compared with roughages.

The CHAIRMAN: There are advantages?

Mr. ANDERSON: There is a slick old problem. It is a question of cost versus efficiency and whether you do indeed take advantage of the not really improved nutrition, it is the uptake of the nutrients as a result of pelleting and the amount of feed that the animals will eat as compared with eating the roughage unpelleted.

Mr. MUIR (*Lisgar*): Do you find that the animals gain quicker with pelleted food?

Mr. ANDERSON: I think in general there is a greater uptake; there is a greater use of food with pelleting and this, of course, results in somewhat faster gain.

Mr. MUIR (*Lisgar*): Would you think that the use of this method would increase in Canada?

Mr. ANDERSON: I think it may, slowly.

Mr. MUIR (*Lisgar*): Could you give us the breakdown in the different costs in feeding an animal?

Mr. ANDERSON: We could produce the data for you.

Mr. MUIR (*Lisgar*): I wish you would.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, you could say that I am waiting in anticipation of the remarks that come up concerning the feeding of litter to cattle. I have done quite a bit of visiting of other farms especially down in the States and I have some personal experience in this matter myself. I think that the Research Branch should do a great deal more research in this field. It has been proven to me anyway that it is quite effective and quite good. The mixture that I have seen is made by mixing approximately 1,500 pounds of litter with about 500 pounds of corn. This has proven quite good so far and I am just waiting until Mr. Barry gives us the information.

I would also like to ask Dr. Barry a question concerning the Charolais cattle that were brought into Grosse Île and put under 90 days quarantine. I have read an article, Dr. Barry, in the *Alberta Country Life* entitled "All is not well in the Charolais Camp". The person writing this article suggested that the cattle that were brought in here, were brought in for the sole purpose of selling quite a few of them to the United States, through the Canadian farmers. I would like to know if this was your experience. They say that this is, of course, not fair, not right. Have you any comment on this?

Mr. BARRY: We also have heard these reports. We have also heard reports of the specific people who were supposed to have committed themselves to sell their cattle to the States. We have checked this out at best we can. Of course, I have to make the observation here that the ownership of these is private and there is no compulsion on a man as to what he does with his cattle. But in the main, so far as we have been able to check out these suggestions, we are not able to find that they are very valid.

• (10.15 a.m.)

There is one aspect of this that I think might be worth mentioning; there are cases where Canadians have purchased and owned these Charolais and specifically I am referring to bulls, where a part interest in the bull is owned by an American and that American will be taking semen from the bull for his use in the United States. But this does not involve ownership of the animal nor indeed does it imply that the animal will move to the United States. There is this factor, but in the actual circumstance of animals which will move from Canada to the United States as soon as they are through with quarantine, we are not able to find that this is significant. Now again, it is a private matter and I cannot be completely sure.

Mr. ASSELIN (*Richmond-Wolfe*): Is it feasible, as was suggested by the organization, for a time limit to be imposed so that any person buying an animal does not sell it to the United States or another country for a period of a year or two or three or something of that nature? Would that not be feasible?

Mr. BARRY: Well, this suggestion has been made, Mr. Asselin, and it implies a principle of a restriction on livestock sales which runs rather at variance to the principle which has applied historically in our total livestock movement. Again, I have to say, sir, that the information we have as to the possibility of this happening is such that we do not think it is going to be very significant.

Mr. ASSELIN (*Richmond-Wolfe*): Then up to now you have not found anything that is very significant in this matter?

Mr. BARRY: Not that we have been able to find, sir, by inquiries of individuals who are concerned.

Mr. ASSELIN (*Richmond-Wolfe*): There is a possibility?

Mr. BARRY: There is a distinct possibility that some may move. I could not say that none will not move.

Mr. ASSELIN (*Richmond-Wolfe*): Therefore, this article could be justified.

Mr. BARRY: It depends, I would think on the extent, sir. The implication that there is going to be a large movement is wrong. I could not guarantee that there will not be one or two or three animals move. I do not know. On the other hand, I have no knowledge of any animals specifically which are going to move.

The CHAIRMAN: Could I just make a comment on this. If I understand this line of questioning right, the United States does not allow any importation of cattle from Europe. If they are imported into Canada and we use Canadian facilities to quarantine them, Canadian officials and doctors to check them, for 90 days, then American buyers can just use Canada and the Canadian facilities as an avenue to bring in European cattle, because cattle can be imported from Canada to the United States. Is this not right?

Mr. BARRY: The use of Canadian import quarantine facilities by American buyers is not at all new. Indeed, we are mentioning now importations from the continent of Europe. We have had, for a great many years, regular importations of cattle from the United Kingdom which can come into Canada through our quarantine facilities but which cannot come into the United States and American buyers quite freely participate in the importation of cattle that they want through our quarantine facilities and take them to the United States with the full knowledge of the United States' authorities. This is a standard practice.

The CHAIRMAN: Is there a charge to these people by the Canadian government?

Mr. BARRY: The standard arrangement with respect to importations is that all the cost of the importation, the cost of taking care of the cattle, tending them, feeding them and everything is borne by the buyer.

Mr. ASSELIN (*Richmond-Wolfe*): Who supplies the staff at Gros Isle where this quarantine is done?

Mr. BARRY: The additional staff as a result of the quarantine, sir—and you must remember that Gros Isle has other uses as well—has been one veterinarian. The attendants, the help, to look after the cattle has all been supplied by the importers themselves.

The CHAIRMAN: Is that all Mr. Barry?

(*Translation*)

Mr. MATTE: Mr. Tremblay, in the Department of Agriculture, I understand that the brother of Senator Tremblay had conducted research to produce pork that would be much more satisfactory to the consumer, and he seemed to have had very good results with his present experiments. I want to know how far this research has gone?

(*English*)

Mr. BARRY: No, I am not aware of any specific research that was done by Mr. Tremblay. Mr. Tremblay, indeed, was not engaged in the research field in our department. Mr. Tremblay was an officer of our livestock division in our production and marketing branch and I think that the circumstance to which you refer has to do with swine testing program, R.O.P. for swine, rather than with research.

The CHAIRMAN: Mr. Peters did you have a question? If there are no further questions on animal research we will move on to Entimology Research Institute. Are there any questions concerning this item? No questions? We will move on to the Food Research Institute.

Mr. GRILLS: Mr. Chairman, if I might go back, how many institutes do we have across Canada?

Mr. ANDERSON: We have six institutes in Ottawa and one at Melville and one at London; eight in total.

Mr. GRILLS: Thank you.

The CHAIRMAN: Are there any questions concerning the food research?

Mr. MUIR (*Lisgar*): There is one question, Mr. Chairman, that I would like to ask with regard to the finishing of beef. It has become a habit now of some of the chains to require that the farmer, I think it is done by a pellet in the ear, to break down the cells of the meat before it is slaughtered so that it is all tender. Have you done any research on what this does to the meat itself, the food value? You can go up to, say, a Safeway Store and you can buy this tenderized meat. I have not seen this done but our neighbours who have prime steers say that before they are loaded for the slaughter house they are tenderized. I do not know how it is done. Personally, I cannot see any point in tenderizing prime beef. I am wondering what it does to the meat. Has there been any research on this?

Mr. ANDERSON: No, I do not think we have done any research in that area.

Mr. NOBLE: Mr. Chairman, may I ask a question of the doctor? Does your department not think that some research should be done in respect of what effect stilbestrol fed poultry and cattle have on human health. The reason I am saying this is that when we got into this stilbestrol fiasco last spring, this was so potent that it broke down the urinary tract of our mink and sterilized practically our whole herd. Now, if it will do this to mink what is it doing to humans who are eating this material. We know that there is some reason why we have an increased prevalance of cancer and so it must be something that we are doing different from what we did a few generations ago. Some of these things such as feeding stilbestrol food to our cattle and to our poultry and some of the things that Mr. Muir has mentioned must have some bearing on this trouble that we are experiencing in respect of our health. I think that the federal research branch should take the responsibility of finding out for sure if this is having any effect on the health of the people who are consuming this food.

Mr. BARRY: Mr. Chairman and Mr. Noble, this particular aspect of the human health implications of feeding stilbestrols, primarily is a food and drug activity. Before stilbestrols are permitted to be fed, whether it is implants or in the feed, to any animals, food and drug I think do take the responsibility of checking out the implications on human health and clear it. Because of the human health factor, this becomes a food and drug responsibility rather than an agricultural sphere of influence and application.

Mr. NOBLE: Well, Mr. Chairman, last spring when we had this trouble on our ranch, I inquired from the doctors who are members in the House of Commons, if they had any information in respect of what effect this might have on humans. There was not a doctor there who could give me an answer. They had no idea and they said that as far as they were concerned no research had been done on whether this material did have any ill effect on human health. I think this should be looked into thoroughly and soon.

Mr. MUIR (*Lisgar*): I have thought of a name that this one particular chain store uses. They call it "proten". You can buy a roast of "proten" and roast it and it just tastes like good boiling meat. It would fall apart; it is very tender. It seems to me that I am having a losing battle with the butcher in the place because I keep telling him that if the meat is any good in the first place it does not need this. He tells me I do not know how to cook it. I still think that properly aged, prime beef, is the right way to handle it and I would like to know what this "proten" does to the beef.

Dr. J. C. WOODWARD (*Associate Director-General, Research Branch, Department of Agriculture*): Mr. Chairman and Mr. Muir, live cattle, if they are treated, are usually treated with a tranquillizer rather than with anything to actually tenderize the beef. If an animal is excited prior to slaughter, you tend to get a little tougher meat, but the "proten" that you are discussing, sir, is an enzyme treatment of the meat after slaughter and it is a protelytic enzyme with which the meat is treated. This does not affect the nutritional value of the meat; but I am in full agreement with you that ayone who has a taste for good beef, just does not take naturally to a tenderized steak.

Mr. MUIR (*Lisgar*): There is a question I would like to ask and I know that the housewives are going for this because it does not matter how you cook it, it is still tender. What I am wondering is does it have some effect on the meat cells? Does it break down the cells when it is tenderized in this way? What is the effect it has on the meat?

Mr. WOODWARD: Mr. Chairman and gentlemen, a treatment with a protelytic enzyme is sort of a predigestion treatment. It does break down the meat and certainly low quality meat can be made very tender by treatment with a protelytic enzyme, after slaughter.

The CHAIRMAN: Are there any further questions on this subject?

Mr. PETERS: I would like to know what you intend to do with this business of stilbestrol?

The CHAIRMAN: Mr. Peters you will notice that we have no reporter and I am asking us to speak into the microphones, I know that it does not seem entirely proper not to look at the person you are talking to but—

Mr. PETERS: The problem is not only the stilbestrol in feed, but the abortive factor; stilbestrol is being used quite extensively for this now. I am sure that we should have some knowledge of the end result of the use of very heavy doses of stilbestrol as well as the short term one. I think that this whole matter should be given some immediate attention. I have talked to quite a number of people on this subject over the last four or five years and I find that very few understand anything about it, whether there is a residue, how long the residue lasts and what the effect is.

Certainly the problem that the mink rancher had was one that indicates that the residue stays much longer than we thought it did.

Mr. WOODWARD: Mr. Chairman and gentlemen, we have done research with both poultry and beef with stilbestrol implant and all of our research is done on the basis of a no-residue and all our recommendations for use are based on no residue in the edible portions of the meat. Of course, as Dr. Barry has pointed out, the final responsibility is with National Health and Welfare to be sure that we have a safe food supply.

Mr. PETERS: Do we really have facilities to know that there is not any residue?

Mr. WOODWARD: Yes, sir. We have assay procedures for stilbestrol or for estrogenic substances in food products.

Mr. PETERS: You used a big word, whatever it is. That field may change; it may not be in the form of stilbestrol, it may be in the form of something else. Are you saying that the problem they had with the mink was not the result of stilbestrol feed?

Mr. WOODWARD: No, sir, I believe the problem with the mink may have been the result of stilbestrol—I am sure it was—in the mink feed.

Mr. PETERS: Then there may be a residue.

Mr. WOODWARD: There has been, either where stilbestrol was used under not quite the recommendations and in another case, I stated that the edible portions for humans of the carcass were on a no-residue basis. Now, some of the entrails of the animals which may have been used in mink feed in certain cases may have had stilbestrol residue.

Mr. BARRY: If I may interject, Mr. Chairman, and Mr. Noble probably has more precise information on this than I have, but my recollection of this particular case is that it may have involved the feeding of heads in which there have been implants which had not been totally absorbed.

Mr. NOBLE: No, Mr. Chairman, we have finally tracked this trouble down to the cereal. I am not going to mention the name of the firm; I am not going to hurt them any more than they have been hurt, but this food was manufactured in a plant in Woodstock, Ontario, where they also manufactured a steer feed. I do not think these people have told us the whole story, because it has been quite embarrassing for them but the story we were told was that they are blaming it on the employees there making a mistake by putting the stilbestrol into mink feed rather than putting it into the steer feed. Now this is the story. Whether it was that they did not properly clean their mixing machine after mixing a batch of steer feed and there was enough stilbestrol remaining in there that was mixed into the mink feed, thus causing the trouble, we do not know.

But getting back to the matter of implants, is it not true that it is against the law to use implants in chickens in Canada? Is this not true?

Mr. BARRY: It is now. At one time it was permitted, I think, sir, but I think now it is illegal to use it.

Mr. NOBLE: I have another question, Mr. Chairman. I understand that the work done in cattle is done by an implant in the ear. Is this correct? It is also used in the cereal that is fed to the cattle? It is used both ways. Is this right?

Mr. BARRY: I think this is right, sir. With respect to the feed, I think the licensing arrangements and the control arrangements are that the feed cannot be fed prior to a certain time before marketing. I do not know the precise figures.

Mr. ROXBURGH: What inspection is there, Dr. Barry, to ensure that?

Mr. BARRY: No inspections as far as the Department of Agriculture is concerned. I think that as far as the Food and Drug is concerned, yes, there is inspection.

Mr. ROXBURGH: Is there a number one inspection or is it a hit and miss?

Mr. BARRY: I could not tell you, sir. I am sorry I do not know for certain.

Mr. NOBLE: Mr. Chairman, I might elaborate on that. This is on a voluntary basis and nobody knows how many people are recognizing this legislation. We feel that many people are feeding this to their cattle right up until a few days previous to their being marketed because when they see a good market, they are not going to say, "Well, I cannot offer these cattle tomorrow because they have been fed stilbestrol." The good market is going to be taken advantage of regardless of how long it was since they fed stilbestrol. This is where the problem enters into the picture. I might say too that there is a danger in feeding stilbestrol to our animals and I feel there is the same danger in feeding it to humans. I know a chap who fed the trimmings to his mink and he sterilized his mink from beef trimmings. Now, he feels that rather than putting the implant in the ear, the feed people had implanted it in their neck some place, which infected all the meat around that area. He fed the beef trimmings and he sterilized his herd with these trimmings from cattle on which stilbestrol had been used.

Furthermore, we know that there is some content from the cereal absorbed into the inner organs of the animals because we use the tripe and the lungs and various parts of the innards of the animals for our feed on our ranches. People have run into trouble from feeding tripe that has not been properly washed. Some stilbestrol has been clinging to this food and it was fed to the mink and they got into trouble in that way.

It seems to me that it might be good legislation to prohibit the use of stilbestrol completely for the feeding of any of the animals or poultry that we are using for food. I know that it would be rather frowned on by the beef producers, but after all we have the health of the people of this country to consider.

Mr. FORBES: Mr. Chairman, I was wondering if the doctor would explain the advantages to the feed producer, or whatever it is, of using stilbestrol whether it is the implant or the other form? Remember, that you are advised not to use it on heifers you are going to use for breeding. I wonder if the doctor could explain this affect on the animal. Why do they use it? Is it just a tranquillizer that will quieten the animal down so he will do better or what is it?

Mr. WOODWARD: Mr. Chairman, the advantage of use to the producer is an improved feed gain ratio.

Mr. PETERS: This is not a tranquillizer. I do not think that suggestion should be left with the Committee.

The CHAIRMAN: Dr. Woodward, could you deal with that?

Mr. WOODWARD: Yes, it is not used as a tranquillizer. It is used, as I said, to get an improved feed gain ratio; you get better gains through the same amount of food.

Mr. PETERS: Why? It is a female hormone, as I gather.

Mr. ANDERSON: It is the physiological effect on the animal that causes it to put on more weight.

Mr. PETERS: May I ask, Mr. Chairman, how extensively is this used as an abortive factor? It is my understanding that they are using it in the west in an almost identical procedure to castration for steers. It does not really matter whether the heifers have been bred or not. If you want to use this it is a fast abortive factor and eliminates the problem. It is being used widely in the states.

Mr. BARRY: I am sorry I have to plead ignorant, sir. I am not versed in this.

Mr. Chairman, there is one observation that I might make at this point. This whole question of feeding stilbestrol, in so far as the relationship of our department with it is concerned, is associated with the administration of our Feeding Stuffs Act. I would be very happy when we get on to that item on the estimates, which is under the production and marketing branch, to have people here who can discuss our precise operations under the Feeding Stuffs Act with respect to stilbestrol, if that would satisfy the Committee.

Mr. NOBLE: Mr. Chairman, I would like to make one observation. Last spring when we had this trouble I went to the Minister of Agriculture and asked him if he had any information on it, or if he could get any information for me. He quite readily told me that in the west when they have a big herd of cattle running together and perhaps some bulls running with heifers, to make sure that none of these heifers go to market in a reproductive condition, if they have not been carrying a calf over 120 days, all they do is bring them in and give them one feed of stilbestrol and they are sure that there will not be any calves in those heifers. It is a very potent material when you can go that far and, in fact, I talked to a druggist and he told me that he knew of cases where it was being used by humans for the same purpose.

The CHAIRMAN: I think what Dr. Barry has suggested is that we proceed with this discussion when the—

Mr. BARRY: Under the Plant Products Division and the administration of the Feeding Stuffs Act.

The CHAIRMAN: May we proceed to some other type of discussion under the Food Research Institute. We are still on this; has anyone any further questions on this item? If no one else has I have one. I read in the *National Research* Magazine that they had perfected storage for vegetables. I think it said that we could store cabbage up to eight months and they would come out from the

storage as good as when they went in; the quality would be maintained. If this is true, is the Department of Agriculture working in conjunction with them? It could be a real boon to the vegetable growing industry in Canada, especially with products such as cabbage.

Mr. ANDERSON: Mr. Chairman, this relates to controlled atmosphere storage on which our institute has done a good deal of work both with regard to vegetables and fruit.

The CHAIRMAN: Are they making great strides in this?

Mr. ANDERSON: Well, it becomes again a question of economics, whether you can afford to put up the building and control the atmosphere. We know that if you do this you can get extended storage life for various products.

Mr. ROXBURGH: I am surprised, Mr. Chairman, you come from a vegetable area and you did not know that when they are doing it all around there.

The CHAIRMAN: I would only like to make this comment to the hon. member that the Chairman is quite aware of some of the advances that are being made, but I do not pretend to be up on them all. I feel that if these advances are being made and I am not aware of them and they can be used by our producers, they should have this knowledge so it could be put to use for the benefit of all Canadians and not just the producers.

Mr. ROXBURGH: A very good policy.

Mr. PETERS: Mr. Chairman, could I ask one question. What work is being done in the development of new processes for cheese, for instance? We have developed in Canada Oka cheese which is now bought by Kraft and will be synthesized very shortly, I suppose. There are, no doubt, in various areas in Canada, slight differences in food, depending on what cattle eat, I suppose, but we should be able to develop in Canada a number of new cheeses and it seems that this is an exceptionally rapidly growing consumer commodity and it seems to me that we should be doing some work in trying to find as many different types of cheeses as can be produced in Canada. I find that most of the cheese factories have no facilities at all for doing this kind of research.

• (10.45 a.m.)

Mr. ANDERSON: This would be a type of development research; I suppose it could be undertaken. Our main interest in cheese, actually, has been in the flavour of cheddars made from pasteurized and non-pasteurized milk. All research on flavour is difficult because of the numerous components that are involved and the blends of these which produce the particular flavour.

I think that is the principal area in which we have been working with regard to cheeses, as it seemed to us to be one of the key problems in the Canadian field, particularly with regard to the possibility of exporting.

Mr. PETERS: Yes; but really this must have been solved twenty years ago. It was solved the day you started producing pasteurized cheese, in my opinion. The problem—and there is a problem—in the taste of cheese is between high-flash pasteurizing and normal type of pasteurizing and unpasteurized cheese; but this is a fairly uniform problem. It involves all cheeses under that kind of treatment.

What I am interested in—and it does not seem to me that it would be expensive—is for the department to do some pure research into the various types of bacteria necessary to develop completely new types of cheese. Certainly Oka is a different type of cheese from cheddar, yet they both come from milk; the process is the difference. Why cannot we, for various parts of Canada, develop uniquely flavoured cheeses?

Mr. ANDERSON: Mr. Chairman, I feel that the answer to this is that, in almost any area and relating to almost any crop or any animal that is produced in Canada, there are possible fields of research into which we cannot possibly go because we simply do not have the staff.

We have all the problems in Canada that they have in the United States; we grow all the crops with the exception of two or three major ones like cotton and peanuts; we grow all the animals; we have the poultry; we have their diseases and their pests; we have every thing else; but the possibility of putting in the facilities and having the manpower are comparatively small by comparison with the United States. We have to select what we believe are the main problem areas in which we think we can make some progress.

I have to admit quite frankly that I have never thought of the area which you mention as a possible area of developmental research.

Mr. PETERS: What brought this to mind was the gift that was recently made by the Black Diamond Cheese Company to their member, Mr. Grills, in which they had developed, using a basic cheddar, a number of uniquely flavoured cheeses. It seems to me that this could be extended much more widely than at present. The use of beer in aging, for instance, produces what is, to me, an exceptionally nice cheese; wine, of course, produces another kind. I was thinking more in terms of the bacteria that would produce a different type of cheese.

Mr. ANDERSON: It seems to me that in this country, as in many others, there has to be a distribution of research responsibility among government agencies, universities and industry and that, generally speaking, in the area that you are discussing and in many similar areas, it is the responsibility of industry itself to develop these products; and that, on the whole, we do fairly well.

Mr. PETERS: There is no doubt about it that Kraft will be able to develop them because of the facilities they have, but it certainly is not going to happen in a little cheese factory in my area. They are not going to stay in business if they have to compete, for other reasons, with just our basic cheese. With speciality cheeses they might.

I think this is true of many of the areas where we are eliminating a large percentage of our cheese industry, and every year we are importing greater and greater amounts of specialized cheese.

Mr. BARRY: Of course, Mr. Peters, we are also producing many of these specialized cheeses of foreign types in Canada. But I would just like to dwell for a moment on a point that Dr. Anderson made. In the cheese work we are doing, which has been devoted primarily to trying to find the specific ingredient that gives the aging characteristic to cheese made from raw unpas-

teurized milk, which disappears and is not there in cheese made from pasteurized milk—I really do feel that is we are able to succeed in this, if we are able to find the specific organism or ingredient or whatever it may be, then it could be put into pasteurized milk to give cheddar cheese the same quality as that made from raw, unpasteurized milk.

They are making a very substantial contribution to the Canadian dairy industry. This is where we have been devoting our efforts.

Now, as you say, sir, there are many other lines which we might be following and I have no doubt that you are right; but, as Dr. Anderson said, our resources are not completely inexhaustible or completely limitless. Therefore, this is the area in which we have been working, and I do think that if we succeed in this—and it has been very difficult—we will make a very substantial contribution to the cheese for which Canada is specifically known, namely, our aged cheddar.

Mr. PETERS: Well, doctor, I have no objection to that and I think you are perfectly right in saying that if we solve that problem we will have solved the problem of the six months' storage, which is a very expensive factor.

However, in relation to some of the other research that we do I would like to ask this general question—a nasty question, perhaps—but how much unnecessary duplication do we do in our research facilities? You mentioned that we are a small country compared to the United States. This is true, I think, of all the other countries of the world, but it seems to me that in the fields where Canada has been highly successful—and I think of the field of research into rust-prevention in grains, and some of the other strains of grain, to prevent some of the problems that developed through rust and weak stocks and this sort of thing—are we not in a position to give this to other countries of the world, who want to borrow this kind of research? Is there no international pool of research in all this field of preventative development—genetics, I suppose it is—and do we not do a lot of duplication for the purpose of training people rather than accomplishing anything? Is not a lot of this information freely available if we wanted to get it? And in return for that could we not supply our knowledge in the area of genetic development?

I think Canada is best known in the genetic field for its development of rust preventatives in grain.

Mr. ANDERSON: Mr. Chairman, I think that it is true that all science is free, and it is published. We certainly publish ours, and so do the United States and all other countries. All scientists publish their information. But these are highly technical fields. You mentioned one, the breeding of rust-resistant wheats and the related genetics. In order to make use of the results obtained in other parts of the world, you must normally have a small team of experts of your own in that field, because otherwise they simply will not be able to understand the literature. They will normally be doing some research themselves and keeping abreast of the advances that are made in other parts of the world.

In our work on genetics and the development of rust-resistant wheat, we took very great advantage of the work that was done in the United States, particularly at the University of Minnesota. We made certain advances in some

areas, they made advances in others, and when we put these two sets of information together we came out with the possibility of practical applications which were immediately exploited.

This is one of the problems that we face in organizing research in Canada, that if we wish to make use of the advances in other parts of the world, then in each specific area we must have a small team of our own who are able to take advantage of the knowledge that is gained elsewhere. We and other countries are doing this steadily.

I think there is some duplication in a number of these fields but it turns out that the rust-resistant varieties that we have developed for the prairies and Western Canada are not entirely satisfactory for, say, the plains of Siberia and Northern Kazakhstan in the U.S.S.R., and that generally you have to do your own breeding.

I think that in some areas it is much easier to transfer work from one place in the world to another. I am thinking possibly of the whole field of animal genetics which is a vey slow and costly area of research by comparison with work on annual crops such as wheat, where you can very readily transfer the scientific advances that are made from one country to another.

Mr. PETERS: Could I ask another question? I do not know what the technical term would be, but do we have fellowships, or exchange scientists in other areas? Do we send people to the United States and the U.S.S.R. and to other more remote areas, on an exchange basis?

Mr. ANDERSON: We have a number of very well developed programs which enable us to bring in young scientists from other countries. This is the post-doctorate scheme which is operated by the National Research Council, and which we in the Department of Agriculture have been able to make some use of and which we hope to expand. At the same time we have men away on post-doctorate leave ourselves, that is, members of our own staff visiting key establishments sometimes for a period of a year, sometimes for shorter periods, in England, on the continent, in Australia and New Zealand. Our exchanges with the U.S.S.R. are also developed formally under the National Research Council which has its relations with the Academy of Science in the U.S.S.R. and we have been able to send a number of our people to Russia, normally for relatively short visits. It looks as if it will develop gradually into a freer exchange of scientists.

We feel, on the whole, that in Agriculture we have excellent relations with the U.S.S.R., in obtaining materials from them. I am thinking of, for example, the new varieties of sunflowers, which was a major advance they made and which they let us have very readily; and we send them seed material. There is quite an exchange, both of scientists and scientific knowledge, and of materials as well.

Mr. PETERS: In this field of research, have we considered our facilities sufficiently advanced, or broad enough, to allow an exchange as a contribution from Canada to under-developed countries, as well? I am not necessarily thinking of this at the scientific level but at the practical level. Have we been able to supply people for this work? Are we sufficiently advanced in this research field that we can afford to help other people?

Mr. ANDERSON: In some areas, particularly; for instance, we have had soil surveyors, pedologists, who want to help set up a system in one of the developing countries. We have sent an entomologist and a technician over to deal with a specific problem and he stayed there a year. We have people on leave of absence working with F.A.O. We probably have about 12 of our staff, or ex-members of our staff, now working with F.A.O., and they are mainly working with developing countries.

We have also had members of our staff who had retired—who had been gone for years—who have helped to get some particular type of work started in one of the developing countries.

The CHAIRMAN: We will have to adjourn the meeting now because it is 11 o'clock and another committee is taking over this room.

We will meet on Friday morning at 9.30.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, could I suggest that on Friday morning you indicate to the Committee before each proceeding what sections we have passed and what section we are discussing? I think it would be advantageous to the members and would obviate the reading of the minutes.

The CHAIRMAN: If you have followed what was said today and what was said at the start of the meeting, I think it is apparent that we always try to do that.

The meeting is adjourned.

OFFICIAL REPORT OF MINUTES
OF
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,
The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, MAY 20, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. R. Glen, Assistant Deputy Minister (Research); Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24162—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. McKinley,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, May 19, 1966.

Ordered,—That the quorum of the Standing Committee on Agriculture, Forestry and Rural Development be reduced from 23 to 15 members.

THURSDAY, May 19, 1966.

Ordered,—That the Standing Committee on Agriculture, Forestry and Rural Development be permitted to sit while the House is sitting to meet the convenience, amongst others, of the outside officials of the Canadian Wheat Board and the Board of Grain Commissioners when they appear.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

24162—1½

MINUTES OF PROCEEDINGS

FRIDAY, May 20, 1966.
(9)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Comtois, Crossman, Forbes, Gendron, Godin, Honey, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Matte, McKinley, Moore (*Wetaskiwin*), Olson, Peters, Rapp, Roxburgh, Stefanson, Whelan, Yanakis (24).

Also present: Messrs. Winkler, Southam and McCutcheon.

In attendance: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director, Administration Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. C. B. Grier, Director, Property and Finance.

The Chairman reported to the Committee that the House had concurred in both the First and Second Reports of the Committee on Thursday, May 19, 1966.

The Committee then resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, Items 5 and 10.

The Chairman noted that the Livestock Division of the Department of Agriculture had prepared a memorandum Re: *The Comparison of "A" and "B" Hog Carcasses* at the request of Mr. Jorgenson and asked the Committee what they wished done with it.

On motion of Mr. Clermont, seconded by Mr. Asselin (*Richmond-Wolfe*),

Agreed,—That the Memorandum *Re The Comparison of "A" and "B" Hog Carcasses,* prepared by the Livestock Division of the Department, be printed as an Appendix to the Proceedings and Evidence of this day. (*See Appendix "I"*)

At 11.00 o'clock a.m. the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9.30 a.m., Tuesday, May 24, 1966.

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, May 20, 1966.

● (9.34 a.m.)

The CHAIRMAN: I will call the meeting to order. Gentlemen, we have a quorum. Our quorum of 15 was approved by the House yesterday. We also have approval to meet while the House is sitting when we are able to hear from different groups such as the Grain Exchange, the Wheat Board, or any other group that may be in Ottawa, rather than make them wait until the next day. We have permission from the House to meet with these people, rather than have them sit around and wait until the House is not in session.

We will continue with Items Nos. 5 and 10 of the Estimates on Research and, if I remember correctly, we had gone as far as the Food Research Institute. Has anyone any more questions concerning the Food Research Institute?

Mr. CLERMONT: Mr. Chairman, in what directions were researches made for dairy products?

Mr. WOODWARD: Mr. Chairman, at our last sitting we discussed our research on cheddar cheese and cottage cheese. We have a group of sections of approximately six research officers in our food research institutes who are studying the dairy products from the standpoint of sanitation and processing.

Mr. CLERMONT: Why is this?

The CHAIRMAN: Mr. Clermont, before we go any further, I suggest you make sure that you talk into the microphone. We do not have any reporters here today; and everything is being taken down on tape.

Mr. CLERMONT: Where is your research institute on dairy products?

Mr. WOODWARD: Mr. Chairman, it is located at the Central Experimental Farm in Ottawa.

The CHAIRMAN: Before we proceed, I would like to say that I made one omission here, and that is with respect to the introduction of the officials. I should point them out for anyone who is not aware of them, and give their seating arrangement. First, we have Mr. Barry, the Deputy Minister of Agriculture; second is Dr. Woodward; third is Dr. Ludwig, Director of Administration, Research Branch; fourth Dr. Glen, Assistant Deputy Minister of Research; and fifth Mr. C. B. Grier, Director of Property and Finance.

Mr. HORNER (*Acadia*): I understand, Mr. Chairman, that the subject of putting additives to meat was discussed by this Committee in the last proceedings. Am I right?

The CHAIRMAN: Yes.

Mr. HORNER (*Acadia*): Then I have another question. A number of years ago an official of the Department of Agriculture suggested to me that mutton was being used along with beef blood for the purpose of turning out a kind of hamburger. I would like to know whether this is possible, has anyone in the Department looked into the feasibility of this, and is it being done?

Mr. BARRY: I am sorry, Mr. Chairman, but I cannot answer that question specifically. Our association with the preparation of this kind of material would be more in the meat inspection operation of it under the Health of Animals Branch. If you wish, Mr. Horner, I could make sure that your question is dealt with when it comes to the Health of Animals Branch vote, or I could get the information for you. But I am sorry, I do not have it at the moment.

Mr. HORNER (*Acadia*): There has been no research into the feasibility of this?

Mr. BARRY: No, sir, there has been no research.

Mr. HORNER (*Acadia*): I would like you to get the information later on, perhaps. However, before we pass it altogether, can you tell me whether there is any way, under this heading, in which the Department actually examines food on the market such as I suggested, namely hamburger that may well be made of mutton with beef blood added?

Mr. BARRY: Our authority and responsibility with respect to meat foods on the market, in the sense of the type of thing to which you are referring, sir, comes under the Meat Inspection Act, and applies to our jurisdiction over meat packing plants which are under federal inspection. So at the processing level, yes, we do have standards, in that certain things are permitted and others are not permitted. We do not carry that through, at the retail level, but I should say that in matters of this kind our standards usually are in conformity with the Food and Drug Directorate of Health and Welfare. The responsibility of carrying out these standards in total on the retail level would be done by the food and drug department. If there are certain products put up in plants which do not come under our inspection, then they would be dealt with by food and drug at the retail and consumer level.

Mr. HORNER (*Acadia*): The only actual thing which the Department of Agriculture deals with in meat inspection is the slaughtering of the animals, and not necessarily the processing?

Mr. BARRY: Oh, yes, sir, we deal with the processing as well, within inspective plants, Mr. Horner.

The CHAIRMAN: Is that all, Mr. Horner?

Mr. HORNER (*Acadia*): Momentarily, yes.

(*Translation*)

Mr. MATTE: I am told that butter produces cholesterol in the blood and brings about heart disease. Therefore I am told that doctors forbid their patients to eat such butter. But I am told that there are countries where more butter is eaten than here, and yet they have less heart disease. And I am

inquiring whether there have been any investigations into this matter, since this might affect butter production. (The question concerns cholesterol)

(*English*)

Mr. BARRY: Mr. Chairman, the question of the cholesterol factor in animal fats is affecting humans, and the assumption of heart diseases being caused by that is not one in which the Department of Agriculture directly has done any research. This is work in the medical field rather than relating to the agricultural field. Mr. Woodward may want to add some remarks to that broad statement.

Mr. WOODWARD: I think, sir, that the evidence in the medical field is that in the normal individual the utilization of cells such as cholesterol is not actually enough to upset the metabolism in these individuals who wish to cut down the intake of cells. Any evidence which has come to our attention has not cast any reflection on butter as a food for the normal individual who is not under medical care for some physiological disorder.

The CHAIRMAN: Are there any further questions?

Mr. MOORE (*Wetaskiwin*): Medical evidence now seems to show that cholesterol is not harmful to normal people, but yet it is widely believed across the country and, possibly further than that, that cholesterol is harmful as far as the heart is concerned. Would it not be feasible for the Department to see that this information is published to the general public? I know from experience that this subject has done the dairy industry a great deal of harm, especially a few years back. The butter consumption went down rather drastically when this belief was first general, and possibly it still affects the sale of butter. Could the federal department not see that this information is passed on to the public?

The CHAIRMAN: You are asking, Mr. Moore, that our research department, a branch of the Department of Agriculture, issue statements on all the information they have concerning the effect of butter?

Mr. MOORE (*Wetaskiwin*): This information would have to be obtained from the medical men, of course, for that purpose.

Mr. BARRY: Mr. Chairman, I think that Mr. Moore and ourselves are on all fours concerning the need and, indeed, the importance of making sure that the consuming public have a complete understanding of this matter. It is a rather touchy subject; medical information and medical opinion vary in this area, as in everything else.

We would very much like to come up with something which we believe would be authentic and which would carry the support of the medical profession in this field. Perhaps we have not done enough; perhaps we should be doing more. As a matter of fact, I know that the National Dairy Council, at the present time, are having discussions with the dairy industry on this particular point with regard to the best way of approaching it.

However, we have to bear in mind that as agriculturists we are in a rather delicate position if we presume to make statements when we do not have the endorsement of the medical profession, and can be challenged by them. I think, rightly or wrongly, we have had a tendency to avoid controversy in this field

because the more controversy there is, the stronger is public attention. There are periodic splurges of publicity with respect to the cholesterol factor which do have an impact, and we probably have tended to play this down rather than build it up because of this factor. But I agree completely with the desirability of very factual information being made available to the Canadian public.

Mr. MOORE (*Wetaskiwin*): What bothered me were statements made that did not seem to make sense. Yet it did affect the sales of dairy products.

Mr. JORGENSON: I have one question, Mr. Chairman. It is in relation to the development of the process of freeze-drying of foods. I recall that this was considered a breakthrough in food preservation three years ago, and I have heard nothing about it since. I wonder if Dr. Woodward could bring us up to date on what developments have taken place in this process?

Mr. WOODWARD: Mr. Chairman, we have an active program in the food research institute on freeze-drying, and the principles of freeze-drying have been well worked out, sir. There are some engineering bugs to reduce the cost of freeze-drying to a point where freeze-dried foods can compete with foods preserved in other ways. We have a food product development section in our food research institute, and one of the important projects in that section is based on preparing new products and new ways of preparing old products from agricultural crops. Another project directed by quite a distinguished scientist is involved in the adaptation of freeze-drying to a spectrum of agricultural crops and in efforts to iron out some of the engineering bugs from the cost standpoint in order to reduce the actual cost of the production of freeze-dried foods.

Mr. JORGENSON: The only reason why this process has not had wider acceptance and is not in more general use is a competitive economic one?

Mr. WOODWARD: Yes, sir.

Mr. ROXBURGH: Would that have anything to do with the betterment of the flavour of frozen foods?

Mr. WOODWARD: No, sir, I do not think it would improve. We are comparing products in freeze-drying with dehydrated foods that are dehydrated with heat. The advantage of freeze-dried foods is that they retain most of the flavour of the original foods or frozen foods. The big advantage in freeze-drying foods over frozen foods is the cost of packaging and storage.

Mr. ROXBURGH: Is there much that has been done, now that we are talking of frozen foods? Have there been any experiments carried out and what results have we had in improving the flavour of frozen foods, especially after a period of time? I am thinking of frozen fish, for example.

• (10.00 a.m.)

Mr. WOODWARD: Mr. Chairman, we are continually improving our methods of freezing; for example, the rate of freezing which determines the size of the ice crystals; the rapidity of cooling and freezing to retain the original flavours of food. I think it is true that any food prepared by any process has a storage life after which the flavour begins to deteriorate, whether it is canned foods, or frozen foods.

The CHAIRMAN: Are there any further questions on food?

Mr. PETERS: What work have we done in research on new trends in immunized milk? The former Minister of Agriculture was quite interested in this. In fact, we had a number of clippings from magazines where they had, by special process, been able to develop milk that was immunized for some children's diseases, and they thought this might go much further. Did they get anywhere on that?

Mr. WOODWARD: No, sir, I haven't any information on this. There are new processes for milk-treatments which give it an almost indefinite shelf-life for storage, and we have one industry in Eastern Ontario that has this. There has been some research done in this field on milk—the milk was actually a carrier; I understand they were selling it in Canada. There was a small importation of immunized milk—

Mr. PETERS: What work has been done in this field?

Mr. WOODWARD: The work we are doing in the milk field is being done under our actual research program and there is some work being done at the University of Alberta.

Mr. PETERS: Has the work got to the stage where we now have regulations on this, not necessarily on sterile milk; but sterile product storage in different forms? For instance, beer—do we do research into this, too?

Mr. WOODWARD: In our department we don't do research on beer, but the Food and Drug Act of the Department of National Health and Welfare applies to sterile milk products and to articles produced in any manner, as regards the purity of the product and the sanitation of the product be held back—

Mr. PETERS: But you haven't done any research on it.

Mr. WOODWARD: Not on beer, no.

Mr. PETERS: But it would be the same process with milk as with beer. Multi-milk, for instance, is a sterile food process. I mean, it is a very important field. It is probably the only break-through in the last twenty years in the storage of agricultural products. Should not we be doing some research?

Mr. WOODWARD: I think it is a good deal—

Mr. PETERS: Should not we be doing at least enough to know what products are being sold and what is the effect they have? For instance, Multi-milk will sit on a shelf without refrigeration for a week probably, and it sometimes rots before it spoils—or it may rot before it goes sour.

Mr. WOODWARD: Well, Mr. Chairman, we have not done any work on milk, but we have done work on storage and shelf-life and producer products; for example, we have a spectrum of dried potatoes, turnips and potatoes and meat, where actually the Canadian Government has taken up patents on these products. There is a great deal of interest in them. This is one example—a companion area that we are working on.

Mr. PETERS: How far have we gone into this sterile meat storage? The theory is that if it is completely sterile and in a wrapping, you could sit it on a

shelf without refrigeration for a period of time, which is pretty important. How far have we gone in research in this field?

Mr. WOODWARD: Well, in the world there has been considerable research, for example, in using a source of radioactivity in the sterilization in meats. We have done some work in Canada in this area, in co-operation with Atomic Energy of Canada. Unfortunately, we got a flavour reversion in products. To take the example of using a source of radioactivity for sterilization, that lowers the palatability of the product, generally, to the point where it is not acceptable.

Now, there have been exceptions. In the United States I believe there is a process for treating bacon in this way. This is another way of prolonging the shelf-life of the product.

Mr. PETERS: Mr. Chairman, it would be very nice, I agree if we go into some of these problems, but it is probably a terrifically expensive field of research, and it is being duplicated elsewhere.

What facilities do we provide to be operated by Food and Drugs with regard to the health factor? Do we do enough research into them to tell exactly what happens? You are treating potatoes—and this is a fairly wide commercial application of radio activity—to provide a certain amount of sterility. I presume the Department of Food and Drugs does not have the facilities to test this?

Mr. WOODWARD: There has been a lot of work done on this area, Mr. Chairman, by research workers generally in the world, and there is good evidence that there isn't any way of creating hazard to the consumer by treatment of a food product with radio-active soil, and we have one real expert in this field, who is Dr. Thatcher of the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. BARRY: Mr. Chairman, on this particular point I think that Dr. Glen may be able to contribute something.

Mr. GLEN: I might say, Mr. Chairman, that some effort has been made to co-ordinate this field of work. For instance, there was a committee recently set up—I would say about two or three months ago—with representatives from our Food Research Institute, from the Fisheries people, from Health and Welfare, from Atomic Energy, and this is an advisory group on the very point that is being raised. In other words, this group meets periodically to say, "To what uses can we put atomic energy to work for us?" Then they examine it from the standpoint of its possibilities, agriculturally or in fisheries, or from a health standpoint and so forth. A co-ordinating committee has been set up in this area.

The CHAIRMAN: One question that I would like to ask—and it stems from what you said, Mr. Peters,—I remember being in Germany about three years ago and on the CBC program they mentioned that they had whole milk in England that needed no refrigeration—it will keep for months. When we were in Germany this milk was in something like pop bottles, and the store gets its supply for a whole week, or two weeks, and it stays the same all the time in the bottle. Is this what you are talking about Mr. Peters?

Mr. PETERS: It is a completely new field. This is why I asked, I am not really sure we should be doing research. I don't know what the patent arrangements are in other countries. Perhaps we could just borrow them.

What bothers me is that a thing like multi-milk comes into Ontario. I am not too familar with the process, but it is a pure milk product which has had the water reduced by a process, and it is also sterilized to quite an extent; it can be shelf-stored, not for any great length of time, but temporarily. Now, this didn't fit into the category of manufactured milk, and therefore it didn't come under those regulations; it didn't fit into the field of fluid milk, and therefore it didn't come under those regulations; and the Province of Ontario and the Milk Board just allowed this product to go its own merry way because nobody knew who owned it or controlled it; and they didn't have regulations to be concerned about. I think, at least from the consumers' point of view, somebody has to be concerned. There are limitations, and maybe it should be labelled to indicate that it rots rather goes sour, in some cases. This is a factor that should be known—what dangers there are and what bacteria can be carried in that type of milk.

Mr. BARRY: I think, Mr. Chairman, this is an illustration of a point which has been made in previous discussions in this commitee, that we cannot do all research. I mean we rely on research done elsewhere as others rely on research that we do.

I think this is probably the case to Multi-milk, and, indeed, I think it is now a question of whether it is going to be classified as condensed milk for the purposes of the provincial authorities.

It is a "sticky" field in this particular instance which Mr. Peters mentions.

Mr. PETERS: The other problem which I would think should be looked at is this matter of the importation of milk that has been specially treated by exposing it to certain bacteria. In this particular case, it was for the treatment of arthritis and rheumatism, I believe, and they were importing a certain amount of milk into Toronto and Montreal from New York City, where there is a laboratory.

I would think that our Department should have a look at some of the circumstances involved here. This milk carries a very potent factor, probably beneficial, but it is still something we should know enough about or have had at least enough research on, to know what regulations should surround it, otherwise we could be in the position of having Food and Drugs saying that they cannot import it.

Mr. BARRY: I have to apologize for not being personally familiar with this, but I will get the information with respect to it Mr. Peters.

Mr. CHAIRMAN: Are there any further questions on the Food or Research Institute?

If not, we will move on to the next subject, the Micro-biology Research Institute. Are there any questions concerning this? There appear to be no questions concerning this.

Are there any questions concerning the Plant Research Institute?

Mr. HONEY: Mr. Chairman I want to ask a question. I know this is a topic which the Department has had under consideration for some years, and I have discussed it with the officials. It is on the matter of grey tobacco. I wonder if Mr. Barry could tell us what progress, if any, is being made in the research into this problem with tobacco.

Mr. WOODWARD: Mr. Chairman, grey tobacco is a problem, and the progress that we have made so far is we have eliminated the possibility of anything pathogenic—of there being a disease of any kind. It is a physiological disorder, and we have research going on now at Delhi to study the effects of the various elements in the plant, which may bring about this condition of grey tobacco. It is not a simple disorder, sir, that is caused by any one balance or relationship of nutrients, at any one location.

• (10.15 a.m.)

Mr. HONEY: Has your research progressed to the point where you can relate it to anything specific, such as soil, weather conditions and so on?

Mr. WOODWARD: We have not consistently been able to relate it to any one particular set of circumstances.

Mr. HONEY: Your research is progressing actively?

Mr. WOODWARD: Yes.

Mr. HONEY: Thank you.

Mr. HORNER: My question, concerning plant research, has to do with alfalfa and the question of bloat in cattle. It seems to me that a year or two ago the protein causing bloat in alfalfa was isolated. Has there been any success in the research department with regard to producing a variety of alfalfa with a lower amount of this protein factor which, they stated, caused bloat.

Mr. WOODWARD: Well, Mr. Chairman, we have isolated this protein which is called F-18, and we have established a definite cause of causative correlation between the present level of this protein and a bloat, and the step that we are pursuing now is trying to select, within alfalfas—and so far we haven't run into any great range of this protein in alfalfa—is studying the level of this protein in other legumes which might be used as an alternate to alfalfa in the pasture program.

Mr. HORNER: The same proteins in clover, for example, or would it be the same protein that could cause the bloat, or would there be another protein—

Mr. WOODWARD: Certainly the protein F-18 occurs in clover.

Mr. HORNER: And, as yet, you have found no other forage crop replacement with a lower amount of this protein in it?

Mr. WOODWARD: Well, Mr. Chairman, we have the forged legume pasture bird's-foot trefoil which has no bloat-producing properties.

Mr. HORNER: How wide an area is bird's-foot trefoil recommended for forage production? I mean will it grow successfully, for example, in Southern Alberta, as well as in the inner areas of British Columbia and all other parts of Canada?

Mr. WOODWARD: Mr. Chairman, bird's-foot trefoil is a difficult legume to get established. It does not compete well in the first year and the second year seeding, with weeds and other grasses and crops that come in. This is the disadvantage. Alfalfa is a wonderful legume in that it is a very high-producing one, and we don't get the total production from bird's-foot trefoil that we do from alfalfa. This is why we are interested in multi-use of alfalfa, simply because it is a wonderful yielder over a wide very wide area in Canada.

Mr. HORNER: Even the feeding of a great deal of alfalfa hay will cause bloat, although not nearly as quickly as lush alfalfa pasture, but is there any feasibility of killing or deadening the effect of this protein by some process in the hay, after it is cured? Do you follow me?

Mr. WOODWARD: Well, Mr. Chairman, anything is possible. I do feel that our breakthrough in this is more apt to come from our plant breeders developing alfalfa with low growth-producing tendencies than from having a process with which we are going to treat the crop to prevent growth, which would add to the expense, too.

Mr. HORNER: One other question on this subject: What would be the comparison in food value between alfalfa and bird's-foot trefoil.

Mr. WOODWARD: Bird's-foot trefoil is a very excellent product, particularly the pasture crop, and it fully equals alfalfa in food value.

Mr. ASSELIN: I would like to know if this factor F-18 is found in grasses other than alfalfa?

Mr. WOODWARD: We have not had a problem with bloat except in alfalfa and clover; and our studies so far have not shown F-18 a factor related to bloat in grasses where we haven't had bloat.

Mr. BARRY: Mr. Chairman, I would like to interject here, if I may. I think this particular subject of bloat is illustrative in the way of what happened in research. The first step was to find the causative factor. I mean, this had to be done before we could progress from there. This we have now succeeded in doing. The next step now is to find a way to eliminate it from the plant. These things obviously are not resolved immediately, as we all know.

I think that Dr. Woodward has expressed our philosophy on it, that, now knowing the causative agent, now knowing what does cause bloat, the most likely next breakthrough by the plant breeders to deal with it will be to find some way to breed varieties that will be low in this particular factor. This is the usual experience in this kind of thing.

Mr. CHAIRMAN: Mr. Moore has a question.

Mr. MOORE: I would like to ask if there is any truth in the theory that providing rough-edged grasses along with alfalfa will prevent bloat? The theory is that the gases from legumes are not expelled by the cow while feeding, because there is no tickling agent. This is a theory I have seen published. I know it sounds funny. This is a theory I have seen in an agriculture article. And it is common practice—not to plant straight alfalfa for pasture. Have you heard anything about this?

Mr. WOODWARD: Bloat has been researched in the world for fifty years, and I suppose there are 3,000 scientific publications on it. There are lots of theories, and there is some logic in the theory you have advanced. Certainly we know that we get into trouble with bloat when we have a pure stand, or almost a pure stand, of alfalfa or clover.

Mr. MOORE: I would be interested to know if it would work, and I wondered if there was any scientific basis for it.

Mr. WOODWARD: I would think there is some logic in it. I mean, it is the inability of the animal to belch.

The CHAIRMAN: I have one question on a fungus disease which is spreading, or which seems to get worse, every year in corn in Western Ontario. Have your research people come up with any ideas on how this can be controlled?

Mr. LUDWIG: Are you referring to the stem break in corn?

The CHAIRMAN: It is like a mould which gets on the cob itself before its harvested, and then it seems to spread rapidly even if it is harvested and put in a crib. They have some technical name for it, but to me it is just a mould, or fungus, which sets in. A lot of it will lodge in it before it's harvested too.

Mr. LUDWIG: We are doing a great deal of work on that at the Harrow station. There has been considerable progress made in basic studies of the disease, and towards the breeding for it of a resistance to this thing. I think the time is coming when this stem-break factor will not be a serious thing in corn. I am not sure of the crop moulding at all. I would have to get some information on that.

Mr. CHAIRMAN: The reason I mention this is that I saw fields last fall, at a time when I had an opportunity to visit a lot of fields on account of a certain endeavour I was engaged in, and it was as high as one third of the ears in some fields and higher in others. The corn was not large. This was just in the husk, and it seemed that the corn that had the tighter husk on the cob had the most mould—different varieties, as you have stated here, and I gather this from what you said about improving the breeds. Some varieties did not seem so bad even in the same field where there were two different varieties of corn. Some of the corn did not seem so susceptible as other varieties.

Many people in that area claimed that it was the fact of the spores being spread by the wind from the United States that was affecting the corn in Ontario.

Mr. LUDWIG: Moulding in all forms, of course, is very common, and it is directly related to the moisture content. If you put corn or wheat or oats into storage too damp, it will mould, and in bad years it will mould in the field. This is a thing which is related to maturity, it is related to the openness of the husk and this sort of factor in the crop.

The CHAIRMAN: It seems to be a matter of great concern in the whole corn-growing areas. I can remember three or four years ago it was practically unheard of, but now it is quite prevalent and of real concern to the people there.

I have not had time to check with the research station at Harrow, but do you have staff people, or are you short staff people, to do this kind of study?

Mr. LUDWIG: I do not think that we are short of staff at Harrow for this kind of work. In fact the facility we have at Harrow is actually fully occupied with such problems. As you know, the new laboratory at Harrow is under active planning, and this will provide for more people to work there.

Mr. PETERS: If the situation that developed last fall was just to allow the Chairman to go and visit these corn fields, I would suggest that the committee make other arrangements for this fellow!

Mr. CHAIRMAN: Mr. McCutcheon.

Mr. MCCUTCHEON: Yes; I would like to ask one question in two different fields, or two different questions in two different fields. One is in connection with bloat which we were discussing a few minutes ago. The United States Department of Agriculture recently announced a program of treatment of animals—a program of anti-bloat treatment. Have you any comments on that?

Mr. WOODWARD: Yes, Mr. Chairman; there are a number of anti-bloat treatments which are more or less effective, to a degree. For example, penicillin has been used as a treatment; and in our research program in Summerland we have experimented with these treatments.

Actually, they are not satisfactory from the farmer's standpoint, because what he wants is a separate pasture on to which he can turn his animals loose, either before or after the fact of bloat.

Mr. MCCUTCHEON: It is the before factor which is important?

Mr. WOODWARD: I do feel, if I may express an opinion, and based on our experience with the bloat-reducing factors, that I would actually feed the animals a bit of dry roughage before I turned them into the pastures, rather than medication.

Mr. MCCUTCHEON: The other question has to do with the subject that Mr. Chairman brought up, in connection with the diseases in corn.

How close are we in South Western Ontario, to being exposed to corn stunt and mosaic which are troubling the growers just across the lake in Ohio and in the corn belt, and what steps are being taken?

• (10.30 a.m.)

Mr. LUDWIG: The only answer I can give to that is that there is every possibility that we in Ontario might get the corn viruses from the States. There is no reason why we would not get them.

We have undertaken a number of surveys. Last year, particularly, we called in a post-doctorate fellow from India, who is an expert in this field, and we toured him through southern Ontario. He did not find the corn stunt virus on that occasion.

We are watching it and are concerned about it.

Mr. MCCUTCHEON: What can we do about it?

Mr. LUDWIG: If we get the corn stunt virus we will have to undertake intensified research on it. I do not think they know in the United States what to do with their corn stunt yet. We are following closely what they are doing.

The best hope, again, I think, would be to go back to plant breeding for resistance.

Mr. McCUTCHEON: Thank you very much.

The CHAIRMAN: How many people do you have on plant breeding at all the research stations in Canada?

Mr. LUDWIG: Mr. Chairman, I do not think we can give you an exact answer to that numerically. This is information which we have available and which we can produce. If you wish, we will get it.

The CHAIRMAN: Are there any further questions on the plant research institute?

Mr. ROXBURGH: How serious is this stunt in the States? How serious do they consider the corn stunt to be?

Mr. LUDWIG: I cannot give you the figures off-hand although I could get them in the estimates of loss. The major concern is that with this new disease the potential for loss is relatively tremendous.

Mr. ROXBURGH: Would it not be better to start right now to carry out experiments instead of waiting until it comes here?

Mr. LUDWIG: We have a section in the Plant Research Institute that is primarily responsible for research on virus diseases of grasses, including corn. They are actually doing research in the direction which you are indicating.

The primary virus in corn, which showed up in the survey last year in Ontario, was the wheat streak mosaic. We are doing very extensive amounts of work on this particular virus. It may be related to corn stunt.

The CHAIRMAN: I want to say just one thing. You understand this word is "stunt". I will just repeat it, "stunt".

Mr. PETERS: May I ask if this is transportable?

Mr. LUDWIG: In the case of both the mosaic and the corn stunt these viruses—the wheat virus is transmitted by leafhoppers in the crop. I cannot answer off-hand what transmits the corn stunt, but it is an insect-transmitted plant virus. It can be transported as these insects move around naturally and are blown about by wind. It will spread.

Mr. PETERS: Is there some protection we can take in other ways? We are importing a lot of this corn now, and this will be a factor, I presume. Is there any way of eliminating this at the shipping point, or the areas from which it comes?

Mr. LUDWIG: As far as we know, the importing of seed corn, or feed corn, would not be a major factor in spreads. What we may import are the leafhoppers, and these may be wind-borne from the United States to Canada. There is no quarantine that can get at that.

The CHAIRMAN: Are there any further questions on this subject? If not, on the Soil Research Institute?

Mr. JORGENSON: To what extent does the federal government co-operate with the provinces in the matter of soil research, and what is the nature of that type of co-operation?

Mr. WOODWARD: Mr. Chairman, we have two national committees in this field—the National Soil Survey Committee and the National Soil Fertility Committee. There has been co-operation in the fields of survey and fertility between the provincial departments, the universities and the federal government.

Mr. JORGENSON: More recently, there has been an increasing trend towards the use of prescription fertilizers in western Canada, particularly in Manitoba. One of the difficulties we are facing is the length of time it takes to do an analysis of the soil. Most farmers prefer to order their fertilizers in the fall which is the time that the soil test must be taken in order to determine what ready-mixed fertilizers will be used—what prescription will be used. Quite frequently they find they are not able to get the results of these tests until the following spring.

Can you give me any idea of why it takes so long to do a soil test, and what is involved in doing that test? Why can it not be speeded up? Can the federal government give any assistance in the setting up of these testing stations across the country so that wider use can be made by farmers of these stations, particularly since the development of mixing stations or blending fertilization stations is proceeding apace?

Mr. WOODWARD: Mr. Chairman, the time involved in soil testing is directly correlated with the size of staff and the number of samples. As Mr. Jorgenson has pointed out, you run into severe peak loads and your staff and facilities just are not geared to handle them.

In the matter of soil tests for farmers, Ontario, as you know, is very well organized, and in this area Quebec is also very well organized. This summer Saskatchewan and Alberta are putting in a soil testing operation. This is only one part of the information that is required for fertilizer recommendation. I feel it is very important for a farmer to know something about his soil and get some testing.

I mentioned the National Soil Fertility Committee. I should have told you that on that Committee in each province, there is representation of the provincial government, the university and the federal government and that this group, within the province, works through what, in most provinces, is called a Provincial Fertilizer Council which actually makes the recommendations of what fertilizers will be available and what formulae will be made available to the farmers. I do not think that any expert in soil fertility would make a recommendation which was based only on the analysis of the particular soil, because he would use the information that he had on the history of the response to fertilizers in a particular crop in a particular area. I feel, as a country, we need to give a better service to the farmers in soil testing. I feel that we have the organization and the co-ordination of information that makes it possible to issue pretty sound general recommendations now and that the soil testing will greatly improve the specific recommendations. I will give you

an example. Mr. Watson is not here today but he asked a question for someone who had four farms, and he had the soil analyses on them. We went into his particular case in considerable detail and our experts came up with the recommendation that on summer fallow on each of these four farms, which were all in Saskatchewan but which were on different soil series, that the recommendation was an ammonium phosphate 11480 at different levels, different rates of application for wheat.

• (10.40 a.m.)

Mr. PETERS: Mr. Chairman, could I ask a supplementary question. Why cannot this be done at any time. Why cannot we spread the soil testing over a period of years? Maybe I am wrong but I do not really think it matters whether you test the soil in the spring, in the fall or when you test it; if it needs certain supplements these will not vary that much, except in January.

Mr. WOODWARD: Mr. Chairman, Mr. Peters has made a very good point. A man will know the history of his fields as we do more soil testing. The soil test results will be useful for many years.

The CHAIRMAN: Are you through, Mr. Jorgenson?

Mr. JORGENSON: I just wanted to ask one more question. I take it then that other than these contacts with provincial governments there is no material financial assistance for the carrying on of a more complete soil testing service for the farmers.

Mr. WOODWARD: Yes, I think you are right. The very, very substantial contribution which the federal government is making in this area is the experimental work on which the fertilizer recommendations generally are based for the area, and this is a considerable part of our program. Our people are associated with the provincial people in their recommendations, and all our results are sent directly into the provincial people. For example, the Saskatchewan Guide to Agriculture has a great many committees. You may be familiar with this booklet which is put out. All the best information that the federal government, the provincial governments and the universities have are pooled and they work together on these recommendations.

Mr. JORGENSON: Is there any of this type of research being done, or is testing being done on experimental farms such as Morden and Brandon?

Mr. WOODWARD: Yes, sir.

The CHAIRMAN: Mr. Southam, you are next.

Mr. SOUTHAM: Thank you Mr. Chairman. My question is supplementary to this important subject matter that Mr. Jorgenson has brought up and was touched on by several others, and that is the soil testing.

The suggestion or point I would like to make is that soil fertility and soil testing is becoming so important, particularly as we reach the stage where we are going to have to apply fertilizer. Is there a concerted effort directed by the federal government or the provincial governments to give us a complete soil survey test of mapping of our resources in this respect? Now, I know there has

been a certain amount of action taken on behalf of municipal areas, for instance in Saskatchewan—I think it is under the jurisdiction or promotion of the Tax Assessment Commission; they want to assess and place the proper land values in the assessment role, and there have been certain soil surveys, but it seems to me there is no co-ordinated plan. There is a certain amount of it being done but it is overlapping. Could we not develop a co-ordinated plan? I am presuming the province in each case would have to take the lead because we handle our natural resources under their jurisdiction and, I understand, land is under their jurisdiction. In other words, I feel that this sort of a haphazard approach we have taken up until now is not good enough. We should have a complete soil survey made of all our resources, particularly in relation to agriculture.

Mr. WOODWARD: Mr. Chairman, I feel that over the years we have done a pretty sound job of co-ordinating our approach to soil survey both in terms of what we are going to do in the survey and in terms of getting out information on the soil which is intelligible to all the people who have any contact with this area of work. There is a great deal of effort going into this question of not only this third soil survey but in using it as one of the key factors in establishing land capabilities. This is going on now in all the provinces in Canada in co-operation between the Canadian Department of Agriculture, ARDA, the provincial governments and the universities.

Mr. SOUTHAM: I am glad to hear that because, as Mr. Jorgenson mentioned, certain farmers are always interested in having an analysis and report on their particular piece of land. If this program was completely gone into, developed and tabulated in a statistical form, a farmer from some area could apply immediately to some department and get a report on his particular section or sections of land, whatever the geographic areas were and then he would know what he would need. In this way we would be providing, I think, a very definite, basic and important service, and, as time goes on, it becomes more important, I am sure.

Mr. WOODWARD: Yes, I agree, sir. There is quite a lot of this information available now. For example, when we were looking up Mr. Watson's four farms we had information available on exactly the soil types and so on which is standard available information in Saskatchewan.

Mr. CLERMONT: Mr. Chairman, I would be interested to know what is being done in this field of soil research throughout western Quebec, if any.

Mr. WOODWARD: Mr. Chairman, we have done considerable survey work; this was a joint operation between the provincial government and the federal government. We have done research on some of the soils in the Abitibi area for example. We have worked with MacDonald College on joint programs in soil research in western Quebec, and we have done specific studies in relation to both mineral and muck soils from a fertility standpoint in relation to specific crops. This has been going on at St. Jean, and we have done work of this nature in l'Assomption in relation to the tobacco crops.

Mr. CLERMONT: Mr. Chairman, was this work directed from the Ottawa experimental farm? I note there is no substation or experimental farm in western Quebec. You mentioned L'Assomption.

Mr. WOODWARD: Some of this work was directed from the Ottawa experimental farm, sir, but, as we go further into the northern areas, as you know, we have an establishment at Kapuskasing, we have had illustration stations and off station tests in western Quebec in that area where we have had professional staff at Kapuskasing.

Mr. HORNER (*Acadia*): Has there been any research into the feasibility of a neutralizing process that could be worked into an alkaline soil.

Mr. WOODWARD: We have a number of projects on alkaline soil and management procedures for attempting to reduce and contain alkalinity. We also have research on the breeding and management of species of plants which will tolerate alkalinity.

Mr. HORNER (*Acadia*): Is there any feasibility study going ahead with regard to combining something with a fertilizer so that when it is applied to an alkaline soil it would maybe neutralize the acidity.

Mr. WOODWARD: Well, chemically there certainly is, but you get into the question of economics.

Mr. HORNER (*Acadia*): Nothing has been worked out that is really economical?

Mr. WOODWARD: No.

The CHAIRMAN: Mr. Lefebvre, you had a supplementary.

Mr. LEFEBVRE: My question is supplementary to Mr. Clermont's. I have heard complaints from farmers in the county of Timiskaming, Quebec, that research in their areas has been neglected almost completely by your department. I believe the closest experimental farm is in Kapuskasing many hundreds of miles away and it apparently does not have the same climatic or soil conditions. You also have a little station, I believe, near Ville-Marie that apparently does not amount to very much. Are you planning to improve your research and aid to the farmers of northwestern Quebec and I am speaking particularly of Timiskaming county?

Mr. WOODWARD: This is a difficult question for a civil servant to answer, sir. Certainly so far as attempts to deal with the agricultural problems in Quebec are concerned, we have a continuing consultation and planning group with our Quebec opposite numbers, with the deputy minister. Quebec has the Quebec Agricultural Research Council and we are represented on this council. We do our best to co-ordinate. We use the complete facilities of both the federal and provincial governments in contributing to the solution of agricultural problems of the farmers of Quebec. Such a service is never adequate.

Mr. LEFEBVRE: Do you feel though that your station in Kapuskasing gives sufficient information to the farmers of this area. Can you compare the soils around Kapuskasing, the climate, the crops and the conditions under which they

produce these crops, because I have heard the argument over and over again that there is no comparison.

Mr. WOODWARD: I would not say there is no comparison. I think in my remarks on making fertilizer recommendations to farmers—I said there is no real substitute, in the final analysis, for a particular set of conditions, particular soil, climatic conditions and management practice, which will give you the best economic return.

Mr. LEFEBVRE: Does your department suggest plans in conjunction with the Quebec Department of Agriculture or do you wait for the Quebec Department of Agriculture to enlist your support. Are you originating any studies in this area on your own?

Mr. WOODWARD: At the research level, sir, I do not think that anyone waits for anyone else to recognize problems within the resources of what we can do to meet them. So, I do not think it is a question of one waiting for the other so far as recognizing the problem and trying to come to grips with what we might be able to do about it.

The CHAIRMAN: Dr. Glen is going to make one statement and then we are going to have to finish because the House will be sitting very shortly.

Mr. GLEN: I just wanted to say, Mr. Chairman, in relation to the most recent discussion, that last January we had a joint meeting with the Quebec Department of Agriculture officials, with members of the three universities and also with the agricultural research council. We went into some of these points. With respect to the Timiskaming area, the general consensus at that time was we could make the best use of our available resources if we serviced that area out of our Kapuskasing station, and that the province would give consideration to the development of a demonstration station or field station in the area where the relation of soil to plant crops and so on would be demonstrated that is, taking the information that comes from the research stations and trying it out there. This is just a consideration on their part but, this was a joint approach to it.

Mr. PETERS: In that regard, is there some co-operation between the experimental farm at New Liskeard and the experimental station at Ville-Marie? Is there not some exchange of information?

Mr. BARRY: We have very close co-ordination there, Mr. Peters.

The CHAIRMAN: I want to thank the members for attending. Sometime ago at one of the previous meetings Mr. Jorgenson had asked for a memorandum on the comparison of A and B Hog Carcasses and this has been prepared. It is only in English and if some of the members want this, it can be prepared in French. If you think it is what you desire, and so far as I am concerned, it has a great deal of information, it can be printed as an appendix to our proceedings.

Mr. CLERMONT: Mr. Chairman, I move that the said memorandum be printed as an appendix to to-day's proceedings.

Mr. ASSELIN (*Richmond-Wolfe*): I second the motion.

Motion agreed to.

The CHAIRMAN: We will adjourn until next Tuesday morning.

APPENDIX I

MEMORANDUM RE COMPARISON OF "A" AND "B" HOG CARCASSES

1. Basic Comparison of Hog Carcasses

A carcass is made up of skin, bones, lean tissue and fat tissue.

The average weight of carcasses in Canada is approximately 154 lbs. warm dressed weight. The percentage of both skin and bones remains fairly consistent so the basic difference between any two carcasses is the percentage of lean tissue and in the percentage of fat tissue.

Obviously, in a carcass of any given weight, if the percentage of fat is higher than the average, then the percentage of lean is lower than the average.

2. Weight Ranges

Grade "A"	135–170 lbs. warm dressed weight
Grade "B"	125–180 lbs. warm dressed weight
Grade "C"	125–180 lbs. warm dressed weight

125–134 lbs.

A carcass from 125–134 lbs. of desirable finish, type, etc., automatically falls into the "B" grade, because of weight.

If a carcass in this weight range either carries more fat than the maximum for the "B" grade, or is of the undesirable type, then it goes into the "C" grade.

171–180 lbs.

The situation with respect to these carcasses is the same as for those in the 125–134 lbs. range.

3. Back Fat

Carcasses in the "A" weight range (135–170 lbs.) may be graded into "A" or "B" or "C".

The main difference between "A" and "B" is in the amount of back fat. The specifications for maximum fat are as follows:

		Shoulder	*Loin*
Grade "A"	135–150 lbs.	$1\frac{3}{4}$	$1\frac{1}{4}$
	151–170 lbs.	2	$1\frac{1}{2}$
Grade "B"	125–150 lbs.	$1\frac{3}{4}$–$2\frac{1}{4}$	$1\frac{1}{2}$–$1\frac{3}{4}$
	150–180 lbs.	$2\frac{1}{4}$–$2\frac{1}{2}$	$1\frac{3}{4}$–2

The bulk of hogs graded "B" in weights from 135–170 lbs. are carcasses carrying more than the maximum shoulder and/or loin fat allowed for the "A" grade.

Hog Carcass Survey

The Livestock Division conducts a semi-annual hog carcass survey for the purpose of determining the reasons for hog carcasses in the weight range from 135 to 170 lbs. being graded "B" instead of "A".

The most recent survey made in February 1966 shows that 93.3% of the carcasses graded "B" in the weight range 135–170 lbs. were placed there because the fat of the shoulder and/or the loin was in excess of the maximum for the "A" grade.

The other 6.7% failed to qualify for "A" grade because of faulty type; heavy shoulder; weak loin; light ham; roughness; extensive areas of dark hair roots or pigment.

Table I shows the result of the February 1966 Hog Carcass Survey.

4. Results of Cutting Tests

The Department has conducted tests to determine the difference in "lean content" (boneless defatted cuts) of carcasses.

(1) *First Test*

In January 1964, four boneless defatted cuts (ham, back, butt, picnic) were made from 936 carcasses.

The 936 carcasses were all in the "A" weight range (135–170 lbs.) —468 "A's" and 468 "B's".

"Lean content"

Table II shows the percent "lean content".

The average difference in yield between "A's" and "B's" is about 2.83%.

The average carcass weight was about 153 lbs. warm dressed weight —therefore, 2.83% means about 4.33 lbs. more "lean content" on the average for "A's" than for "B's".

"Fat trim" (skin and fat removed in making boneless defatted cuts)

Table III records the percent of "trim".

The average difference in "fat trim" between "A's" and "B's" is is about 3.34%.

Summary re Test (1)

The "A's" in this test have appreciably less "fat trim" and substantially higher "lean content" than the "B's".

(2) *Second Test*

In November 1965, the two main boneless defatted cuts (ham and back) were cut from 930 carcasses.

The carcasses were selected according to 11 weight ranges and 9 fat categories. Table IV shows the selection of carcasses according to the weight ranges and the fat categories.

Each carcass was analyzed to determine the percent yield in respect to 9 factors.

Table V shows the percent yield in respect to the nine factors listed below:

Page 2 Bone-in Loin (Commercial trim)
Page 3 Bone-in Ham (Commercial trim)
Page 4 Boneless Back (Commercial trim)
Page 5 Boneless Ham (Commercial trim)
Page 6 Defatted Boneless Back
Page 7 Defatted Boneless Ham
Page 8 Bone-in Loin and Bone-in Ham combined (Commercial trim)
Page 9 Boneless Back and Boneless Ham combined (Commercial trim)
Page 10 Defatted Boneless Back and defatted Boneless Ham combined

In the analysis for the nine factors, the pattern is consistent—the higher the fat category the lower the yield of "lean content".

Analysis of One Weight Range

Reference to the analysis of one weight range 151–155 lbs. shows a characteristic pattern as follows:

151–155 lbs. Weight Range

Fat Category	*% Commercial trim Boneless Back (see page 4)*	*% Commercial trim Boneless Ham (see page 5)*
1.5–2.0	10.868	17.044
2.1–2.5	10.571	16.729
2.6–3.0	10.228	16.154
3.1–3.5	9.721	15.165
3.6–4.0	9.235	14.388
4.1–4.5	9.292	13.992
4.6–5.0	8.103	12.891

The difference in yield is substantial:

	% Boneless Back	*% Boneless Ham*
Difference between (1.5–2.0 and 3.6–4.0)	1.633	2.656
Difference between (1.5–2.0 and 4.6–5.0)	2.765	4.153

One percent on an average weight carcass of 154 lbs.=1.54 lbs.

Summary re Test (2)

The greater the amount of back-fat the lower the yield of hams and backs.

Livestock Division,
Department of Agriculture.

TABLE I—HOG CARCASS SURVEY—FEBRUARY 1966

Province	Grade A					Grade B				
	Total A's	135–139	140–150	151–160	161–170	Total B's	125–134	135–150	151–170	171–180
B.C.	42.4	3.3	12.6	17.4	9.1	43.7	4.6	13.1	19.4	6.6
	1,268	99	376	522	271	1,307	137	393	580	197
Alberta	42.2	2.7	10.3	17.8	11.4	41.5	3.7	11.0	18.1	8.7
	9,047	593	2,204	3,807	2,443	8,911	800	2,358	3,886	1,867
Saskatchewan	47.0	3.1	11.3	18.1	14.5	42.5	4.2	10.7	18.2	9.4
	3,036	200	730	1,168	938	2,743	269	690	1,175	609
Manitoba	35.0	2.1	9.5	13.5	9.9	46.1	4.9	13.2	19.3	8.7
	3,881	232	1,052	1,498	1,099	5,113	543	1,462	2,139	969
Ontario	42.8	1.6	8.8	18.8	13.6	44.9	1.9	10.1	22.9	10.0
	19,292	713	3,960	8,484	6,135	20,286	836	4,589	10,341	4,520
Quebec	38.5	2.1	8.6	16.7	11.1	47.7	2.9	12.4	23.3	8.9
	8,868	479	1,984	3,842	2,563	10,987	672	2,895	5,358	2,062
Maritimes	59.8	2.7	14.1	28.0	15.0	33.2	2.5	9.8	14.4	6.5
	2,651	120	626	1,240	665	1,471	111	436	637	287
Western Canada	41.0	2.7	10.4	16.7	11.3	43.1	4.2	11.7	18.5	8.7
	17,232	1,124	4,362	6,995	4,751	18,074	1,749	4,903	7,780	3,642
Eastern Canada	42.4	1.8	9.0	18.7	12.9	45.1	2.2	10.9	22.5	9.5
	30,811	1,312	6,570	13,566	9,363	32,744	1,619	7,920	16,336	6,869
Total Canada	41.9	2.1	9.5	17.9	12.3	44.4	2.9	11.2	21.0	9.2
	48,043	2,436	10,932	20,561	14,114	50,818	3,368	12,823	24,116	10,511

F+ —Too fat over shoulder, or loin or both
F− —Underfinished, too thin
T —Faulty general type
S —Heavy, bulging shoulder

TABLE I—HOG CARCASS SURVEY—FEBRUARY 1966

Symbol Breakdown											Total		
F+	F−	T	S	L	H	R	P	F+T	F+P	TP	F+	T	P
89.1	.8	2.1	—	—	.1	2.5	.1	5.0	.3	—	94.4	7.1	.4
867	8	20	—	—	1	24	1	49	3	—	919	69	4
90.9	.3	.4	—	—	.06	4.2	.3	3.1	.6	.1	94.5	3.7	.9
5,676	19	28	—	—	4	265	17	193	34	8	5,903	229	59
90.4	.2	1.3	.05	.05	1.2	4.4	.2	2.0	.05	.1	92.5	3.5	.3
1,687	3	25	1	1	22	82	3	38	1	2	1,726	65	6
90.8	.5	2.4	.2	.2	—	2.0	.8	2.7	.3	—	93.6	5.1	.8
3,271	18	85	9	6	1	72	28	99	12	—	3,370	184	28
95.9	.2	.5	—	—	—	1.1	.2	1.9	.1	—	98.0	2.4	.3
14,318	31	77	—	—	7	171	25	280	18	3	14.626	360	46
92.5	.3	1.2	—	—	—	2.5	.3	2.9	.2	—	95.7	4.3	.5
7,642	21	100	—	—	—	209	22	241	17	1	7,899	352	39
94.8	.5	.9	.1	—	—	1.1	—	2.6	—	—	97.4	3.5	—
1,017	5	10	1	—	—	12	—	28	—	—	1,045	38	—
90.7	.4	1.2	.08	—	.2	3.5	.4	3.0	.4	.08	94.0	4.3	.8
11,501	48	158	10	7	28	443	49	379	50	10	11,918	547	97
94.7	.2	.8	—	—	—	1.6	.2	2.2	.1	—	97.2	3.1	.4
22,977	57	187	1	—	7	392	47	549	35	4	23,570	750	85
93.3	.3	.9	—	—	.1	2.3	.3	2.5	.2	—	96.1	3.5	.5
34,478	105	345	11	7	35	835	96	928	85	14	35,488	1,297	182

L—Loin weak in fleshing
H—Poorly shaped, weak in fleshing
R—Rough. Old injury, deformed, late castration weathered diseased or parasitic skin arthritic joints
P—Dark pigment or hair roots.

HOG CARCASS SURVEY—FEBRUARY 1966

Province	Total C's	Grade C 125–134	135–150	151–170	171–180
B.C.	5.8	.2	1.2	3.8	.6
	173	6	36	114	17
Alberta	8.6	.29	1.98	4.72	1.62
	1,850	63	426	1,013	348
Saskatchewan	3.9	.3	1.0	2.1	.5
	249	17	62	139	31
Manitoba	10.0	.5	2.9	4.8	1.8
	1,112	58	325	529	200
Ontario	—	.1	1.3	3.5	1.1
	2,753	65	606	1,582	500
Quebec	7.2	.3	2.0	3.7	1.4
	1,679	66	456	844	313
Maritimes	2.8	.2	.8	1.4	.5
	124	8	35	60	21
Western Canada	8.1	.3	2.0	4.3	.14
	3,384	144	849	1,795	596
Eastern Canada	6.3	.2	1.5	3.4	1.2
	4,556	139	1,097	2,486	834
Total Canada	6.9	.2	1.7	3.7	1.3
	7,940	283	1,946	4,281	1,430

HOG CARCASS SURVEY—FEBRUARY 1966

Symbol Breakdown											Total		
F+	F−	T	S	L	H	R	P	F+T	F+P	TP	F+	T	P
67.1	—	.6	—	—	—	7.5	—	24.9	—	—	91.9	25.4	—
116	—	1	—	—	—	13	—	43	—	—	159	44	—
74.7	—	.3	—	—	—	4.1	—	20.1	.7	.1	95.5	20.5	.8
1,382	1	5	—	—	—	76	—	372	12	2	1,766	379	14
64.3	—	.4	—	—	—	6.4	—	28.1	.8	—	93.3	28.5	.8
160	—	1	—	—	—	16	—	70	2	—	232	71	2
75.1	.5	.5	—	—	—	4.4	2.1	17.3	.1	—	93.3	11.1	2.2
835	6	6	—	—	—	49	23	192	1	—	1,027	198	24
80.3	—	.1	—	—	—	.7	—	18.0	.5	.1	98.7	18.4	.5
2,210	1	11	—	—	1	20	—	495	13	2	2,718	507	13
73.0	—	.6	—	—	—	2.1	.3	22.8	1.0	.1	96.8	17.1	1.4
1,226	—	10	—	—	—	36	5	383	17	2	1,625	287	24
83.1	—	1.6	—	—	—	—	—	15.3	—	—	98.4	16.9	—
103	—	2	—	—	—	—	—	19	—	—	122	21	—
73.7	.2	.4	—	—	—	4.6	.7	20.0	.4	.1	94.1	20.4	1.2
2,493	7	13	—	—	—	154	23	677	15	2	3,184	692	40
77.7	—	.5	—	—	—	1.2	—	19.7	.6	.1	98.0	17.9	.8
3,539	1	23	—	—	1	56	5	897	30	4	4,465	815	37
76.0	.1	.5	—	—	—	2.6	.4	19.8	.6	—	96.3	19.0	1.0
6,032	8	36	—	—	1	210	28	1,574	45	6	7,649	1,507	77

G. L. Locking,
Chief, Grading Section.

TABLE II—PERCENT "LEAN CONTENT" (BONELESS CUTS)

Percent Defatted Boneless Cuts[1]—Ham, Loin, Butt, Picnic, Total of 4 Cuts

Grade	Wt. Range	Ham Fat Selection			Loin Fat Selection			Butt Fat Selection			Picnic Fat Selection			Total Fat Selection		
		Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.
A	135–150	14.84	14.33	14.02	9.82	9.71	9.45	7.83	7.56	7.63	8.06	7.79	7.63	40.55	39.38	38.38
A	151–170	14.40	13.63	13.42	9.80	9.56	9.42	7.76	7.21	7.24	7.83	7.66	7.44	39.84	38.05	37.51
B	135–150	13.58	13.23	12.62	9.31	9.17	8.84	7.21	7.05	6.73	7.50	7.36	7.07	37.60	36.86	38.05
B	151–170	12.86	12.72	12.64	8.93	9.15	8.79	6.92	6.88	6.76	7.12	7.18	7.00	35.89	35.93	35.23
A–B	Difference 135–150	1.26	1.10	1.40	.51	.54	.61	.62	.51	.55	.46	.43	.56	2.95	2.52	3.13
A–B	Difference 151–170	1.54	.91	.87	.87	.41	.63	.84	.33	.48	.71	.48	.37	3.95	2.12	2.28

[1] Skin off, boneless cuts, defatted to ½ inch exterior finish.

TOTAL PERCENT "LEAN" CONTENT[3]

135–150—A—39.44
151–170—A—38.47
135–150—B—36.57
151–170—B—35.68

Difference 135–150 A Vs. B 2.87% "Lean" Content
151–170 A Vs. B 2.79% "Lean" Content

Applying the average difference in lean content to the average warm carcass weight of the sample, i.e. 144.1 lbs. for the 135–150 lb. range and 159.7 lbs. for the 151–170 lb. range. The difference in "lean" is:

135–150 lb. A Vs. B—4.14 lbs. More "Lean" per carcass..... 2.87%
151–170 lb. A Vs. B—4.46 lbs. More "Lean" per carcass..... 2.79%

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TABLE III—PERCENT FAT TRIM[2]

Percent of Trim[2] from Carcasses by Cut—Ham, Loin, Butt, Picnic; Total of 4 Cuts

Grade	Wt. Range	Ham Fat Selection			Loin Fat Selection			Butt Fat Selection			Picnic Fat Selection			Total Fat Selection		
		Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.
A	135–150	4.19	4,49	4,73	4.80	5.78	6.23	2.26	2.41	2.53	1.58	1.59	1.70	12.82	14.28	15.24
A	151–170	4.27	4.82	4.90	5.53	6.71	7.23	2.35	2.62	2.73	1.60	1.71	1.71	13.75	15,85	16.57
B	135–150	4.93	5.14	5.55	6.97	7.47	8.36	2.76	2.81	2.98	1.78	1.81	1.84	16.43	17.27	18.73
B	151–170	5.26	5.40	5.69	8.04	8.34	8.60	2.98	2.99	3.14	1.83	1.90	1.93	18.16	18.63	19.33
A–B	Difference 135–150	.74	.65	.82	2.17	1.69	2.13	.50	.40	.45	.20	.22	.14	3.61	2.99	3.49
A–B	Difference 151–170	.99	.58	.79	2.51	1.63	1.37	.63	.37	.41	.23	.19	.22	4.41	2.78	2.76

[2] Skin and fat removed from rough cuts.

TOTAL PERCENT FAT TRIM[2]

135–150—A—14.11
151–170—A—15.39
135–150—B—17.48
151–170—B—18.71

Difference 135–150 A Vs. B 3.36% Fat Trim
151–170 A Vs. B 3.32% Fat Trim

Applying the average difference in fat trim to the average warm carcass weight for Grade "B" carcasses in the samples, i.e., 144.5 lbs. for the 135–150 lb. range and 161.0 lbs. for the 151–170 lb. weight range. The difference in fat trim is:

135–150 B Vs. A—4.86 lbs. More Fat Trim..... 3.36%
151–170 B Vs. A—5.35 lbs. More Fat Trim..... 3.32%

TABLE IV

NUMBER OF CARCASSES IN EACH CELL BY FAT CATEGORY AND WEIGHT RANGE

Weight Range	Fat Categories									
	1.5″-2.0″	2.1″-2.5″	2.6″-2.8″	2.9″-3.0″	3.1″-3.3″	3.4″-3.5″	3.6″-4.0″	4.1″-4.5″	4.6″-5.0″	Total
125–129	5	10	12	12	7	7	4	1	—	58
130–134	7	12	12	12	12	9	12	1	—	77
135–140	6	12	12	12	12	12	12	4	—	82
141–145	7	12	12	12	12	12	12	6	1	86
146–150	7	12	12	12	12	12	12	9	1	89
151–155	7	12	12	12	12	12	12	12	1	92
156–160	5	12	12	12	12	12	12	12	7	96
161–165	—	11	12	12	12	12	12	12	5	88
166–170	3	7	12	12	12	12	12	12	10	92
171–175	—	8	12	12	12	12	12	12	7	87
176–180	—	6	10	12	12	12	12	11	8	83
Total	47	114	130	132	127	124	124	92	40	930

TABLE V

PERCENT YIELD OF "COMMERCIAL TRIM" BONE-IN LOIN

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129	16.252	16.035	15.312	15.303	15.186	14.829	15.483	14.502	—
130-134	17.633	16.472	15.817	15.775	15.304	14.722	14.366	16.907	—
135-140	17.464	16.011	15.857	15.695	14.657	15.190	15.163	13.734	—
141-145	16.770	16.215	16.136	15.900	14.718	15.184	14.147	14.157	12.860
146-150	17.151	16.520	16.310	16.540	15.378	15.133	14.114	13.885	12.267
151-155	17.368	16.841	15.997	16.117	15.051	15.365	14.482	14.401	12.906
156-160	17.346	16.459	16.684	15.978	15.557	15.118	14.198	13.493	13.854
161-165	—	16.515	16.028	16.052	14.919	15.036	14.258	13.724	13.160
166-170	17.561	16.358	16.275	16.029	15.608	15.113	14.024	13.923	13.470
171-175	—	16.505	16.065	15.913	15.304	15.248	14.167	14.185	14.021
176-180	—	16.056	16.619	15.764	15.286	14.443	14.354	14.046	13.342

PERCENT YIELD "COMMERCIAL TRIM" BONE-IN HAM

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129	22.266	21.577	22.033	21.241	21.240	20.576	19.879	19.721	
130-134	22.900	21.952	21.615	21.070	21.190	20.954	20.668	20.282	
135-140	23.481	22.177	21.958	21.671	21.583	21.289	20.425	20.918	
141-145	22.940	22.123	21.676	21.995	21.393	21.403	20.833	20.118	21.342
146-150	22.452	22.135	21.564	21.429	21.236	21.165	20.333	19.913	19.736
151-155	21.729	22.382	22.215	21.429	21.211	21.222	20.834	20.365	19.018
156-160	22.612	21.573	21.845	21.342	21.231	20.887	20.353	20.456	19.740
161-165		21.940	22.284	21.740	20.887	21.178	20.480	20.233	19.994
166-170	22.493	22.071	21.648	21.082	21.624	21.221	20.699	20.194	19.400
171-175		21.714	21.662	21.433	20.905	20.821	20.139	20.220	19.741
176-180		22.338	21.682	21.680	21.050	20.666	19.933	20.267	19.533

PERCENT YIELD OF BONELESS BACK

FAT CATEGORIES

Weight Range	1.5″-2.0″	2.1″-2.5″	2.6″-2.8″	2.9″-3.0″	3.1″-3.3″	3.4″-3.5″	3.6″-4.0″	4.1″-4.5″	4.6″-5.0″
125-129	9.664	9.702	9.522	9.682	10.215	9.478	10.048	8.715	
130-134	10.828	9.936	9.608	9.912	10.109	9.406	9.209	11.175	
135-140	10.780	9.829	9.579	9.838	9.259	9.701	9.728	8.885	
141-145	10.631	9.788	10.202	9.760	9.663	9.718	9.147	9.227	9.155
146-150	9.842	10.039	10.216	10.301	9.883	9.937	9.146	8.692	7.933
151-155	10.868	10.571	10.229	10.227	9.575	9.867	9.235	9.292	8.103
156-160	10.669	10.241	10.581	10.246	9.976	9.583	9.160	8.723	9.087
161-165		10.138	10.079	10.132	9.514	9.701	9.010	8.814	8.740
166-170	10.464	10.286	10.506	10.175	9.957	9.519	9.014	8.901	8.879
171-175		10.439	10.140	10.156	9.723	9.810	9.133	9.478	9.102
176-180		10.205	10.387	10.020	9.862	9.036	8.805	9.343	8.744

PERCENT YIELD OF BONELESS HAM

FAT CATEGORIES

Weight Range	1.5″-2.0″	2.1″-2.5″	2.6″-2.8″	2.9″-3.0″	3.1″-3.3″	3.4″-3.5″	3.6″-4.0″	4.1″-4.5″	4.6″-5.0″
125-129	17.261	15.996	16.230	15.414	15.154	14.490	14.553	14.088	—
130-134	18.124	16.647	15.851	15.242	15.340	14.856	14.264	15.228	—
135-140	18.137	16.867	16.478	15.881	15.469	15.128	14.478	13.930	—
141-145	17.736	16.719	16.147	16.402	15.502	15.118	14.426	13.727	13.488
146-150	17.286	17.036	16.221	15.686	15.359	15.193	14.328	13.405	12.822
151-155	17.044	16.729	16.533	15.776	15.330	15.165	14.388	13.992	12.891
156-160	17.553	15.985	16.339	15.536	15.492	14.931	14.136	14.003	13.326
161-165	—	16.673	16.497	16.099	15.190	15.167	14.218	13.668	13.418
166-170	17.601	16.630	16.199	15.606	15.963	15.328	14.328	14.240	13.103
171-175	—	16.463	16.044	15.726	15.498	14.826	14.047	14.048	13.242
176-180	—	17.149	16.357	16.060	15.121	14.720	13.752	14.261	12.850

PERCENT YIELD OF DEFATTED BONELESS BACK

FAT CATEGORIES

Weight Range	1.5″-2.0″	2.1″-2.5″	2.6″-2.8″	2.9″-3.0″	3.1″-3.3″	3.4″-3.5″	3.6″-4.0″	4.1″-4.5″	4.6″-5.0″
125-129.....	6.234	6.063	5.556	5.646	5.630	4.900	5.189	4.736	—
130-134.....	6.826	6.196	5.697	5.680	5.899	5.205	5.242	5.884	—
135-140.....	7.063	6.250	5.949	5.859	5.601	5.234	5.500	4.511	—
141-145.....	6.663	6.265	5.827	5.758	5.340	5.482	5.290	5.161	4.562
146-150.....	6.865	6.575	6.189	6.052	5.671	5.702	5.234	4.815	3.974
151-155.....	6.842	6.484	6.156	5.974	5.695	5.772	5.162	5.166	3.854
156-160.....	7.006	6.203	6.198	6.087	5.753	5.675	5.314	4.809	4.621
161-165.....	—	6.247	6.205	5.867	5.651	5.925	5.416	5.004	4.671
166-170....	6.970	6.539	6.349	6.101	6.022	5.595	5.252	4.978	4.871
171-175.....	—	6.443	6.402	6.276	5.893	5.727	5.333	5.194	4.891
176-180.....	—	6.664	6.636	6.156	5.970	5.518	5.322	5.324	4.648

PERCENT YIELD OF DEFATTED BONELESS HAM

FAT CATEGORIES

Weight Range	1.5″-2.0″	2.1″-2.5″	2.6″-2.8″	2.9″-3.0″	3.1″-3.3″	3.4″-3.5″	3.6″-4.0″	4.1″-4.5″	4.6″-5.0″
125-129.....	15.390	14.083	14.164	13.415	12.884	12.251	12.343	11.849	
130-134.....	16.080	14.952	13.835	13.100	13.350	12.565	12.115	12.820	
135-140.....	16.422	15.018	14.567	13.804	13.106	12.720	12.455	11.922	
141-145.....	15.872	14.729	13.976	14.158	13.239	13.025	12.208	11.750	11.206
146-150.....	15.238	14.958	14.253	13.651	13.268	12.907	11.895	11.047	11.453
151-155.....	15.467	15.071	14.563	13.572	13.297	13.020	12.174	11.801	10.923
156-160.....	15.830	14.009	14.352	13.560	13.408	12.877	11.770	11.429	11.009
161-165.....		14.657	14.478	14.016	13.246	13.022	11.665	11.529	11.155
166-170.....	16.051	14.718	14.264	13.328	13.881	13.104	12.110	11.557	10.953
171-175.....		14.491	14.040	13.852	13.426	12.790	11.854	12.024	11.223
176-180.....		15.324	14.304	14.047	13.240	12.653	11.698	11.883	10.773

PERCENT YIELD OF "COMMERCIAL TRIM" BONE-IN HAM AND LOIN COMBINED

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129	38.519	37.613	37.346	36.545	36.426	35.405	35.363	34.223	
130-134	40.553	38.424	37.433	36.845	36.494	35.676	35.035	37.190	
135-140	40.946	38.189	37.816	37.366	36.240	36.479	35.589	34.652	
141-145	39.711	38.339	37.812	37.895	36.111	36.588	34.981	34.276	34.212
146-150	39.604	38.655	37.874	37.969	36.615	36.299	34.448	33.798	32.004
151-155	39.097	39.223	38.212	37.547	36.262	36.587	35.316	34.766	31.924
156-160	39.958	38.032	38.529	37.321	36.788	36.006	34.552	33.949	33.595
161-165		38.456	38.312	37.792	35.806	36.214	34.739	33.957	33.155
166-170	40.054	38.429	37.924	37.111	37.232	36.334	34.724	34.118	32.870
171-175		38.219	37.728	37.346	36.210	36.070	34.306	34.406	33.762
176-180		38.395	38.301	37.444	36.336	35.109	34.287	34.314	32.775

PERCENT YIELD OF BONELESS BACK AND BONELESS HAM COMBINED

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129	26.926	25.698	25.753	25.097	25.369	23.968	24.601	22.804	—
130-134	28.953	26.583	25.460	25.154	25.450	24.262	23.473	26.404	—
135-140	28.917	26.697	26.058	25.719	24.729	24.829	24.206	22.816	—
141-145	28.367	26.507	26.350	26.162	25.166	24.836	23.573	22.955	22.643
146-150	27.129	27.076	26.437	25.988	25.243	25.135	23.474	22.098	20.756
151-155	27.913	27.300	26.763	26.004	24.905	25.032	23.624	23.285	20.995
156-160	28.223	26.227	26.920	25.783	25.468	24.514	23.296	22.727	22.414
161-165	—	26.811	26.576	26.231	24.705	24.868	23.228	22.482	22.158
166-170	28.065	26.917	26.706	25.782	25.920	24.848	23.433	23.142	21.983
171-175	—	26.902	26.184	25.882	25.221	24.637	23.181	23.527	22.345
176-180	—	27.354	26.744	26.080	24.983	23.757	22.558	23.604	21.595

PERCENT YIELD OF DEFATTED BONELESS BACK AND BONELESS HAM COMBINED

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	21.624	20.147	19.721	19.062	18.515	17.152	17.532	16.586	—
130-134.....	22.906	21.148	19.533	18.780	19.249	17.771	17.358	18.705	—
135-140.....	23.485	21.268	20.516	19.663	18.707	17.955	17.956	16.434	—
141-145.....	22.536	20.995	19.804	19.917	18.579	18.507	17.498	16.911	15.769
146-150.....	22.103	21.533	20.442	19.703	18.940	18.610	17.130	15.862	14.427
151-155.....	22.309	21.556	20.720	19.547	18.992	18.792	17.336	16.967	14.778
156-160.....	22.837	20.212	20.550	19.648	19.161	18.552	17.084	16.239	15.631
161-165.....	—	20.905	20.683	19.884	18.898	18.947	17.081	16.534	15.827
166-170.....	23.022	21.258	20.614	19.429	19.904	18.699	17.363	16.535	15.824
171-175.....	—	20.935	20.442	20.128	19.320	18.518	17.188	17.219	16.114
176-180.....	—	21.989	20.941	20.204	19.210	18.172	17.021	17.207	15.421

OFFICIAL REPORT OF MINUTES

OF

PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,

The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 9

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, MAY 27, 1966

WITNESSES:

From the Department of Agiculture: Mr. S. J. Chagnon, Associate Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research Branch.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24164—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. McKinley,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 24, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 9.30 o'clock a.m. this day, the following members were present: Messrs. Clermont, Forbes, Godin, Herridge, Jorgenson, Lefebvre, Olson, Rapp, Roxburgh, Whelan (10).

In attendance: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (*Research*); Mr. J. S. Parker, Director General, Administration.

There being no quorum, by 10:20 o'clock a.m., the Chairman, Mr. Whelan, adjourned the meeting to the call of the Chair.

FRIDAY, May 27, 1966.
(10)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

Members present: Messrs. Clermont, Comtois, Gauthier, Grills, Herridge, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Rapp, Ricard, Roxburgh, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Yanakis (20).

In attendance: From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research; Mr. J. S. Parker, Director General, Administration.

The Vice-Chairman informed the members of the Committee that the extra copies of Issue number 2 of the Committee's Proceedings and Evidence requested by the Committee on Friday, May 20, 1966, are now available in English.

The Committee then resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, items 5 and 10, Research.

At 11.00 o'clock a.m. the questioning of the witnesses continuing, the Chairman adjourned the committee to 9:30 a.m. Tuesday, May 31, 1966.

Michael B. Kirby,
Clerk of the Committee.

24164—1½

EVIDENCE

(*Recorded by Electronic Apparatus*)

FRIDAY, May 27, 1966.

● (9.48 a.m.)

The VICE-CHAIRMAN: Gentlemen, I see a quorum and we will get the meeting underway. The witnesses today are Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister; Mr. J. S. Parker, Director General, Administration, and Mr. S. J. Chagnon, Associate Deputy Minister.

For the information of the members of the Commttee extra English copies of issue No. 2 on dairy policy are available. These were requested by the Committee on May 20 last. I suppose that the French copies will be ready very soon.

May I suggest the schedule for next week: May 31 at 9.30 a.m. in room 308; June 2 at 9.30 a.m. in room 308—the subcommittee will discuss later on if it would be possible to have perhaps a longer meeting on that date, and on Friday, June 3 at 9.30 a.m. in room 371.

I was also informed by the Department of Finance that the Canadian Wheat Board will be in Ottawa on June 6, 7 and 8. The subcommittee will be considering the schedule while these gentlemen are available to appear before the Committee.

This meeting today will be to discuss Votes 5 and 10. When we left off at our last meeting we were on the Soils Research Institute. Are there any questions?

Mr. MUIR (*Lisgar*): Mr. Chairman, before we get into the meeting, I wonder if it would be possible for the chairman to circulate the times for these meetings to the members so that we would know well in advance and do our necessary homework on the particular item on which we are working. I think if each member received a sheet with all these meetings which you have scheduled and the purpose of each, it would be a big help.

The VICE-CHAIRMAN: I will ask the clerk to note your request. Would that be all right?

Mr. MUIR (*Lisgar*): What I mean is to have them all sent out at once so that we have advance notice of all the meetings. We know then what day we are going to be taking up certain items and the necessary study on these can be done before we come to the meeting.

The VICE-CHAIRMAN: I will ask the clerk to do that for all the members of the Committee.

Mr. WATSON (*Assiniboia*): Mr. Chairman, was it the 6, 7 and 8 of June?

The VICE-CHAIRMAN: Yes. Are there any questions on the Soils Research Institute?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): This is on the Soils Research Institute?

The VICE-CHAIRMAN: The Soils Research Institute, yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Would this institute be in charge of developing new crops for Eastern Canada?

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): No, Mr. Chairman, the Soils Research Institute's work is restricted largely to a study of the soil; the development of crops is with the outlying regional establishments.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Under what item could we discuss the development of new crops?

Mr. ANDERSON: For the east, under the eastern establishment, which comes up after the institute.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Immediately after the institute?

Mr. MUIR (*Lisgar*): Do you do ground testing under this for individuals?

Mr. ANDERSON: No. Soils testing is undertaken largely as a provincial responsibility for individuals.

The VICE-CHAIRMAN: If there are no more questions on this item we will go to research institute stations. Are there any questions on this?

(*Translation*)

Mr. GAUTHIER: I would like to return briefly to soil research, because it has been said that this is a matter of Provincial responsibility. What is then the role of the Federal Government? Can the Provincial Government ask for your assistance in this respect, to carry out soil research? What is the institute's role with regard to soil research? If you tell us this is a matter for Provincial responsibility—mostly, that is, the responsibility for testing individual samples.

(*English*)

Mr. ANDERSON: Mr. Chairman, I understood the former question to relate to testing of individual samples submitted by individual farmers. This, I think, is undertaken by provincial laboratories and is gradually developing and expanding. Our Soils Research Institute will be in the more basic areas of developing the methods and of understanding the significance of the results of analysis of soils. We also, of course, in collaboration with the provinces and the universities, are responsible for general organization of all soil surveys across Canada.

(*Translation*)

Mr. GAUTHIER: Occasionally, do you come to the assistance of the Provinces who are studying for instance, certain areas. Under the ARDA program the

Province of Quebec has groups of people who are called upon to study the quality of the soil, in such and such an area. Could you then come to the assistance of these groups; do you people work together?

(*English*)

Mr. ANDERSON: Certainly we work in very close collaboration with the provincial authorities in this area and with ARDA in the surveying, and we do almost all of the mapping. We are heavily involved with problems of this sort in collaboration with the provinces. They can come to us for assistance as they see fit.

(*Translation*)

Mr. GAUTHIER: In these cases just mentioned by me, you act when the Provinces ask you to do so. You do not answer individual requests?

(*English*)

Mr. ANDERSON: We would try to deal with individual requests but in all probability we would refer them back to the province, with our advice. We do not get very many individual requests. The individual requests go to the provinces.

(*Translation*)

Mr. GAUTHIER: The point of my question is this. I want to be able to give information to people who ask me for such information. I want to tell them where to go. Must they be told to go directly to the Province, or must they be told to go directly to Ottawa? It is to find out exactly what to answer.

(*English*)

Mr. ANDERSON: They should go to the province.

Mr. S. J. CHAGNON (*Associate Deputy Minister, Department of Agriculture*): Mr. Chairman, may I answer the question?

(*Translation*)

The normal place where these requests should go when you are asked for any information in this respect, is to refer them to the Provincial agricultural representative. In the Province of Quebec there are two laboratories, one in particular at Ste. Anne de la Pocatière. Soil research is carried out there for every individual farmer who requests it. The Federal Government and the Provinces, in co-operation, have established a map of the Provinces indicating the fertility of certain regions, showing also the best type of fertilizer to use to increase such fertility. However, individually, the farmer should go to his agricultural representative. He should send him a sample, and he would receive from the laboratory the results of that soil testing. This will indicate to him what type of fertilizer he should use. Is that right?

Mr. GAUTHIER: Yes.

Mr. MATTE: Do farmers use that method quite a lot?

Mr. CHAGNON: Yes, in Ste-Anne-de-la-Pocatière and in St-Hyacinthe, thousands of requests are answered every year.

(*English*)

Mr. WATSON (*Assiniboia*): Mr. Chairman, at the present time we do not have soil testing services in the Province of Saskatchewan but they will be set up, I believe, and in operation this fall. When one sends in these samples do they come back with a recommendation that such and such a fertilizer should be used on this particular piece of land? Also, do they possibly put this in a special formula? We all realize that farmers are not chemists and what a chemist sends back, although understood by them, is not always in a language we can understand. But if it is in a plain, simple form that a farmer understands, that such and such a quarter section of land, or whatever acreage he might have, requires 1148 or 2714, or whatever the case may be, it would be most helpful. Is this the way they send them back, recommending such and such a fertilizer?

Mr. ANDERSON: Yes, I think this is the case and, of course, it will depend on what crop you are going to grow.

Mr. WATSON (*Assiniboia*): Would you have to specify then possibly that it is mainly wheat that you are concerned with.

Mr. ANDERSON: I think the advice will cover that aspect because the authorities will know the general area and what crops are grown.

Mr. MOORE (*Wetaskiwin*): I think Mr. Chagnon made my point. In Alberta our local district agriculture office handles this soil sampling, sends it in and so on.

Mr. ANDERSON: The form that is used, I think, in most provinces gives an opportunity for the farmer to say what crops he intends to grow.

Mr. WATSON (*Assiniboia*): Some of the grain companies this spring started to provide a service for the farmer in this connection, but I would be a little dubious of a grain company's soil testing because they are in the fertilizer business. I think what we need is a complete independent setup like a provincial government analysis because they are not in the fertilizer business. This is the point in which I am very interested. I do not think we should have to go to the grain companies for this service because I think it is just human nature that if I am selling fertilizer I am certainly going to recommend such and such a thing because it is to my advantage.

Mr. CHAGNON: In Eastern Canada a lot of the fertilizer companies do provide this service to some farmers but they use their technical knowledge and so on. Of course, it is to their advantage in some ways, but if fertilizer is well used it is also to the advantage of the farmer.

Mr. WATSON (*Assiniboia*): I realize that.

Mr. CHAGNON: I realize it is better if it is done by an independent body.

Mr. WATSON (*Assiniboia*): Have you ever checked a grain company's analysis against the other to see if they come out with the same recommendation?

Mr. CHAGNON: No.

The VICE-CHAIRMAN: During our last meeting everyone was requested to speak as close as possible to a microphone because everything was being recorded. I would put the same request today.

Are there any other questions on this subject.

(*Translation*)

Mr. GAUTHIER: You have just now stated that you have no facilities for analysing fertilizers. What department looks after fertilizers sold by private companies?

Mr. CHAGNON: Mr. Gauthier we do have an organization in the market production service. We have a very well organized office where we have samples of every fertilizer on the market. Indeed, on occasions we have sued people whose product was not up to par, where the actual product is not that described on the label. This is done regularly.

Mr. GAUTHIER: We can therefore, refer directly to the Institute Research here in Ottawa, if there is any complaint?

Mr. CHAGNON: No, not to this Research Institute, but the marketing and production service. This is the same division, by the way, which looks after the quality of seeds. We have very well organized offices in various areas with inspectors to look after them.

Mr. Chairman, I would like—

(*English*)

The VICE-CHAIRMAN: We will now proceed to the Research Institute, Belleville.

Mr. RAPP: Mr. Chairman, I would like to get some information on the control of insects. In my area of Melfort-Tisdale, where much of the rapeseed is grown and produced, we have real trouble sometimes, particularly in dry years, with insects. They seem to originate in the root allowances and the wild grass and weeds; at a certain time when the rapeseed plants are still very small—and these are broad leaf plants—they attack these plants, multiply very, very fast and before the farmer realizes that they are doing extreme damage sometimes, the whole field is lost.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I thought we had gone on to the research station at Belleville?

Mr. RAPP: Yes, that is right, but I assume they are engaged in the control of insects. This is a point in which I am interested because these insects are really doing great damage to these young plants. I would like to know what research is being done on this matter and how to control these insects.

Mr. ANDERSON: Our expert on the control and study of insects that attack rapeseed is Dr. Putman who is at our research station at Saskatoon. We are carrying out extensive studies in this area relating actually to the development and history of the insects involved and of methods of controlling them, with particular respect to rapeseed. These studies are being conducted at Saskatoon.

Mr. HERRIDGE: Mr. Chairman, I apologize but I have been attending the Veterans Affairs Committee. These committees clash. I have a particular interest in veterans affairs and I must return, but I would like to ask three general questions with respect to research.

Could we be informed of what is being done to date with respect to the research into little cherry disease? That is of great importance in the south eastern portion of interior B.C.

Mr. ANDERSON: We are working on little cherry disease primarily at our station at Summerland. The disease, as you know, is a virus disease and the problem really is two-fold, to provide virus free stocks for the building up of new orchards and to discover sources of resistant stocks to little cherry disease. I think that we are making good progress in this area. We have, for instance, over 1,000 seedlings being grown from seed collected from trees which are partially tolerant to the disease and some trees that seemed very promising in this respect were recently selected as a development in the area. In all work with trees, the work is slow. This is, as Mr. Herridge says, an important disease to cherries and one on which we are doing substantial work along these lines.

Mr. HERRIDGE: What would you advise persons to do—and I know quite a number of them—who want to plant out, say, five acres of cherries? Many of our older trees have been affected by little cherry disease. What would you say they would be well advised to do at this point?

Mr. ANDERSON: I think they would be well advised to get in touch with our experts at Summerland and to see what stocks are commercially available that are likely to be resistant to the disease and are virus free. Now, in addition to this, we have developed at our station at Saanichton a method of bringing in trees under quarantine so that we are building up the possibility of developing virus free stocks and virus resistant stocks of cherries for new orchards.

Mr. HERRIDGE: Thank you. Now, what is being done with respect to research into suitable range grasses, particularly to be used at high elevations like in our country, and also in cooperation with some of the native veterans and that sort of thing.

Mr. ANDERSON: Well, Mr. Herridge, there are really two different types of problems on the higher hills that you are talking about. Out there you have the alpine meadows which, I suppose, give quite useful pasture for about two months in the summer time and the sedge meadows which develop where the drainage is not perfect but where it is such that one does not get a lake forming. Now, we have done studies of the native grasses in these meadows and also on the possibility of improving, particularly the sedge meadows, by fertilization. They are short of phosphates, as I remember it, and we are looking into the possibility of re-grassing them or of improving the pasture. The principal grass in this area is reed canary grass and we have done some experiments with that also. This is to improve the nutritive value of the grasses for the sedge meadow. The alpine meadows actually are relatively nutritive but of short duration for pasture purposes.

Mr. HERRIDGE: Where can we get information in respect of that research?

Mr. ANDERSON: I think that our Kamloops station would be the nearest station where we have experts in this area. We have Dr. MacLean there.

Mr. HERRIDGE: I have just one more question, Mr. Chairman. I notice in the United States—and I think, it arises from the fact that the younger generation of farmers are apparently not as fond of hard work as their fathers were—there have been some extensive experiments done with respect to what they call automated hog callers so they can sit and look at the radio, press a button and the hogs are called and they just go out when they are all ready there to be fed. Has your department done any research in that respect?

Mr. ANDERSON: I do not think so, Mr. Herridge. I have not heard of it. We have been in the area of calling insects, you know.

Mr. HERRIDGE: There has been nothing done in that respect.

Mr. ANDERSON: No.

Mr. HERRIDGE: There have been some quite serious experiments conducted along that line.

Mr. ANDERSON: Yes, indeed, I am quite sure.

Mr. HERRIDGE: A person can sit and look at the radio until the appropriate time and then presses a button and the hogs are all there to be fed, and he does not have to go out and do a lot of hog calling. Are you looking into this at all?

Mr. ANDERSON: I must admit that, personally, this had not come to my attention. I must have experts somewhere throughout the branch who are quite familiar with this.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, I wonder if the doctor could indicate whether there has been complete success in the gypsy moth program that you people ran in Southern Quebec during the past two or three years?

Mr. ANDERSON: I do not think that one ever gets complete success when dealing with insects but I think that there has been substantial progress.

Mr. ROXBURGH: I am sorry to be late. I just came in when my friend was talking about virus in cherries. Was it brought up at that time whether that was just sweet cherries about which he was talking, or was it sour or all varieties.

Mr. ANDERSON: It does affect both sweet and sour cherries.

Mr. ROXBURGH: Yes. Are experiments being carried on in the east at Vineland?

Mr. ANDERSON: Yes. We have some experiments in the east also relating to the virus diseases.

Mr. ROXBURGH: Have they found any varieties yet that are absolutely virus free?

Mr. ANDERSON: We have found virus free stocks. But, to your question, have we found anything that is completely resistant to the virus disease, the answer is no.

• (10.15 a.m.)

Mr. ROXBURGH: I know that your nursery people are advertising along that line and that buds from the Vineland experimental station are sent out to selected growers. Would these be virus free?

Mr. ANDERSON: They would be virus free and resistant but not completely immune.

Mr. ROXBURGH: Not completely immune. Does that have regard to both sweet and sour varieties, or just sour? In our area some of the sour orchards are in quite bad shape. I do not know if the sweet cherries have been affected. I was just wondering about it.

Mr. ANDERSON: We have been working on both.

Mr. ROXBURGH: Thank you very much.

(*Translation*)

Mr. J. P. MATTE: We are told that this year, there will be insect infestation in our area. We had one four or five years ago. We had so many of these insects that trains would skid on the tracks and there was considerable damage done.

Mr. CHAGNON: A type of caterpillar, I understand.

(*English*)

There is not much we can do about it, is there, Dr. Anderson?

Mr. ANDERSON: We have not been able to devise methods of forecasting such an outbreak and the problem is, of course, to become aware of it as soon as it exists and to get into the area with experts and advise farmers on how to control.

(*Translation*)

Mr. CHAGNON: Generally, the damage is not very considerable. This is cyclical.

Mr. MATTE: Well we had pretty serious damage in maple stands, for instance. It has attacked apple trees also.

Mr. CHAGNON: But a well-looked-after tree is not damaged.

(*English*)

Dr. R. GLEN (*Assistant Deputy Minister, Research Branch, Department of Agriculture*): Mr. Chairman, I think the reference here might be to the forest tent caterpillar which attacks trees. You mentioned maple trees. This is handled largely by the Department of Forestry. They become very abundant cyclically, as you say, and when they strip trees then they migrate and they get on to railroad tracks and they go over houses and other things. This is something that is handled by the Department of Forestry.

Mr. HERRIDGE: I have seen a train stall on account of tent caterpillars.

The VICE-CHAIRMAN: If there are no other questions on this subject we now will take up the Research Institute in London, and the use of chemicals.

(*Translation*)

Mr. G. CLERMONT: Mr. Chairman in answer to a question put by Mr. Gauthier a while ago, Dr. Chagnon said of fertilizers that there was an office within the Department of Agriculture which was designed to inform people on the quality of the fertilizers. Is there such an office for chemical products generally or can an individual or company place on the market chemical products without the farmer being assured that it is acceptable?

Mr. CHAGNON: No, Mr. Clermont. A company cannot put a commercial chemical product on the market without following the provisions of the Act. This does not come under research. It is under Production and Marketing Service. There is an Act in this respect controlling marketing of chemical products. These products must be analyzed and the direction for use must be also indicated. We then see if it is a good product. If it is not acceptable, no licence is issued and no marketing is allowed.

Mr. CLERMONT: In other words, a farmer is guaranteed to a certain extent against any danger in these products.

Mr. CHAGNON: Quite so, sir.

Mr. CLERMONT: There are things therefore indicated on the bag or other container?

Mr. CHAGNON: Yes.

(*English*)

The VICE-CHAIRMAN: Mr. Roxburgh, do you have a supplementary question?

Mr. ROXBURGH: Yes. Some time ago a great deal of leaf fertilizer was sprayed on the leaves and the results at that time were not too satisfactory. This fertilizer did not measure up to the statements made by the companies. I understand that the results have become better. Have you checked up on that and, if so, what information have you on that at the present time? Where do we stand with respect to this? Does it compare favourably with ground fertilizer or is it used as a sort of just a quick lift to the plants and trees. How is it working out commercially and factually for the farmer?

Mr. ANDERSON: It is largely a matter of economics whether it pays to apply leaf fertilizers of that sort compared to the more normal and traditional application of fertilizers directly to the soil. I think that for most crops the traditional method is economically the better for the farmer.

Mr. ROXBURGH: In other words, it is more of a supplementary fertilizer under certain conditions, times of the year, weather, and so on.

Mr. ANDERSON: Yes.

Mr. ROXBURGH: Thank you.

The VICE-CHAIRMAN: If there are no other questions about this subject we will proceed to Analytical Chemistry Research Service. Mr. Anderson will comment briefly on this and then, if you have questions, you can put them.

Mr. ANDERSON: The three services: analytical, engineering and statistical are actually in branch services primarily; that is, they are centralized services for branch scientists as a whole, with analytical chemistry undertaking a number of routine tests that are better centralized in Ottawa than elsewhere; engineering research, in part, providing and developing various types of equipment for the branch and statistical research service, of course, dealing with the whole area of statistics, the use of computers in handling our research. All three are actually in branch.

The VICE-CHAIRMAN: Are there any questions about the engineering research service? If not, we will then pass to the Statistical Research Service.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): How far have you gone in computerizing your statistical branch?

Mr. ANDERSON: A long long way but like all other organizations in this country and, I would say, throughout the world, the shortage of staff in this area is really quite a problem. We have, as one of our highest priorities, to build up. For example, almost all of our genetics research with animals is computerized. Nearly all the standard types of testing we do of crops, fertilizers and the like is handled in a machine operation.

The VICE-CHAIRMAN: Are there any other questions?

(*Translation*)

Mr. CLERMONT: What about statistical service? Will this provide the information according to which the government will provide national subsidies, for instance? In such a case, will the data be provided by this service? Or will this data be provided by another service? For instance, I have reference here to the support price for milk last year. The average price was $3.30 at the beginning of May and the Department of Agriculture therefore announced no additional subsidies to be paid. Will this data be provided by this service?

(*English*)

Mr. ANDERSON: This statistical service that we are discussing is only the research.

The VICE-CHAIRMAN: We will proceed to the Establishment. We might take the Eastern Establishment as a whole and proceed according to the list which everybody has, if you wish. I think it would be the desire of the Committee to try to finish with Item 5 today and return to Item 15 at our next meeting. Are there any questions about St. John's West? Charlottetown, Summerside, Kentville, Nappan, Fredericton, Caplan, Ste. Anne de la Pocatière.

(*Translation*)

With regard to La Pocatière, I would like to put a question myself. Will there be a considerable difference in the services at La Pocatière because of the fact that formerly this station was independent. There is some talk of its coming henceforth under the new station at Laval. Will this make a big difference in the services provided by Ste. Anne de la Pocatière at the present time?

(*English*)

Mr. ANDERSON: Yes, Mr. Chairman, I hope that our services at La Pocatière will be improved in the sense that they will be more highly applied to the problems of the area where some of the general types of research that was and is being done at Ste. Anne de la Pocatière will move to Laval when that station is built. We are quite firm in our intention and our expectation that we shall give better service to the area in its prime and practical problems than we have been able to do in the past.

Mr. TUCKER: If we could go back to the Experimental Farm at St. John's West, I wonder if Mr. Anderson would care to elaborate on the work of the Experimental Farm there. Is this just for the eastern area of the island or is the service available for all parts of the island, and are the farmers aware of the facilities of the station?

Mr. ANDERSON: In answer to the first question, it is certainly a station to serve the whole island. As you know, this is quite a problem but has been improved by the improved trans-Canada highway that at least allows us to get readily to the other side of the island. Its work deals with the problems of the island as a whole. We have project farms throughout the island. Actually we have seven of them that are operated by the station at St. John's West: Lethbridge, Cormack, Doyles, Cupids, Bay Roberts, St. Davids and Comfort Cove. We are trying to take our work as widely as we can across the island.

• (10.29 a.m.)

Mr. TUCKER: You have done quite a fair amount of work as far as bog land is concerned. Could you report on how this experiment has worked out?

Mr. ANDERSON: I think we have made considerable progress but there is, of course, first the problem of drainage. As you know we have done considerable research on types of ditching, ditching machines and the like. On crops that you can grow we also have made extensive studies and one can produce quite a range of forage crops and vegetables, in particular, on these soils. We have also had experiments relating to the feeding of animals on forages grown on marshland soil.

Mr. TUCKER: Has anything been done to bring to the farmer's attention the availability of the services of your station?

Mr. ANDERSON: I think, actually, we are doing a good job in that area. Our superintendent, Mr. Chancey I think, is very well known throughout the island in all areas and, as you know sir, he is a driving, enthusiastic research man, a good farmers' man, a good speaker. I think he is doing an excellent job.

Mr. TUCKER: Thank you.

The VICE-CHAIRMAN: Are there any questions on L'Assomption?

(*Translation*)

Mr. COMTOIS: Simply a few questions with regard to the L'Assomption Experimental Farm. There are, I believe, four or five seasonal employees there.

Some have been working there for ten years on a seasonal basis. These people are out of work during the winter for one or two months, and I believe that this situation should be improved in order to allow these people to become permanent and to avail themselves of the advantages which they do not enjoy at the present time. Is there any specific reason why these people are laid off during the winter—it is simply that they have not become permanent?

(*English*)

Mr. ANDERSON: Mr. Chairman, this is, of course, the general situation throughout all of our establishments from coast to coast; because of the nature of farming and the seasonal work, the additional work that we must do during the growing season, we must lay on extra staff to carry this work, and this is organized under the regulations of the Civil Service Commission. We have people employed, I think, at every establishment that we have from coast to coast. We do endeavour to give these people a preference, particularly good men who have worked for several years, as soon as a permanent position opens up. Naturally, because of their experience and so on they have an advantage. I do not think we could possibly, throughout the country, have all of our employees on a year round basis.

Mr. COMTOIS: But you see, sir, that there are more than four or five working during the summer. At least four or five worked 10 to 11 months every year; some of them for ten years.

Mr. ANDERSON: We are trying to do our best to give them as much employment as we can. If we have extra work to do around the station, after harvesting for example, in the form of painting and repair work and so on, we will keep these people on if we can.

Mr. COMTOIS: Yes, but they can never become permanent.

Mr. ANDERSON: Not unless a permanent position opens up, they apply for it and are appointed to it as the result of a competition.

Mr. COMTOIS: Who decides that?

Mr. ANDERSON: In the first place, the number of permanent positions and the number of seasonal positions is essentially under my control as part of the operation of the branch. The filling of a position is, of course, under the regulations of the Civil Service Commission.

Mr. MUIR (*Lisgar*): One of the problems in this particular area is if your station is called an experimental farm and these people are hired as seasonal farm workers. Then, as farm workers they are not entitled to unemployment insurance. But if it is called a station, then they are entitled to it. Is that not right?

Mr. ANDERSON: No. I do not think that the difference lies between whether we call it a station or a farm. It simply relates to the classes that are established by the commission.

Mr. MUIR (*Lisgar*): There is no opportunity to have these people who will probably work six, seven or eight months of the year on the farm, brought under unemployment benefits?

Mr. ANDERSON: This is quite beyond the control of the branch and of the department. It really relates to a total policy of handling manpower throughout the country.

Mr. MUIR (*Lisgar*): It must make it more difficult for you to get proper assistance. Have you people ever approached the Unemployment Insurance Commission to see if this could be done?

Mr. ANDERSON: I wonder if Mr. McCrea would answer you on that?

Mr. J. P. MCCREA (*Chief, Property and Finance, Research Branch, Department of Agriculture*): Under the Unemployment Insurance Act farm workers are excluded. Some years ago we bent the regulations a little bit by having persons who came to us with an unemployment insurance book, kept on and we paid unemployment insurance for them. We were checked up very severely on it; as a matter of fact, we had to pay in some instances from the vote an amount of money and refund it back to the people from whom we had collected unemployment insurance. At that time we were told, in no uncertain terms, that any person who was engaged in farm work was not insurable.

Mr. MUIR (*Lisgar*): I would think that this was a little different than ordinary farm work. In the first place, it is a federal institution. Is there any other federal institution where the people are not entitled to unemployment insurance?

Mr. MCCREA: I could not answer that; I do not know.

Mr. MUIR (*Lisgar*): If this is true and if this is the only branch of the service that is not able to give their employees unemployment insurance, then I think the experimental farms are being discriminated against, just by regulation.

Mr. MCCREA: We do, sir, pay unemployment insurance for tradesmen, machinists, electricians and so on.

Mr. MUIR (*Lisgar*): This would happen in any case. The man I am talking about is the man who is going to work for you for the greater part of the growing season and yet, when he is through, he has nothing else to do. He has to go home and babysit with his wife. It is difficult for these people because the money that they earn in the summer has to carry them through the winter. I think this is one area that could be looked into very well. The regulations, you know, are made to be broken in lots of cases, particularly if they are silly. I think in this case, where you have people whom you expect to rehire in the following growing season, to expect them to sit over the winter without earning anything is a little discriminating.

Mr. ROXBURGH: Are the men and women who are hired just regular labourers rather than experienced farm help, and do they go there and do that work rather than a tradesman's work of saw and hammer, shall we say?

Mr. ANDERSON: Yes, I think so. We are involved in different situations in different parts of the country but, generally speaking, I do not think we have any trouble in obtaining good casual seasonal labour.

Mr. ROXBURGH: You would not be able to carry on without that seasonal labour?

Mr. ANDERSON: No.

Mr. ROXBURGH: I think that certainly should be looked into because it seems to be very unjust. We should do this.

Mr. RICARD: Who made the complaint in the particular case you mentioned a while ago, where you were forced to reimburse the amount of money that had been contributed on the part of the employer and the employee.

Mr. MCCREA: An inspector of the Unemployment Insurance Commission. They audit our records regularly. He reported it to his office and we were given instructions, in writing, as to what we had to do. The reimbursement was to the individual from whom we had deducted the contribution. I think I would like to correct one impression, too, that occurred earlier. A true seasonal employee is or may be considered a permanent employee, a permanent seasonal employee, and he has the benefits of permanent employment; that is to say, superannuation and so on. But a casual employee does not have those fringe benefits. There is a difference between a casual employee and a seasonal employee. There are many seasonal employees throughout the government services in other departments as well as Agriculture, and they do have status. You can be a permanent seasonal employee or a permanent full time employee, of course. On the other hand, you may be occupying a full time position but not be a permanent employee.

Mr. RICARD: Like the other. I think this has to be looked into very closely.

(*Translation*)

I have another question about the Experimental Farm at l'Assomption. We specialize in the study of tobacco. Now, in the Louiseville area, we are considering taking orders from the French National Tobacco Company who might set up a plant there. What about the services at l'Assomption? Will they be at the disposal of that new company to enable the growers in that area to produce tobacco which could be used for these French cigarettes?

(*English*)

Mr. ANDERSON: We certainly will make every attempt to make available our tobacco experts for advisory purposes both to the company and to the farmers. Whatever develops, I am sure our staff will be on top of it and give all the help they can.

Mr. RICARD: Before we proceed, Mr. Chairman, is not the province coming first and then the federal officials? Is it a joint responsibility?

Mr. ANDERSON: I do not think that the province has any work on tobacco so that we will have to carry the responsibility.

(*Translation*)

Mr. MATTE: What is done with the products of these experimental farms? Are these products sold, or burnt, or what?

(*English*)

Mr. CHAGNON: We sell these products to the best possible advantage.

Mr. ANDERSON: We sell out products to the best possible advantage, wherever they occur, when we have to. For example, we may have fruit that we are producing as the result of an experiment in breeding of plants or in studying the protection of trees from disease and pests and the like. We may, for example, let a contract that would involve picking the fruit and the contractor gets the fruit. It is somewhat of a competitive contract.

(*Translation*)

Mr. YANAKIS: How important is the Lavaltrie Sub-station which is situated about ten miles from the Experimental Farm at L'Assomption?

(*English*)

Mr. ANDERSON: It is, as you know, on a beautiful piece of land for the production of tobacco and we have a permanent manager there. As it is very close to L'Assomption, it is run essentially as part of the L'Assomption operation. It is actually a beautiful little farm.

The VICE-CHAIRMAN: Are there any questions about the experimental farm at Lennoxville?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Are you doing any experimentation with sudan grass in Lennoxville.

Mr. ANDERSON: Yes, I believe we have worked with sudan grass at Lennoxville itself.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Are you conducting tours for local farmers, as you used to do in Lennoxville? At one time I believe there were a great number of local farmers who toured Lennoxville each year and I am informed now that the number who tour Lennoxville has been reduced substantially. Is there any explanation for this or do you intend to undertake a public relations program to increase visiting at the farm?

Mr. ANDERSON: I must admit this was not my impression. I thought that Lennoxville was quite a centre, that there are a great many farm meetings there to which members of our staff speak, and that it was widely visited. I must say I had received no impression that this had fallen off at all in recent years.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I received some information to the effect that visiting had fallen off substantially.

Mr. ANDERSON: The next time I go there I will certainly look into it.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Perhaps I am wrong.

(*Translation*)

Mr. COMTOIS: Mr. Chairman, are all experimental farms open to the public?

(*English*)

Mr. ANDERSON: Yes.

Mr. COMTOIS: Even during the weekends?

Mr. ANDERSON: We do not expect the public to be rambling over our experimental fields, but most of our farms have a small public picnic area which is used; so long as the public behaves itself, and I must say that they do extremely well in all of our stations, we hope they will look around and see what is what.

Mr. COMTOIS: Are there any plans for the expansion of the services at L'Assomption?

Mr. ANDERSON: Not at the present time.

(*Translation*)

The CHAIRMAN: If we want to conclude to-day, this might be difficult, but we should perhaps restrict our questioning, though of course I would not like to prevent you from putting any questions you would like to ask—we now move to Normandin. Mr. Gauthier.

Mr. GAUTHIER: We were told here that the Normandin Experimental Farm comes under Lennoxville. Is this simply a station for testing and the like? And when these tests are made, are the results sent to Lennoxville, or does Normandin have its own administrative office? Is the experimenting carried on in Normandin itself?

(*English*)

Mr. ANDERSON: The situation is that we are carrying out at Lennoxville a number of research programmes, experiments and testing both in the plant and animal area, but these are really run in cooperation with more senior scientists at Lennoxville and La Pocatière. I think that is the best explanation I can give. The farm is a fairly large one and is in extensive use for research for the testing of crops and certain procedures with animals.

(*Translation*)

Mr. GAUTHIER: I have noticed that testing has been carried out—there is a nursery even in Normandin. What about these nurseries, these tree nurseries? Is there any experimenting carried on on trees in Normandin? Does this come under your own research program?

(*English*)

Mr. ANDERSON: The research branch of the Department of Agriculture has no tree nursery up there; forestry may have. We have forest crop nurseries and the like but no tree nursery under our department.

(*Translation*)

Mr. GAUTHIER: Could the Department of Forestry use the station there? Can the Normandin Farm carry out research on wild fruit produced, for instance, in the Lake St. John area, such as blueberries? Are there experiments carried on there on that subject?

(*English*)

Mr. ANDERSON: There is no reason why it should not carry out work on wild fruit although I do not think we actually do have work on blueberries at

Normandin at the present time. We have a study of blueberries, on the prairies and, of course, we have various wild fruits under study in various parts of the country.

(*Translation*)

Mr. GAUTHIER: You have blueberries... Is this carried out by the federal government or by the province?

(*English*)

Mr. ANDERSON: We have a study, as I recall it, in the Peace River block. This is our main work with blueberries; it happens to be up there.

(*Translation*)

Mr. GAUTHIER: Would this be at the request of the provincial government, or would this be on your own initiative? To have research work carried out at the Normandin Experimental Farm would the request have to come from the province originally?

(*English*)

Mr. ANDERSON: Mr. Chairman, I am sorry but for some reason, I was thinking of a different type of berry. We obviously have been working in the east on blueberry work. Requests do not normally come from the province; they are initiated by us. We have had work both out of Kentville and Fredericton and we now have an operation going at Nappan. We have transferred our main studies into the Nappan area. We have also done work in Newfoundland. We have done quite extensive work in blueberries and I do not know why my mind was running on a different type of fruit. Actually the work on the fruit in the west that I was thinking of was being done at Saskatoon.

(*Translation*)

Mr. GAUTHIER: Over the last few years, has the Normandin station begun experimenting with regard to beef cattle? Apart from sheep and dairy cattle, we have in the area at the present time and have had over about two years, a great many beef cattle.

(*English*)

Mr. ANDERSON: We have no beef work at Nappan. We have work on dairy cattle and cheese making. We cannot run every brief, so to speak, at every station. The main work on beef in the Province of Quebec is at Lennoxville.

(*Translation*)

The CHAIRMAN: Since it is almost five to eleven, I think it might be a good idea.

(*English*)

The VICE-CHAIRMAN: It will be necessary to return to Votes 5 and 10 next Tuesday. After we have completed this item we will take Item 15.

(*Translation*)

Mr. CLERMONT: Since the Finance Committee, of which I am a member, will be going to Montreal next Tuesday, may I put a question with regard to the Experimental Farm at Kapuskasing?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): We could sit until 11 I would like to put some questions on St. Jean, which comes next.

(*English*)

Mr. HORNER (*Acadia*): We can continue to 11 o'clock; we have seven more minutes.

(*Translation*)

Mr. CLERMONT: What about the new project for beef cattle at the Kapuskasing Experimental Farm?

(*English*)

Mr. ANDERSON: The Kapuskasing Experimental Farm is now running in very close conjunction with our operations in Ottawa where we have one of our principal groups of experts in animal breeding and animal nutrition. We have experiments running at Kapuskasing relating to nutrition in this area of beef cattle.

(*Translation*)

The VICE-CHAIRMAN: The experimental station at Saint Jean, Mr. Watson?

(*English*)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have a fairly general question which I would like to ask; I will apply it specifically to St. Jean. I have often wondered why your department never developed, for the farmers in western and southern Quebec and in eastern and southern Ontario, the grain corn. This, as you know, is the major new crop that has appeared in this area in the last few years. It seems that the development work has come entirely from private industry; at least, that is my impression. I would like to know why, if the Department of Agriculture is there, supposedly, to develop new crops for farmers, the major crop that has appeared in the area in the last few years has been developed almost entirely by private industry. Perhaps I err in this statement but this has been my impression, at least in southern Quebec.

Mr. ANDERSON: I am going to ask Dr. Woodward to answer this, but I think we are behind a lot of the work that is coming out through private industry. It is a fairly detailed field and I will ask Dr. Woodward to reply.

Dr. J. C. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman and Mr. Watson, over a period of more than 30 years, we have had a very comprehensive and intensive program of corn improvement and we feel that we have made a very, very considerable contribution toward the corn explosion, if you like, in eastern Canada, to developing corn to where it is, perhaps, our highest yielding crop per acre for

animal feed. We have done this through the development of inbred lines which when combined will produce a hybrid which is adapted to the number of heat units. Actually we have all southern Ontario and southern Quebec indexed in heat units and what corn hybrids will develop there. Now the policy, sir, and why you feel that these developments have come from industry, is that in our breeding program we develop inbred lines which will combine to produce a hybrid which has the sort of characteristics that are required for a particular area in Canada. We have a corn group committee which advises and helps us in determining to which of a number of commercial enterprises we should hand these two inbred lines because it is a tremendous job of work in producing this hybrid seed. The work of producing hybrid seed is carried out by industry but the work of producing the inbred lines which are crossed to produce the hybrid seed is largely the contribution of the federal department.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): This is really a question of the department doing the work but not getting across the fact that it has been doing the work and the results is has worked to the farmers.

Mr. ANDERSON: But we are getting the seed across to the farmers and that is the important thing. As a matter of fact we are rather proud of the work that we have done in expanding corn from the hot areas in the United States where it is indigenous, where it grows readily, further and further into eastern Canada under conditions to which the crop is not normally adapted.

• (10.56 a.m.)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am very pleased to hear that you people were responsible because it was my impression, and I think it is the impression of the general public, that this has come entirely from private industry.

Mr. ANDERSON: Private industry makes a contribution but it is more efficient to have them produce the hybrid seed as long as we are developing the more difficult task of producing the pure bred lines.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Do you people have any corn plots now at St. Jean?

Mr. ANDERSON: Yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Do you have any at Lennoxville?

Mr. ANDERSON: I think so.

Mr. WATSON (*Châteauguay-Huntingson-Laprairie*): Do you have any at Ste. Clothilde?

Mr. ANDERSON: No, I do not think that is used for field crops.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would think, if I may make a suggestion here, that it would be worthwhile to put a plot in at Ste. Clothilde because the highest yield on grain corn that occurred in my area last year was from somebody who used just black muck land to grow their corn, and he had a very good yield.

Mr. ANDERSON: We will certainly bear that in mind.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Now, I have one other question on the Ste. Clothilde substation. I had the impression that you had moved your laboratory facilities from there to St. Jean simply because some of the people in St. Jean did not feel like driving back and forth every day to Ste. Clothilde, and the fact that the living conditions in St. Jean were, perhaps, a little more city-like encouraged the local manager to make a recommendation to Ottawa that the facilities be moved from Ste. Clothilde to St. Jean, a distance of about 25 miles. Quite frankly I cannot see the merit in that particular move.

Mr. ANDERSON: This, of course, is one of the problems in the management of research and we are endeavouring to manage it as best we can in that area. The main concentration of our professional work is at St. Jean. But this is quite common; it is a very short distance from one farm to another, about 25 miles.

The VICE-CHAIRMAN: It is eleven o'clock.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have one further question, Mr. Chairman. Are you trying to produce sudan grass at St. Jean too?

Mr. ANDERSON: I expect so.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): If you are not, I think you should. Would you make a note of this?

The VICE-CHAIRMAN: The next meeting will be next Tuesday at 9.30. The meeting is adjourned.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 10

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, MAY 31, 1966

WITNESSES:

From the Department of Agriculture: Dr. R. Glen, Assistant Deputy Minister, Research; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea. Chief, Property and Finance; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. R. K. Bennett, Director General, Livestock Division; Mr. R. B. Goodwillie, Director, Dairy Division.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24357—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),	Mr. Honey,	Mr. Olson,
Mr. Beer,	Mr. Hopkins,	Mr. Peters,
Mr. Choquette,	Mr. Horner (*Acadia*),	Mr. Pugh,
Mr. Clermont,	Mr. Johnston,	Mr. Rapp,
Mr. Comtois,	Mr. Jorgenson,	Mr. Ricard,
Mr. Crossman,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Éthier,	Mr. MacDonald (*Prince*),	Mr. Schreyer,
Mr. Faulkner,	Mr. Madill,	Mr. Stafford,
Mr. Forbes,	Mr. Matte,	Mr. Stefanson,
Mr. Gauthier,	Mr. McKinley,	Mr. Tucker,
Mr. Gendron,	Mr. Moore (*Wetaskiwin*),	Mr. Watson (*Assiniboia*),
Mr. Godin,	Mr. Muir (*Lisgar*),	Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Grills,	Mr. Neveu,	
Mr. Herridge,	Mr. Noble,	Mr. Yanakis—(45).
	Mr. Nowlan,	

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 31, 1966.
(11)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Choquette, Crossman, Éthier, Faulkner, Gauthier, Godin, Herridge, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Olson, Rapp, Ricard, Schreyer, Tucker, Watson (*Assiniboïa*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (28).

Also present: Mr. Nielsen.

In attendance: *From the Department of Agriculture:* Dr. R. Glen, Assistant Deputy Minister, Research; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Mr. J. S. Parker, Director General, Administration; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. R. K. Bennett, Director General, Livestock Division; Mr. J. C. Moffatt, Director of Administration, Production and Marketing Branch; Mr. D. B. Goodwillie, Director, Dairy Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, items 5 and 10, Research.

At the request of Mr. Herridge, it was

Agreed,—That the Officials of the Research Branch of the Department of Agriculture would supply a paper showing the milk yields of Holstein Herds at the Central Experimental Farm, Ottawa, and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "I"*)

At the request of Mr. Olson, it was

Agreed,—That the officials of the Research Branch of the Department of Agriculture would supply a paper showing the number of staff and the operating and maintenance costs for the individual Research Branch establishments of the Department of Agriculture and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "II"*)

On motion of Mr. Olson, seconded by Mr. Muir (*Lisgar*)

Agreed,—That the officials of the Research Branch of the Department of Agriculture supply a statement on machinery for reseeding range land and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "III"*)

24357—1½

The Committee completed consideration of items 5 and 10, Research, of the estimates of the Department of Agriculture for the fiscal year 1966-67. The Chairman congratulated the officials of the Research Branch and thanked them for their cooperation.

On motion of Mr. Asselin (*Richmond-Wolfe*), seconded by Mr. Madill,

Agreed,—That items 5 and 10, Research, of the estimates of the Department of Agriculture for the fiscal year 1966-67, carry.

Mr. Muir (*Lisgar*) requested that the Subcommittee on Agenda and Procedure be asked to consider whether a letter be sent to all members of the Committee informing them of the topics the Committee would be considering over the next several weeks.

The Chairman then recalled item 15, Production and Marketing, of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman introduced the officials from the Production and Marketing Branch, after which the Committee started questioning the Departmental officials.

At 11:45 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to Thursday, June 2, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, May 31, 1966

• (9.45 a.m.)

The CHAIRMAN: Gentlemen, we have a quorum. We will start the meeting. We have with us this morning Dr. Anderson, Dr. Woodward, Mr. McCrea, Dr. Glen and Dr. Parker.

We got as far as the experimental farm at Normandin on Friday. Was discussion finished on the Normandin farm?

Mr. HERRIDGE: Where is that, Mr. Chairman, its geographical location?

The CHAIRMAN: The Lac-Saint-Jean area.

Mr. HERRIDGE: I have never heard of it before.

The CHAIRMAN: Have you a question, Mr. Gauthier? Are there any further questions concerning the research station at Saint-Jean?

The Entomology laboratory at Chatham, any questions concerning this? The experimental farm at Delhi? All I can say about the experimental farm in Delhi is, in the recent issue of the *Rural Co-operator*, there is an article indicating that the Norfolk County Federation are asking the local representative—and he told me he was going to be here this morning—to put up bigger signs pointing out how important his station is to the tobacco growing industry. I think the article said it was the most developed tobacco research station in the world. I do not know whether or not it was exaggerating the point. Is it, Doctor Anderson.

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): It sounds good, anyway.

The CHAIRMAN: The experimental farm at Fort William.

Mr. HERRIDGE: What would be the work, principally, at the farm at Fort William?

Mr. ANDERSON: The farm at Fort William is just a small station; it has not been in existence for very long, and is doing, really, the testing work for that particular area. There are several small agricultural areas lying out in various directions from Fort William, and we are testing the various forage and cereal crops in that area.

The CHAIRMAN: How big a staff do you have?

Mr. ANDERSON: We have one professional there, and two or three sub-professionals that work there as a substation of Ottawa.

The CHAIRMAN: Any further questions? The research station at Harrow is the most important one in Canada.

Mr. HERRIDGE: Well, we are coming to that one.

The CHAIRMAN: This one is in Essex South.

I have one question that I would like to ask about the research station at Harrow. We do know that there are plans for new facilities at Harrow. There has been a great deal of thought and discussion and requests concerning equipment for testing plants, soil for mineral deficiency, also for testing vegetable and fruit products for carryover of insecticides and pesticides. In the new facilities at Harrow, will this be provided?

Mr. ANDERSON: Yes, I think that we are fairly well equipped in most of our stations, and certainly when we get the new building at Harrow we will make sure, as we get the additional space that we provide the equipment we need for this type of work.

The CHAIRMAN: The experimental farm at Kapuskasing.

Mr. LEFEBVRE: Mr. Chairman, if you remember at the meeting before last I asked a series of questions on the relations between the Kapuskasing station and the county of Temiscaming in Quebec, and I was told—I do not know if the gentleman to whom I was talking is here this morning—that he would give out the answers at the following meeting when this came up.

Mr. ANDERSON: Mr. Chairman, we have two project forms on the Quebec side that are operated from Kapuskasing. The first one is at Guyenne, and the second at Ville-Marie. They are both fairly substantial acreages in which we are doing our testing work for those particular areas, operating from Kapuskasing.

Mr. LEFEBVRE: Were you the gentleman, doctor?

Mr. ANDERSON: No, it was the deputy minister, Mr. Barry. I was away that day, I am afraid. I was in Winnipeg.

Mr. LEFEBVRE: He had told me that he would give a more detailed explanation of the work carried out by your Department in the county of Temiscaming. That is why I mentioned it; when the Chairman mentioned Kapuskasing, that is why I asked you this question.

Mr. ANDERSON: Well, as you know, this is an area in which they are interested in raising beef and dairy and with the forage crop, with the feeding operation; and the problem is primarily the production of feed crops, both forage and grain, in those particular areas, and accordingly we can experiment out from Kapuskasing with the crops, the particular varieties that are suitable for that part of the country. I think you will agree that there is enough similarity across from east to west, that the variety made up in Kapuskasing would be useful in the Guyenne and Ville-Marie areas.

Mr. LEFEBVRE: That was just the point of my question, sir, that it is not that similar. According to the people in this district that have spoken to me about this problem, they would like to know how extensive are your studies at this station in Ville-Marie?

Mr. ANDERSON: Well, we have, of course, started with soil surveys in these areas, and we know the differences in the soils on both sides of the border across through the whole of that area. I think it is literally true that, in many parts of Canada, if you go 100 miles you get some change in conditions, but I do

not think these changes are of a nature that indicates that entirely different crops should be grown in these areas.

We understand also that the province of Quebec is considering establishing a farm up in that area. We have talked to them about this, and I must not commit them in any sense, but there has been discussion.

Mr. LEFEBVRE: Is there any co-operation between your station at Ville-Marie with the Ontario government experimental farm in the County of Timiskaming in Ontario, at New Liskeard?

Mr. ANDERSON: The co-operation between ourselves and between the research branch of the Canada Department of Agriculture and the whole Ontario organization, particularly up in the New Liskeard and Kapuskasing area has developed very rapidly over the last year and a half. I think you could say that, in this area, both the province and the federal people are working very closely together, and I somehow doubt whether the Ontario provincial people go across the boundary, but I am sure that the information, at least, is available.

Mr. LEFEBVRE: Yes, Would this one in New Liskeard be the only one operated by the Ontario government?

Mr. ANDERSON: No, the Ontario government has stations at Ridgetown, Vineland, Kemptville; they have several.

Mr. LEFEBVRE: Thank you.

Mr. ANDERSON: And, of course, the big agricultural college at Guelph, which is their main centre.

The CHAIRMAN: Are there any further questions on Kapuskasing?

We are supposed to have passed Harrow, but one thing that I would like to ask on the research station at Harrow is, what is the total budget for Harrow, and what is the total staff?

Mr. ANDERSON: Well, I will let Mr. McCrea answer that; he has the details.

Mr. J. P. MCCREA: The total operation and maintenance budget for the current year, that is, 1966-1967, is $646,705, and the staff is about 90.

The CHAIRMAN: And the experimental farm at Smithfield is where?

Mr. ANDERSON: Smithfield is down near Belleville. Actually it is slightly west and north of Belleville, and it is primarily a fruit and vegetable experimental station.

The CHAIRMAN: The research station at Vineland? Any questions concerning this? The research station at Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to ask whether there have been some major changes in the herd you have at the farm in Ottawa. Were there changes made in the herd of cattle there during the past year or two?

Mr. ANDERSON: At Ottawa?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): At Ottawa.

Mr. ANDERSON: We have been reorganizing some of our beef herd, and we have moved some of the beef cattle from Ottawa up to Kapuskasing, and we

have a demonstration herd of beef cattle—a small demonstration herd—coming into Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You have a dairy herd.

Mr. ANDERSON: We also have a dairy herd, yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Have you done anything to it in the last couple of years?

Mr. ANDERSON: No, I think that we have a demonstration herd, and we have a large experimental herd, as well.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): What do you mean by experimental herd?

Mr. ANDERSON: I mean, a herd with which we are actually doing research. It will be research either in the breeding field or in the nutrition field, and we are doing both here in Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I heard criticisms, not this year but during the past two years, that you had a fairly low calibre herd at the experimental farm, and that it was a disgrace to the country that we had such a low calibre herd there.

Mr. ANDERSON: This, gentlemen, is a difficult question to answer because we are concerned with doing research, and when we are doing research—for instance, when we are doing research in the field of genetics—we are doing collection experiments. In order to get scientific results which are meaningful, we must continue to keep the control animals as well as those that are superior. As the result of this, you get a mixed herd. In addition to this, we are not, generally speaking, going for confirmation *per se;* that is, for a show herd type. We are going for production of total dollars in milk, and in our investigations in this area, of course, we are making measurements of all the associated characteristics.

The research man has to free his mind from the traditional concept of what a cow should look like and deal with what he is expecting a cow to do, which is to produce milk.

It is a touchy area with us, and I have no doubt that the comment is a fair comment. I am trying to explain why it exists.

The CHAIRMAN: Mr. Madill has a question, Mr. Anderson.

Mr. MADILL: The experimental farm at Ottawa has been acquiring more land further afield, out a piece, from Ottawa at the present time?

Mr. ANDERSON: For the research branch and the health of animals, we have 4,000 acres now on the green belt, of which 2,800 are allocated to the research branch, and we are developing it as our major animal stations in Canada.

Mr. MADILL: These are already purchased?

Mr. ANDERSON: Yes, and we have done a good deal of work and started building on it.

Mr. LEFEBVRE: A supplementary question. Mr. Watson was speaking of the herd, and recently in the papers there was an announcement that a special type

of cows were brought over from France, and were quarantined for six months, I believe?

• (10.00 a.m.)

Mr. ANDERSON: The Charolais.

Mr. LEFEBVRE: Have you any of these new types?

Mr. ANDERSON: We have none of these in Ottawa.

Mr. LEFEBVRE: Does the federal Department of Agriculture have any of them anywhere?

Mr. ANDERSON: We are using the Charolais; actually, we are using the semen in a major cross-breeding operation experiment that we have out of Lethbridge.

Mr. LEFEBVRE: According to the papers most of these went out west; is that correct.

Mr. ANDERSON: So I understand.

Mr. LEFEBVRE: And you have contacts with those people out west?

Mr. ANDERSON: Well, we have sources available for semen for the experimental work which we are carrying on with this breed.

Mr. LEFEBVRE: Thank you.

Mr. HERRIDGE: Mr. Anderson, what breeds do you have at the experimental farm here, and how do their records compare with the same breeds at the Ontario Agricultural College?

Mr. ANDERSON: Mr. Herridge, I cannot tell you the answer to that, because this requires facts. We will answer that in writing, if we may. I think that it is a difficult question to answer in the sense that we should take those animals which have been on selection for quite a period of years as part of our experiment and represent the different parts of our herds, and then we would have the problem of what to compare them with at Guelph. I think it is a little difficult for us to deal with a question of that sort, to answer it fairly but we will talk to you.

Mr. MUIR (*Lisgar*): Mr. Herridge asked you what type of—

Mr. ANDERSON: Oh, yes, what type we have. We have mainly a Holstein herd, we have some Ayrshires, and our demonstration herd has Guernseys, with Jerseys in it as well. We have four breeds of dairy cattle, but we are working mainly with two.

Mr. MUIR (*Lisgar*): And you have no beef cattle?

Mr. ANDERSON: Yes, we have. We have Shorthorns at Ottawa.

The CHAIRMAN: One question I would like to ask about the research station at Ottawa, how many tourists visit there in a year?

Mr. ANDERSON: Mr. Chairman, sometimes I think on a Sunday it is a question of how many visit in a day. I cannot give you an exact answer on that today. There must be thousands and thousands that come through. We cannot

tell, of course, how many are tourists and how many are citizens of Ottawa. As you know, Ottawa has some pride in the Central Experimental Farm, and we get lots of people, especially in our arboretum and in our ornamentals garden.

The CHAIRMAN: Any further questions concerning Ottawa?

The experimental farm at Brandon. No questions?

The experimental farm at Morden.

Mr. MUIR (*Lisgar*): Mr. Chairman, I have a couple of questions on this farm But before I ask them I would like to express the appreciation of the people of almost of all Manitoba for having this excellent farm which is located in south central Manitoba, and particularly for its impact on the growing of specialty crops in the Red River Valley. I know that of late years because of its variety of fruits and trees, it has become a mecca, not only for the local people, but for the people practically of the whole province, and it has also become a great place for the Americans to visit. I would hope that this farm would be given every assistance from the department to continue to better its work in the years to come.

Now, the question that I have first is, does the station provide any assistance to canning plants in the area in the development of new quality vegetables suitable for the climate and growing season.

Mr. ANDERSON: Yes, I think we have co-operated with the canning companies down in that part quite closely. We have a section on processing dealing largely with vegetables at Morden. Dr. Walcott is the principal breeder in the area of vegetables and the like.

Mr. MUIR (*Lisgar*): You have probably answered my second question then, because I wanted to know if you were doing any research on the canning quality of these products in co-operation with the canning plants. I mean, do you actually do canning experiments, do you know?

Mr. ANDERSON: We have equipment there for experiments in this area. The problem is sometimes to develop the staff that we need, but I think that we are fairly successful there, but not as successful as we are in some other stations.

Mr. MUIR (*Lisgar*): Well, I think you have been very successful in developing rust resistant sunflowers, which has had a terrific impact on that area.

Mr. ANDERSON: I might say, Mr. Muir, that we are hoping to build at Morden. We will be doing the planning operation this year, but I do not think we will get started with the actual building until probably next year. Commenting on your first question, really, if you are going to change the building, and put up a new office laboratory building there, you are faced with a problem of re-organizing the grounds to fit your new building plans, so that I think it will take us a little while to get back into the shape we would like to be in, in the surrounding ornamental beds and trees, and so on, when we get the building. There will be some disruption for a year or so.

Mr. MUIR (*Lisgar*): I notice that you have a building site—you know the area?

Mr. ANDERSON: Yes, I know the area.

Mr. MUIR (*Lisgar*): —just in the corner that would not disrupt your—

Mr. ANDERSON: It will not disrupt the main gardens. We will have to re-do the grounds around the building when we get it up.

Mr. MUIR (*Lisgar*): There was some disappointment over the cattle being moved. It was the idea to change it from an experimental farm to a pure research station?

Mr. ANDERSON: No, this is part of an over-all policy into which we have been forced, in terms of efficiency. We are concentrating on animal research at fewer stations across the whole country. There will be the principal animal work, the areas where we will have breeding herds, and fairly extensive work will be in Ottawa—we talked about the Green Belt—Fredericton, Lennoxville, Brandon, Lacombe, Lethbridge, and Agassiz.

Now, this does not mean that we will not have animals at some of our other stations, but they will be mainly bought on the rotating fund and will be used in pasture and nutrition experiments.

Mr. MUIR (*Lisgar*): Do you remember what happened to the Ayrshire herd?

Mr. ANDERSON: I think it was brought east.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

Mr. JORGENSON: I have a couple of questions, Mr. Chairman. You have been doing a considerable amount of research on the growing of soybeans in that area, and at the present time the extraction plant at Altona is importing considerable quantities of soybeans processed at the Altona plant. How far has research gone on the development of a soybean that will produce in quality and quantity comparable to the American grown product?

Mr. ANDERSON: Gentlemen, this is an area in which we are trying to take a crop and grow it, really, outside of the area in which it is indigenous. The area in southern Manitoba is at the extreme limit of where you can do anything with soybeans at all, and the question of whether you can make it a really effective commercial crop in this area, I think, has still to be settled. We are working in the area but this is hard uphill work against the climatic conditions that exist there.

Mr. JORGENSON: Have you been doing any plant breeding there, or is it just a question of determining the best—

Mr. ANDERSON: No, we are doing breeding on that crop.

Mr. JORGENSON: Well, did you not have a variety that was tested and released to some of the farmers in that area?

Mr. ANDERSON: Yes, I think so. I will ask Dr. Woodward to answer that.

Dr. J. S. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman, we have done breeding work on soybeans at Morden. As a matter of fact, it has been our main centre in our efforts to develop a soybean which would give economic yields in the prairies. We have effected considerable improvement over the last 20 years in the yields

of soybeans in, for example, the Morden area. But our yields still are not comparable to our yields, for example, in southwestern Ontario. If we compare, for example, sunflowers to soybeans, we get more oil per acre from sunflowers than we do from soybeans.

Mr. JORGENSON: Speaking of sunflowers, on which you have been working, the new variety of sunflower that you obtained from the Russians has turned out very well, has it not? How does that compare with the variety? This is Peredovik, is it not?

Mr. WOODWARD: Yes. As an outyielding, our best graft is this introduction from Morden. I think we will, in the coming years, need—I mean, our breeders will use material from these Russian varieties. Meanwhile, it is filling a stopgap, but it will probably lack some of the disease resistance that we will require.

Mr. JORGENSON: Peredovik does lack some disease resistance?

Mr. ANDERSON: The main advantage of that variety is its very high oil content.

Mr. RAPP: What is the percentage of oil content that you get from these? What is the percentage of edible oil in it?

Mr. ANDERSON: I think it is up to 42 per cent, or a little higher.

Mr. HERRIDGE: A supplementary question, Mr. Chairman. Has your department attempted to get any of the varieties of sunflowers—

The CHAIRMAN: You are not coming over the microphone.

Mr. HERRIDGE: Oh, pardon me. Damn the things, anyway. I am not used to these modern conveniences, you know.

Dr. Anderson, has your department at any time tried to get the varieties of sunflowers that are grown by the Doukhobors in the Kootenays? They keep in quite close touch with the situation.

The CHAIRMAN: With the sun.

Mr. HERRIDGE: Sunflowers, yes.

Mr. ANDERSON: I think that that department has all the lines and selections that are available, not only in Canada, but from Russia and various other places. Actually, there is a main sunflower conference to be held in Morden very shortly now; I cannot remember the exact date. It is in about two months' time.

Mr. JORGENSON: The sunflower seed, or the seed of the sunflower festival?

Mr. ANDERSON: No, not a festival; it is a conference.

Mr. SCHREYER: Mr. Chairman, what is the size of the appropriation for this farm, and the size of its staff? Has there been any significant increase in the last five years?

Mr. ANDERSON: The total staff is 71, and the operation and maintenance is $396,468, about $400,000. Over the last five or six years, something of that order, there has been an increase of four in the research officer positions there.

Mr. SCHREYER: An increase of four in the establishment of 71?

Mr. ANDERSON: Yes. There are 12 research officers there now.

Mr. SCHREYER: Twelve. That would mean that the remainder would be subprofessionals?

Mr. ANDERSON: Yes. Supporting technicians in the laboratories, plantmen and the like in the field.

Mr. MUIR (*Lisgar*): How many casual people do you employ during the growing season?

Mr. ANDERSON: We never speak of numbers of casual people; we speak of the number of man-years of casual, because we might have a dozen casuals on at one time, but only for a week or so, you see. So we have a casual man-year allotment at Morden of—the last definite figure I have is 1.73—it is about two man-years casual.

Mr. MUIR (*Lisgar*): Have you any idea of how many people that could mean?

Mr. ANDERSON: Well, that might be something of the order four or five people at some times, and that is only one.

Mr. MUIR (*Lisgar*): Do you think that is all they have, four or five people?

Mr. ANDERSON: Yes, in casual.

Mr. MUIR (*Lisgar*): I thought it would be more like 25.

The CHAIRMAN: I think what they mean is that if you had them hired there would be that many people for the whole year, but at times in the year there may be 20 people working there.

Mr. MCCREA: As well, there are prevailing rate employees; that is, full time prevailing rates and seasonal prevailing rates of about 30 man-years.

Mr. MUIR (*Lisgar*): These are the people of whom I am speaking. I would like to take this opportunity again, doctor, of asking you to see what you could do about having these people put on unemployment insurance.

Mr. ANDERSON: We shall have to bear this in mind. If you recall, we discussed this at some length the other day.

Mr. MUIR (*Lisgar*): I am just reminding you.

The CHAIRMAN: Are there any further questions concerning this station, or farm?

Now, the research station at Winnipeg.

Mr. SCHREYER: Do you expect a new rust resistant wheat later than Manitou?

Mr. ANDERSON: We are continuously working on the development of better rust resistant wheats, and I do not know when we will get one that is better than Manitou; but the way that program is going, I look for continued success in that operation; it has been a very successful program.

The CHAIRMAN: How many people are on the staff of the station at Winnipeg, and what is the budget for them?

Mr. ANDERSON: Winnipeg is 106 with a budget of $905,000.

The CHAIRMAN: It is a big station.

Mr. SCHREYER: Mr. Chairman, of these 106, how many are what you would call professionals?

Mr. ANDERSON: There are thirty-six professionals.

The CHAIRMAN: Any further questions concerning Winnipeg?
The experimental farm at Indian Head.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if we could have the same information for Indian Head, how many are on the staff, and what the appropriation is.

Mr. ANDERSON: The staff is 45, of whom six are professionals, and the budget for operation and maintenance is $263,000.

Mr. OLSON: Mr. Chairman, if the witnesses have this information available for each one of the research stations, I wonder if it could be just added, rather than to have to ask for each station—

The CHAIRMAN: As an appendix—

Mr. OLSON: —that is, the number of people on staff, the professionals, and the total budget, just those three answers.

Mr. ANDERSON: For all stations? Yes, Mr. Chairman, we will append the list.

The CHAIRMAN: Fine, thank you.

Mr. MUIR (*Lisgar*): Mr. Chairman, is Indian Head still the main tree growing area in that district.

Mr. ANDERSON: The forest nursery station is with PFRA; it is not with the research branch.

Mr. MUIR (*Lisgar*): Oh, it is not with the research staff?

Mr. ANDERSON: No.

The CHAIRMAN: The experimental farm at Melfort; the experimental farm at Regina; the research station at Saskatoon.

Mr. RAPP: Mr. Chairman, I would like to know why—

An hon. MEMBER: Is this about rapeseed?

Mr. RAPP: Yes, it is about rapeseed, that is right. I would like to know why not enough work is done to extract these toxic things from the rapeseed meal. Last year in December they had a symposium there, and the point was stressed that our meal could not be sold, or could not compete, with meal from other oil dairy feeds, like soybean, and so on. Why is not enough work done along these lines? We have the National Research Council there, the prairie—regional laboratory; but these two do not make enough progress. There is not enough money allotted for research on meal. An industry could be built up on it, and the people that are in this field complain that the toxic factors are not extracted fast enough. Over the years work has been done on it, but nevertheless young animals, young poultry can not be fed on it.

Mr. ANDERSON: This is a difficult research area, and we think we have made some substantial progress. I shall ask Dr. Woodward to comment on this, if I may.

Mr. WOODWARD: Mr. Chairman, there has been considerable research on rapeseed and rapeseed oil meal both by the Canada Department of Agriculture and by the prairie regional laboratories, and on two fronts; one, that with the present steam processing of extraction we now have meal that, with a few minor exceptions, is satisfactory for all classes of livestock. I know you would like to know that the Canada Department of Agriculture has just published a monograph on rapeseed oil meal as a livestock food.

In our breeding program at Saskatoon, we have made some progress in selecting lines with the isocyanate group of chemicals which are in all of the plants of the mustard family, and rapeseed is in this family.

Mr. RAPP: But you cannot feed this stuff to young animals and young poultry and this is where the difficulty arises with the processed meal; they cannot sell the meal. The point is that unless they get to the point where young animals, young chicks, and so on can be fed this meal they will just have to get out of the meal business.

Mr. WOODWARD: I think with the investigation of the methods both of process and of our selections of our rapeseed meal we are very rapidly getting to the point where young animals can be fed. The monograph which I mentioned will go a long way toward lifting reservations on rapeseed oil meal.

Mr. RAPP: But what I would like to know, is it lack of money supply by the federal government to do research work on it, or is it just impossible to make progress?

Mr. ANDERSON: No, I think that it is not lack of money; I think we have an adequate team working in this area, and it is just an area—it takes time to do research, and it takes time to push research through the experimental stages where you are completely convinced that you have the best material to start with, which is plant breeding, the best processing methods in order to eradicate these particular compounds, and a thorough knowledge of the extent to which you can feed this meal of various classes of animals at various stages of maturity. You just cannot do it in a day. It is not a question of limitation of money. I think we are doing fairly well in this area.

The CHAIRMAN: Any further questions?

The experimental farm at Swift Current.

Mr. OLSON: I am not sure whether this is the place to bring it up, but this is one of the only farms where they do some work on agricultural engineering problems.

Now, Mr. Chairman, we need a machine in western Canada that will seed grass seed and legumes into very rough and stony land in doing some of this re-grassing program. I heard once that there was some work being done at Swift Current to develop a machine that would have the capacity for going over rough stony ground and killing all of the vegetation, and packing it and seeding these grass seeds in it. Is this going forward, or was it just a rumour I heard?

Mr. ANDERSON: Well, we have been experimenting with machinery, and I think we have done the main work on re-grassing out of the Swift Current station. As you say, it is a difficult area, particularly if you have stony ground. Agricultural engineering in Canada is a fairly difficult area, and we have been doing a great deal of work on building up our resources in this area, particularly during the last year and a half. I am hoping that we shall make some further progress in developing our over-all capacity for agricultural engineering research in Canada as a whole, mainly on the decentralized basis, because as you point out this is a particular problem for a particular area. There are other problems of a similar kind in other areas of Canada, so that we are aiming at really a decentralized growth of agricultural engineering. We have put some money into it through our grants in aid of research this year and we hope to increase that. It is a very expensive area of research, agricultural engineering.

Mr. OLSON: Do you have a machine in the process of development to do this specific job now?

Mr. ANDERSON: Not to my knowledge, I do not think so.

Mr. OLSON: Has any one of the major machine companies received a grant or some persuasion from you—if I may use that word—to develop such a machine?

Mr. ANDERSON: No; I do not think that we have made any money available. Indeed, I do not think that we have the means to make grants to—not in our Department—industry. The Department of Industry itself, of course, has such possibilities, and to a more limited extent, the National Research Council, not in such a highly applied area as this.

Mr. OLSON: To finish this up, then, do you know of any of the machine companies?

Mr. ANDERSON: I think I shall have to get in touch with my experts in this area; you are just a little outside my area of knowledge at the moment.

Mr. OLSON: Well, Mr. Chairman, I had heard that there was some work being done on this kind of machine. It would be a very heavy and a very expensive machine, I presume, by the time it is finished, and a number of the ranchers and farmers in my area were waiting for some development to where it had reached a practical stage.

Mr. ANDERSON: May we append a statement on this subject?

The CHAIRMAN: I think so, if the Committee agrees.

Mr. OLSON: Fine, that will be satisfactory.

Mr. STEFANSON: On the same subject, we use airplanes for this type of seeding, which have been very successful, and the rocks do not bother us.

Mr. OLSON: I was wondering how the airplanes kill the vegetation that is there.

Mr. STEFANSON: Well, the grass does.

Mr. OLSON: Well, that has not been satisfactory for establishing growth of grass in some areas.

Mr. STEFANSON: You cannot use a rototiller on rocky soil, that is, if the rocks are in sight. But these power-driven rototillers pulled by a tractor will prepare anything which—

Mr. ANDERSON: We have extensive investigations on how best to go about this problem of re-grassing under various conditions. We have work at Swift Current, we have work at Melfort, and I think we have some at Beaverlodge, as well, under the different conditions which exist in these parts of the country.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I would like to ask Dr. Anderson a question. We all realize that Swift Current has done a tremendous job on soil erosion practices over the past thirty years, since the middle thirties. I wonder how many illustration stations there used to be and how many have been cut out, possibly the answer is, how many are there at the present time, compared to what there used to be? My reason for asking this question is that I think this was a very valuable source of information throughout the country, owing, to the fact that farmers in local areas could go to these illustration stations and see the practices, and there used to be field days—I am thinking back, possibly 15 or 20 years ago—and this has been practically cut out. I realize that the information is still available for people who want to write to Indian Head, or to Swift Current in this case, for this information.

• (10.30 a.m.)

I think there is a lot of merit in having these illustration stations throughout the country, where local people can get to them and see the actual thing in practice. As I mentioned, the soil erosion is a thing pretty well of the past, owing to the education we have got from the experimental farm. But the trend is turning now to moisture conservation and cropping practices, and there must be some way that we can get this information out to the people, to the farmers who are thinking in terms of sowing more stubble land and the best fertilizer practices to go with this. Just what is the reason for cutting out the illustration station?

Mr. ANDERSON: Well, Mr. Chairman, it merely relates to the whole question of how you can make best use of the money and resources of manpower that are available to you, having regard to the rapidly changing technology. Over the years, since the experimental farms were first started back in the eighties, there has been a very rapid change in farming, particularly in the west, and our feeling recently has been that the best illustration farms are the farms of the best farmers in the area. We feel ourselves—and I am a bit sensitive on this point, I must admit—that the farmers in western Canada and in the great belt of farming land we have through Ontario and into Quebec, but the farmers in western Canada particularly, are as on top of our research as they are anywhere in the world, and that the gap between research and farming practice is not large; it is smaller than it is in most other parts of the world. I think they are right on top of us and that anyone who travels through the west can see good farms using modern practices, using the best information that is available, in using herbicides, in using fertilizers, in using pesticides, in using the best varieties that are available, and in using management practices that are effective.

We are still operating a great many off-station farms, what we call project farms. Some of these are of a fair size. They are all rented; we do not own them. And we may move them; our contract is generally for five years, and we may move them. I would think, without having the exact record available, that we have about 12 or possibly 15 operating out of Swift Current, and we have over 350 off-station operations across Canada, in addition to all of our establishments.

Mr. WATSON (*Assiniboia*): Well, I think that what you say, Dr. Anderson, is quite true. Your good farms are possibly on top of this but it is still a known fact I believe that somewhere around 25 per cent of the farmers in the west grow 75 per cent of the grain. If we are going to get on top of the situation with the other 25 per cent so that they can start producing in the same proportion, there must be some means that we have not used yet to get these methods across to the other 75 per cent of the people who are not producing.

Mr. ANDERSON: Well, I think that the extension services of the provinces, and the wide use of radio and television, and the distribution of information through various types of pamphlets and written material are, on the whole, pretty effective in western Canada.

Mr. WATSON (*Assiniboia*): Well, this is quite true, but it is still getting through to only 25 per cent of the people. The people of whom I am thinking, who possibly do not do the reading, and what not, to get on top of the situation, would go to some of these local places and possibly see the method in practice, and take it from somebody whom they consider in the know, but they would not look across the fence and see what the neighbours are doing and say, "Well, that is a pretty good thing, I think I will do the same thing". This is my reason for speaking of these smaller centralized illustration stations. I did not realize there were as many as you mentioned. Could we possibly have this information attached so that we will know, say, in Saskatchewan where the other illustration stations are?

Mr. ANDERSON: These are not illustration stations in the old meaning of the word; we do call them project farms rather than illustration stations. There are areas in which we are doing testing of various crops and thus demonstrating what we can do with the varieties and procedures that we are using.

The CHAIRMAN: Any further questions on Swift Current? Next is the research station at Beaverlodge. Are there any questions concerning this far northern station which does so much important work in that area. Do you do experimental work on vegetables too, at that station?

Mr. ANDERSON: Yes, we have some experiments with vegetables, and with small fruits as well.

The CHAIRMAN: The experimental farm at Lacombe.

Mr. MOORE: I notice that Lacombe experimental farm for the past few years has had a plot of corn, and corn of course in our area is something that very few people have tried for fodder. I was wondering how this experiment had turned out?

Mr. ANDERSON: We can grow corn for silage there, but we cannot mature it to the point where you can get—

Mr. MOORE: No; are they trying to produce a hybrid that will mature in that short season?

Mr. ANDERSON: No, I do not think that we are pushing quite as far as that. I do not think that we are going to get one that will mature there. What we are aiming for, actually, is a good forage operation, a good silage operation.

Mr. MOORE: The trouble there is that green feed produces almost as heavily as corn.

Mr. ANDERSON: Yes, it is true, yes.

Mr. MOORE: Thank you.

The CHAIRMAN: The research station at Lethbridge.

Mr. MUIR (*Lisgar*): Is this the only station you have that has anything to do with research on irrigation?

The CHAIRMAN: No.

Mr. ANDERSON: Swift Current, Summerland, Harrow, all have work on irrigation as well as Lethbridge. Lethbridge, of course, has that large irrigation area there, and does considerable works.

The CHAIRMAN: Any further questions on Lethbridge?

Mr. WATSON (*Assiniboia*): I thought we were on Lacombe.

The CHAIRMAN: We are on Lethbridge now. I asked if there were any further questions on Lacombe. If you have a question on Lacombe we can—

Mr. WATSON (*Assiniboia*): Well, I have one question on Lacombe, Mr. Chairman. There is a word there in the fourth line where they are talking about soil. I am not familiar with that term, and I wonder if somebody could tell me what this is, and I might possibly have a question on it.

Mr. WOODWARD: Mr. Chairman, solonetzic soil is a type of soil that has a very impervious base, and it is very difficult to get the roots of the plants down to this area, through this hard soil like in the soil, and there are several million acres of this land in the prairies, particularly up in the Vegreville area in Alberta. It is the centre of the solonetzic soil.

Mr. WATSON (*Assiniboia*): This is not a hardpan, of which you are speaking?

Mr. WOODWARD: Yes, this is a hardpan.

Mr. WATSON (*Assiniboia*): I wonder if Dr. Anderson is familiar with this question about which I am speaking. In the west, recently, in the last ten years, there has been a lot of spots developing in fields that were not there ten years or fifteen years ago. We call them possibily alkali spots, but an alkali spot in the old term was something that was always there. But these are developing right out of fertile soil, and coming up. I wonder what research has been done pertaining to fertilizer, or lime, or some such thing that we can put in to neutralize conditions such as this?

Mr. ANDERSON: Mr. Chairman, I talked to my principal expert after Mr. Watson mentioned this to me the other day. This is caused generally by salts

coming up, as the water is drawn off by evaporation, and being laid down on the surface, and it is a difficult problem, but to diagnose as to why it occurs in particular spots—you yourself have mentioned sometimes on the side of a hill. I am familiar with them; I have seen them in the west. They tell me that it is a difficult situation to overcome, and they think that probably the best method is to work organic material—manure—into these areas, if one can, if one has it available. It is organic matter that it needs. But this seeping of the water, and the excess salt and laying down of the salts on the surface is a difficult thing to overcome.

Mr. WATSON (*Assiniboia*): Do they have hopes that some day they may come up with something that can neutralize this, other than, say, manure?

Mr. ANDERSON: I do not think you can neutralize this very readily.

The CHAIRMAN: Are there any further questions on Lacombe, or the research station at Lethbridge? Then we will move on to the experimental farm at Agassiz. That is a good name. I have one question: What does that name mean?

Mr. ANDERSON: Where is Mr. Herridge?

Mr. HERRIDGE: It is named after a very famous Swedish botanist.

The CHAIRMAN: Thank you, Mr. Herridge. Are there any other questions concerning this station, or farm? The research station at Kamloops?

Mr. JOHNSTON: Are there any control methods being developed for ticks? I notice that this is the centre for its study.

Mr. ANDERSON: Yes, we have an excellent man there whose work I think is quite outstanding and I think he is having considerable success in developing control methods—chemical treatment.

The CHAIRMAN: Any further questions concerning Kamloops? Is that all your questions Mr. Johnston?

Mr. JOHNSTON: Well, concerning Kamloops at the moment.

The CHAIRMAN: The experimental farm at Saanichton. What does that name mean?

Mr. HERRIDGE: What work is being undertaken at Saanichton at this time?

Mr. ANDERSON: Saanichton is dealing with, as you would expect, the soil problems of that particular area of the island, and with the horticultural crops with some work on ornamentals, and we are developing there, also, a plant quarantine station for small fruits, and stock of the like that we need to bring in for our research in various parts of British Columbia, and in addition to that we have work on the golden nematode going on at Saanichton.

Mr. HERRIDGE: Are you doing research into varieties of small fruits such as raspberries and strawberries, blueberries?

Mr. ANDERSON: That is mainly at Vancouver and at Agassiz.

Mr. JOHNSTON: Would you explain briefly the present situation regarding the golden nematode. Is it under control, are there any restrictions still on the crops in that area?

Mr. ANDERSON: Dr. Glen will explain.

Dr. R. GLEN (*Assistant Deputy Minister, Research Branch, Department of Agriculture*): That comes under the production and marketing branch, but I think I can say to you that it is definitely under control. There are areas from which you are not permitted to sell on the export market, but arrangements are being made locally to handle the produce in a satisfactory manner.

Mr. JOHNSTON: There are no restrictions on shipping nursery stock from the island to the mainland at the present time?

Mr. GLEN: Yes, there are restrictions from these areas where the nematode is known to exist. These have been surveyed now, you know, and mapped, and from the areas where the nematode is known to exist there are definitely restrictions still in effect. But, as I say, this is all under the quarantine handling of the plant protection division in the production and marketing branch.

The CHAIRMAN: Mr. Herridge, do you know what that name means, for that experimental farm at Saanichton.

Mr. HERRIDGE: I think it has some Indian relationship.

The CHAIRMAN: The research station at Summerland.

Mr. HERRIDGE: Mr. Chairman, I am right in my own bailiwick now. I want to tell you that I know everybody in the interior appreciates the work that has been done at Summerland throughout the years with respect to fruit varieties, insects, pests, irrigation, fertilizers, and so on. I might say that we first came in contact with this station in 1907, when my father planted five acres of trees. He simply got a catalogue from the Oregon nurseries to the south, and he ordered five trees of each variety, and when they began to come into production, he first got in touch with the station, and he had to do a lot of grafting as the result.

It may interest you to know that one of the superintendents, Bill Hunter, was a classmate of mine. But I think he went into building rather big homes for superintendents, or something.

I think some of the men may know the story, but I must say that I was a bit disappointed in the Department of Agriculture when its representatives gave evidence before the standing committee on external affairs with respect to the agricultural possibilities of the Kootenays. I think they were a bit pessimistic. It has been proven so since. I do not think they had all the information that was available. But to illustrate this, one dairy farmer just two weeks ago was offered $100,000 by B.C. Hydro for his farm; he turned it down, told them to clear off, did they think he was crazy. Last week, or the week before, he was awarded $227,000 for what you prairie people would consider quite a relatively small acreage.

I have another farmer those annual gross income is over $30,000 a year from cattle, and another one, $17,000 from fruit. I mention these to indicate the possibilities in this area because of the soil and the climate.

Now, as you know, Mr. Chairman, we are faced with a deluge in a year or two, but there will still be a lot of land available for the growing of fruit on other benches, or some land, particularly for that purpose, more for range or beef cattle, and some for dairying I am going to ask Mr. Anderson if it would be possible, in co-operation with the provincial department of agriculture, to have

a further survey made of this area, after the catastrophe has occurred, so that the possibilities for agriculture and horticulture can be fully ascertained; and also some research done as to the growing of varieties. Our district is very peculiar in that respect. For instance, we can grow peaches very successfully at one point on the Arrow Lakes and within 50 miles north they are not a commercial success. We can grow McIntoshes at Fauquier that very rarely scab, owing to certain climatic conditions, and if you try to grow McIntoshes south of Revelstoke, you get scab, and so on. I wonder what could be done in that respect, Mr. Anderson, because I am very interested in the development of the district again for these purposes.

Mr. ANDERSON: Well, we have, of course, already done the soil surveys, and this is basic to any study of the potential of a given area, and under ARDA and the land classification study, we are going at this again from—this is not the research branch; I am speaking for the Department from a different point of view, and I am not sure—I will be in Summerland myself in about six weeks—and I would like to get into that part of the country. I have not been there myself; I think I will get somebody to drive me around and take a look at some of the land there.

The CHAIRMAN: Mr. Herridge could probably provide one of his limousines.

Mr. HERRIDGE: Mr. Anderson, while you are there, would you take advantage of the opportunity, drive around the Kootenay country and have a look, because there are still considerable areas of excellent soil and, of course, we enjoy a good climate.

Mr. ANDERSON: Yes, I will do that.

The CHAIRMAN: Mr. Herridge, just for the clarification of the record, you mentioned huge sums of money that the farmers were grossing, would you care to estimate how much they netted?

Mr. HERRIDGE: Well, I shall give you an illustration. There is a little community called Renata that gets something slightly over a hundred acres in fruit. The highest production from that place in years past was $67,000 worth of fruit shipped off that little community. Their net must have been fairly good because most of the people there were formerly Mennonites and hard workers. There were some other settlers in recent years. They performed all their own work on the ranches. They had a co-operative packing house and their wives and daughters packed all the apples, so they got as much as possible out.

The same applies to the cattle farm I just mentioned. These are four sons, the sons of the pioneer settler, who do all the work among themselves, and the same with the fruit and cattle farm that I mentioned, that had about $17,000 gross production, the father and his sons. With the exception of a few persons brought in to pick fruit at picking time, they do all the work.

The CHAIRMAN: This is what I meant. I hope that you clarified it, but you have not done it as far as I am concerned. The great contributions to this growth has been by what we would call—if you did it in the factory or in industry, you would call it slave labour, because the children and the members of the family contributed to the growth figures.

Mr. HERRIDGE: I have heard that theory expounded before. These people are very happy people indeed, and glad to do it.

The CHAIRMAN: What I am saying is, they are probably glad to do it, but we cannot point out that these people are actually rich. They may be rich in material things and so on, but actually as far as net earnings go, if they were given a wage for what they are doing, they would be small. I am a farmer myself, and come from a farm family. I know that the successful farms in my own area are farms owned by farmers who have large families; they do not have to pay out labour costs. Now, if we did this in industry—if you were working in a factory and you took your family to work with you every day and got no pay for them, it would not be very well looked upon by all the labour unions, and everybody else in Canada.

Mr. HERRIDGE: Well, Mr. Chairman, I do not agree with you. These people are all owners and shareholders in the project.

Mr. WATSON (*Assiniboia*): This is what you call a family farm; they are all private enterprisers.

The CHAIRMAN: I did not expect you, Mr. Herridge, to agree with me.

Mr. JOHNSTON: I have a question on Summerland. Last fall the fruit growers of the North Okanagan, anyway, passed a resolution urging research into efforts to find an apple that would be a substitute for the McIntosh for the extreme northern end of the apple growing region of the Okanagan. Has there been any particular appropriation aimed in this direction, or is there a program under way that will come up with an alternate possibility to the McIntosh in the north end?

Mr. ANDERSON: We have a very strong apple breeding program there, and this is just the sort of thing our people are aiming at; that is, to produce an apple that will be superior and suitable for the particular district.

Mr. JOHNSTON: I was wondering if you could say anything about the problems of the Spartan variety; can it be developed as a commercial variety, or is it running into too many difficulties?

Mr. ANDERSON: It is running second to the McIntosh now, I think.

Mr. JOHNSTON: There seemed to be something to do with a breakdown in the apples, some of the ones that had been shipped of the Spartan variety. Was this just something of this year, or is it a defect in the variety?

Mr. ANDERSON: No, I do not think it is what you would call a characteristic defect of the variety, although it may be a little more susceptible to that type of rot than the McIntosh. It is a problem really in all apple varieties—I mean, it is a general problem of the crops, and the problem of breeding resistance to it, of course, it is one of our main drives.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Does your Department have any information on which province in the country produces the best McIntosh apple?

Mr. ANDERSON: This is, I think, a matter of opinion that should not be made a research project by the Canada Department of Agriculture.

Mr. HERRIDGE: Mr. Anderson, are you people, in some cases, not recommending the growing of the Spartan instead?

Mr. ANDERSON: I think there are some areas in which we are recommending Spartan; in fact, I know where.

The CHAIRMAN: Are there any further questions concerning Summerland? The research station at Vancouver, the experimental farm at Prince George?

Mr. HERRIDGE: What is carried on at Prince George?

Mr. ANDERSON: Well, this is, as you know, an area in which the soils are a little difficult again because of impervious subsoil—

The CHAIRMAN: Mr. Muir, just a minute. Excuse me, Dr. Anderson. We do not have to be out of this room by eleven o'clock, and we are going to continue. I am just wondering, how many have to go to other committees? We would like to finish research today, and if possibly enough could stay, we could—

Mr. MUIR (*Lisgar*): Well, I think we have gone through research now, have we not?

The CHAIRMAN: We are pretty nearly through research. There are just one or two supplementary questions to be asked, and I am thinking that we could go on to one of the other votes, if the members so desired, because we have the room and no one else is coming into it.

Mr. MUIR (*Lisgar*): Well, I was hoping you would finish with research, at least, and have these gentlemen come back another day, and—

The CHAIRMAN: We have Mr. Phillips and some of the other people, and we could go on to Vote No. 15, where we left off at one of the other meetings.

Mr. MUIR (*Lisgar*): Is that animal research?

The CHAIRMAN: No, that is production and marketing.

Mr. MUIR (*Lisgar*): I brought up a question the other day at the meeting in regard to circularizing the members as to what is going to come up next, so that—

The CHAIRMAN: Yes, I am aware of this.

Mr. MUIR (*Lisgar*): —I would like to have that referred to the steering committee on agenda.

The CHAIRMAN: Fine. No questions concerning Prince George? Mr. Godin has a supplementary question, or Mr. Gauthier?

• (10.59 a.m.)

(*Translation*)

Mr. GAUTHIER: Sir, there is a question I would like to ask Mr. Anderson. To whom do I go, Mr. Chagnon, to whom do I address my letter to get supplementary information about our local experimental station?

(*English*)

Mr. ANDERSON: To me.

Mr. GAUTHIER: To you?

Mr. ANDERSON: You write to me.

Mr. GAUTHIER: Thank you.

The CHAIRMAN: Have you finished your questioning, Mr. Gauthier?

Mr. HERRIDGE: I have one question. What is the main activity at Prince George?

Mr. ANDERSON: We have had work there relating to the soils and to the production primarily of large crops for possible beef and industry developments in that area. We also have, actually, at Prince George, one of the herds that is involved in our large dairy selection project.

The CHAIRMAN: Any further questions concerning Prince George? Mr. Laverdière?

Mr. LAVERDIÈRE: This is not about Prince George, it is of a general nature.

The CHAIRMAN: No; is it a general question?

Mr. LAVERDIÈRE: I would like to know, will the research branch have any connection with the new scientific adviser to the Prime Minister?

Mr. ANDERSON: I think that the whole question of how much agricultural research we should be doing in this country, and possibly a review of our program, of our use of our manpower, and resources, in the form of farms, and buildings, and laboratories, and so on, may be undertaken by the council. I would expect, in other words, that it would have some impact on agricultural research as a whole throughout Canada.

Mr. GLEN: Mr. Chairman, perhaps it would be appropriate if I mentioned the connection that the whole agricultural industry has with the council. I mean the research group including universities, the provincial people and the federal people, are aware of the science council and the probable impact it will have on our activities, and through what we referred to before as the Canadian Agricultural Services Co-ordinating Committee, are making very sure that we keep closely in touch with the science council with respect to agricultural matters.

Mr. LAVERDIÈRE: Yes, one more question; what about the new power given as a result of the Glassco Commission recommendations. Can the Department not classify a position, and the commission only look to see that all was done fairly?

Mr. ANDERSON: It is in a state of development still, the policy of handling staff and positions and budgetary controls, is gradually changing and developing as of the present time. There is definite movement in this area without its having been finalized as yet.

Mr. WATSON (*Assiniboia*): Mr. Chairman, this question possibly should have been asked sooner; it pertains to research. I was reading an article about te development of a feed wheat, a real high-yielding feed wheat, that could possibly compete with corn or barley. How much research has gone into this, and how close is it to possibly becoming a reality? Is it a spring wheat, or a winter wheat, and will it be suitable for the west?

Mr. ANDERSON: I think this is the United States variety, Gaines, which is a very high-yielding, very soft wheat; that is, not of good quality, actually, for any of the standard food uses of wheat, and therefore must be classed as a feed wheat. Now, some that is being grown in Canada, in the west, is producing quite good yields but will, I think, not qualify—I am speaking from memory now, but I think that it grades below number 5 wheat, so that the price you can get for it is limited by the fact that it is merely a feed wheat.

Mr. WATSON (*Assiniboia*): Well, I realize this. I believe the article I mentioned referred to it as strictly a feed wheat, and they were wanting to grow it in an off colour, in a blue or green kernel, so that there could never be any mistake about it being mixed with spring wheat for milling qualities.

Mr. ANDERSON: Well, this is the difficulty, of course, and even if you can distinguish it by virtue of colour and other characteristics, once you start to grow this there is the difficulty of some of this getting mixed inadvertently into our export shipments, but the Board of Grain Commissioners, as you know, deals with this matter exceptionally well. There is potential danger there always when you bring wheat of this sort in.

Mr. WATSON (*Assiniboia*): Would the Department then not do too much on research on this grain in order to avoid this difficulty; in other words, would it be better not to have the grain?

Mr. ANDERSON: No, the difficulty is that we have thought that if we went for a high yielding feed wheat, that we should keep it white to distinguish it from our red wheat. Both our spring wheat used for bread and our Durum wheat are red, so that white would be sufficient to distinguish it in the west. However, the white wheats as a class have a characteristic of sprouting readily in the swath in the fall; that is, it is simply a characteristic of the varieties of the class that they tend to sprout very readily instead of staying dormant, so it has not been possible to harvest them under other than ideal conditions. This has been one of our major difficulties in this area of going for a high yielding white wheat.

Now there are other possibilities in the area. For instance, a good deal of work has been done on interspecific crosses. The cross between wheat and rye, the triticale for example, gives promise of being very high-yielding. These are areas requiring a great deal of very hard work to develop the possible potential in terms of a high-yielding feed grain.

• (11.07 a.m.)

(*Translation*)

Mr. MATTE: In your research, have you zoned areas, so to speak, in order to determine what product would be the best to grow in relation to climate and soil? Has Canada been zoned into regions that are more suitable for certain crops? Have you determined what crops would best grow in certain areas?

(*English*)

Mr. ANDERSON: Yes, in general, I think this is the case.

The CHAIRMAN: I had one question that I meant to ask when you were going over the Harrow research station and the Woodslee substation. The heavy

program there that I remember—but I am not familiar with the results of it—was to check the runoff of fertilizer, insecticides and pesticides that they spray on the land that goes down through the tile that drains the land into the under drainage, which in our part of Ontario is nearly necessary to farm successfully at all. What are the results of this? Is there any runoff to any extent of the fertilizer, or spray materials that farmers may use?

Mr. ANDERSON: It is very small, and accordingly the difficulties into whch this research has run relate to analysis; that is the development of such refined analyses that are able to pick up these very minute amounts of material left, perhaps, in the drainage water.

I am aware of the experiments at Woodslee, the experimental layout, where the tiles drain into tanks and we are able to sample the runoff in that way.

The CHAIRMAN: The reason I asked this is that we see so often reports in the press, and people making speeches about pollution and that, and you would think that the farmers or the agronomists in this country were the greatest offenders as far as the runoff of fertilizers and spray materials that they may use is concerned the information that I have been able to obtain, indicates, as you say, that the quantity is very minute.

Mr. ANDERSON: Unfortunately, some of these things are quite effective in very minute amounts, almost in amounts that we have great difficulty in detecting analytically.

The CHAIRMAN: Are there any further questions concerning research? If not, I think we should have a motion that Items Nos. 5 and 10 concerning research be passed.

Mr. ASSELIN (*Richmond-Wolfe*): I so move.

Mr. MADILL: I second the motion.

Motion agreed to.

Items agreed to.

The CHAIRMAN: I would like to thank all the people, Dr. Anderson, yourself, and all the people connected with research for the patience that they have shown with our line of questioning, and their attendance at the meeting. Thank you.

Just before we go, if Mr. Phillips and others are here, then we can go on with production and marketing. If enough hon. members who do not have to go to other meetings will remain here we shall continue with our meeting. I would only emphasize at this time that we are going to have to speed along with our meetings as much as we can to make sure we get our estimates passed, if possible, by the end of June. We should use every minute that is available to us. We shall have the same opportunity on Thursday to use this room, from 9.30 a.m. until 2:30 p.m. if you are desirous of doing this, and of furthering our work. Some more officials are coming from the Department of Agriculture now, but we are not going to have a quorum.

We are going to proceed just as soon as I get the list of the officials, so you will know who they are, and what their duties are with the department. We left

off the other day on this item; we were on livestock division. There was some discussion, if you recall, by one of the members, who is not a member of this Committee, but who had a special interest in the supervision of racetrack betting. It also comes under this division. Mr. Winkler has made a request that, if we did get this far this morning, not to proceed with it, or he would appreciate it if we did not proceed with it until he could be here Thursday. He called me this morning before the meeting.

We have with us today C. R. Phillips, Director General of Production Marketing; R. K. Bennett, Director General of the Livestock Division; J. C. Moffatt, Director of Administration, Production and Marketing, D. B. Goodwillie, Director of the Dairy Division. We will start questioning under the livestock division. Mr. Faulkner?

Mr. FAULKNER: Mr. Chairman, I do not know if this comes directly under livestock division, but it concerns marketing information as it relates to the livestock division. The question I would like to raise is this, it is my understanding that it is the Department of Agriculture which provides market information to our local press and radio on the day-to-day transactions of the stockyards and things of this character. One of the complaints I get most frequently is that this information is in part misleading not wittingly misleading—in that the information does not show the number and the grades of cattle that pass through the stockyards each day. In other words, you give the price of the highest grade cattle without giving the numbers of that particular grade that were sold, and the numbers of the inferior grade. The complaint that I often get is that it looks as though the farmer is getting a better price for his beef than, in fact, he is; that the bulk of the beef sold does not qualify under the higher grade given in the market report. Does this complaint come to you, and is there not an argument for indicating in your market report the numbers that were sold against the particular grades?

Mr. C. R. PHILLIPS (*Director General, Production and Marketing Branch, Department of Agriculture*): The department issues market reports that pertain to public stockyards across the country, that is, Edmonton, Calgary, Lethbridge, and three in Saskatchewan; Winnipeg; Toronto, and two in Montreal. And they are issued every day on which there is a market. On some markets there is no cattle sold on Thursday and Friday; some of them every day of the week.

Now, the format that is followed in putting out the market reports is to report whatever facts are available at the time the report is made. Obviously, if it is going to serve its primary purpose, that is, to inform the producer, then the best time for the report to be available, to the fullest extent that the information is there, is for the noon broadcast. It means, generally speaking, at most of the markets that you have to start winding up your report, in order to get it out by noon, some time after 11 o'clock. At that time, it is virtually impossible to find out the numbers that have been sold in each grade. This is particularly true on a small market where there has been everything going through the ring, and all the pressure is to get the report out in time for the noon broadcast.

As time goes on during the week, we put out a weekly report which shows the total volume which is sold in every grade at every market, each of the test markets. This has not come to us so much in the form of complaints as it has in

the form of an inquiry, and I think it would be fair to say that when we have explained the objective of the market report and the circumstances under which it is put out, it is generally accepted that it is not generally possible to comply with what you have in mind. But wherever it is, we are doing it. We try to give some indication, for example, when we start off the report, that there were approximately so many for sale, and there were such and such percentage steers, and such and such heifers, and cows. But the detailed information just is not there in sufficiently accurate form to make it worth while, or to make it valid, to put it out, in the noon report.

The CHAIRMAN: Any further questions on this division?

Mr. WATSON (*Assiniboia*): Just a little bit more, Mr. Chairman. It is a very good question, and I just happened to be looking at the livestock prices for Winnipeg for May 16. It gives what the choice price was, and the good, the medium and the common under steers. I think what Mr. Faulkner had in mind was that there might only be 100 choice, and there might be 1,000 of the good. This was the point he was getting at. Give us just a little bit of an idea what the relationship is between the number going to market in the various different categories.

Mr. PHILLIPS: I think we do that wherever it is possible, where it is available at the time. There is another comment we might make, and that is that week in and week out the percentage of the various grades varies very, very little across the country. You can go back week after week, and it runs quite a standard pattern with the one exception, of course, when you get into the fall, at the time of the marketing of dairy discards, you get a higher percentage of canner and cutter cows.

Mr. WATSON (*Assiniboia*): What would the percentage usually be; could you give me that in figures?

Mr. PHILLIPS: Oh, yes. You will run generally 36 to 37 per cent of choice; you will run 15 or 16 per cent of goods; 6 to 8 per cent of standards, and then for just the rest—I could look them up for you in a second here.

If you would care to take the total for last year, I can give the total for the year last year: choice was 32.9; good was 16.4; standards, 8.4, commercial 1, 4.6 commercial 2, 1.7; commercial 3, 0.3; utility 1, 2.6; utility 2, 7.8; utility 3, 6.8; manufacturing, 15.3; and bulls, 2.6. Now these are the carcass grades in the percentages which came to market last year. In the live grades, we use other names, but there is a correspondence between them.

The CHAIRMAN: Are there any further questions on this subject? No questions. Then we will move on to the dairy products division; any questions concerning this?

Mr. FAULKNER: Just a quick question. I am not sure this is the proper form in which to ask it, but what is the position of the milk for school children program?

The CHAIRMAN: I did not get what you said, Mr. Matte?

(*Translation*)

Mr. MATTE: I said it would be better to wait until our next sitting in order to deal with those matters in greater detail.

(*English*)

The CHAIRMAN: You want time to study it?

Mr. MATTE: Yes.

The CHAIRMAN: Mr. Matte, you have had this memorandum for several weeks.

Mr. FAULKNER: I was just going to raise the question of milk for school children. I think it was investigated by the Department, but it may not have been. Does this come under your jurisdiction?

Mr. PHILLIPS: This matter has been considered, but it is a question of government policy. I do not think we should go into it.

(*Translation*)

Mr. GAUTHIER: Does your branch look after ordinary unpasteurized liquid milk, as well as after pasteurized milk which comes onto the market? According to you is pasteurized milk more to be recommended than ordinary liquid milk?

(*English*)

Mr. GOODWILLIE (*Director, Dairy Division, Department of Agriculture*): Well, if I understand the question correctly, you are asking whether raw milk or pasteurized milk is more acceptable in the manufacture of cheddar cheese? Is that correct?

Mr. PHILLIPS: He just wants to know if one is better than the other.

Mr. GOODWILLIE: Our traditional export market for cheddar cheese is Great Britain, and they insist on or require cheddar cheese made from raw milk. In order to fill this market, we have endeavoured to see that as much raw milk cheddar cheese is made for this market as possible.

The amount of raw milk cheddar cheese sold and used in Canada is comparatively small. Cheddar cheese is made from raw milk, or heat treated, or pasteurized. I think I can give you fairly accurate figures as to the percentage. We believe that about 10 to 15 per cent of the cheese made in Canada is from pasteurized milk; about 35 per cent from raw milk or a little higher, and the remainder is heat treated.

The CHAIRMAN: Any further questions?

Mr. HERRIDGE: Could you tell us, what is the response of the farm organizations generally to the recently established fluid milk policy?

Mr. PHILLIPS: It has been excellent. The manufacturing milk policy, in which some surplus fluid is included, has been quite appreciated. There are a few complaints with respect to cream shipments, but in each case the level of support has gone up from 13 to 14 per cent over last year, so there is a parallel in terms of the improved support.

The CHAIRMAN: Pardon me; have you finished, Mr. Herridge?

Mr. HERRIDGE: Yes, thank you.

Mr. FAULKNER: I just have a supplementary to Mr. Herridge's question; would it not be more exact to say that the complaints of the cream shippers have been more than—what was the word you used—there have been complaints. There have been fairly vigorous complaints, have they not?

Mr. FAULKNER: Is it proper to ask whether this question is being reviewed?

Mr. PHILLIPS: Yes, there have.

Mr. FAULKNER: And it is fairly universal, I mean, there seems to be some degree of unanimity amongst the cream shippers on this point.

Mr. PHILLIPS: Yes, I think the cream shippers would be unanimous in their belief on that.

Mr. FAULKNER: It is proper to ask whether this question is being reviewed? I suppose that is a policy question is it?

Mr. PHILLIPS: It is a policy question, but I could say this: I have indicated the increase in support this year over last year being 13 or 14 per cent. The complaint of the cream shipper is that he is not getting more for his butterfat than the manufacturing milk shipper gets for his butterfat. He is not delivering his skim milk, but he would like to get additional pay for his butterfat so he would be on a par with the manufacturing milk shipper without having to deliver his skim milk. The difference in the increase this year between a manufacturing milk shipper and a cream shipper is a measure of the difference in the price of skim milk powder this year. There is a 16 cent difference per hundredweight; I am speaking of the increase. The figure is 50 cents increase for the manufacturing milk shipper, about a 34 cent increase in terms of milk for the cream shipper; of course, with skim milk powder up 2 cents a pound, there is a difference of 16 cents.

(*Translation*)

Mr. MATTE: Many manufacturers at the present time intend organizing to produce powdered milk. Does the government provide grants in this regard? That is to those who intend going into powdered milk production?

(*English*)

Mr. PHILLIPS: The Department does not provide a subsidy for powder manufacture, but in order to maintain the price of spray processed skim milk powder around 18 to 18½, the stabilization board is buying powder, and also there is export assistance provided on that quantity which is exported.

Mr. FAULKNER: I would like to get back to the question of milk for school children. I do not know which it is a policy matter, but would you be in a position to tell us what the economics of it are? Is it feasible economically. I do not even know if you could determine what is feasible economically, but would it be a costly program?

Mr. GOODWILLIE: The economics division of our Department made a study of this school milk in school lunch programs three or four years ago, and if my memory serves me correctly, I believe they indicated that any increase in milk usage at that time would not be significant.

Mr. FAULKNER: What does that mean?

Mr. GOODWILLIE: Probably 1 per cent increase in usage.

Mr. FAULKNER: Increase of what?

Mr. GOODWILLIE: The increase in the volume of milk sold.

Mr. FAULKNER: The increase in the volume of milk sold by this program would be about 1 per cent?

Mr. GOODWILLIE: Yes, that is right. It would be very small. The over-all increase in the usage of milk would be significant.

Mr. FAULKNER: Does that means that the school children are already drinking milk in school?

Mr. GOODWILLIE: That is right, either in the schools or in the home. If they drink it at school, they do not drink as much at home. And furthermore, there are school lunch programs or school milk programs administered by the provnces or by municipalities—I am thinking particularly of Windsor.

Mr. FAULKNER: Is this general

An hon. MEMBER: Furnished by school boards.

Mr. GOODWILLIE: Schools boards, that is right.

Mr. FAULKNER: And this applies in all provinces of the country?

Mr. GOODWILLIE: I do not know. I am going from memory on this. This study was made three or four years ago.

Mr. FAULKNER: Thank you.

The CHAIRMAN: Are there any further questions on this?

Mr. FAULKNER: Just one question, Mr. Chairman, on the Cheese Factory Improvement Act.

The CHAIRMAN: Well, we are not—

Mr. FAULKNER: Is it under the Dairy Products Division?

The CHAIRMAN: Yes. Are there any further questions on this particular Dairy Products Division before we—

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Yes, I have one, thank you. Has the recent subsidy which was announced for casein eliminated the complaints that were coming in from farmers about this question?

Mr. GOODWILLIE: Let us say, it has minimized them quite considerably. When this increased export subsidy on casein was announced a few days ago, the reaction we got from producers and organizations and manufacturers was that if we could raise the price by 10 or 15 cents it would probably be O.K. This increased export subsidy has done this, so we have not had any adverse reaction in the last few days.

Mr. FAULKNER: I would like to get some information about the state of our cheese factories. If my area is any indication of what is happening in this field, then I would say we are almost in a stage of crisis in an industry which I would have thought would have been a natural industry for this country, the

manufacturing and sale of cheese. As I say, my remark is derived from the experience of the Peterborough area, and may not be typical, but I would like some comments on this. Firstly, what is the state of the cheese manufacturing industry in Canada? Can you give me some indication?

Mr. GOODWILLIE: Yes, I can, Mr. Faulkner. You say chaotic conditions.

Mr. FAULKNER: No, no, I did not. I said crisis.

Mr. GOODWILLIE: Let us go back five or ten years. In 1958, we made about 90 million pounds of cheddar cheese in Canada. Last year we made 152 million, and we have been increasing every year since that time.

Mr. FAULKNER: Since 1958?

Mr. GOODWILLIE: That is right. I just went by and picked this out of the air, but since 1958 there has been a steady increase. We made more cheese in 1965 than in any year since 1945.

Mr. FAULKNER: But is that figure an all-time high?

Mr. GOODWILLIE: No. The all-time high was about 207 million pounds back in the war years, in 1942.

Mr. FAULKNER: And just roughly, what was it pre-war—was it?

Mr. GOODWILLIE: Pre-war in 1939 was 125 million.

Mr. FAULKNER: So, in fact, we are talking about a change from 1939 to 1965 of 125 million pounds to 152 million pounds.

Mr. GOODWILLIE: That could be it, yes.

Mr. FAULKNER: Which, in those terms, is not remarkable growth.

Mr. GOODWILLIE: But let us examine it a little further. In 1939, we exported 90 million pounds of 125 million; last year, we exported 21 million of the 152 million. So we reduced the exports by 300 per cent.

Mr. FAULKNER: Is this desirable?

Mr. GOODWILLIE: Yes, I would say it is desirable up to a point, because we are paying four cents a pound export subsidy on cheddar cheese. If we can use all the cheese we can produce in Canada without any props from an economic sense, then it is desirable.

But let me qualify that further. I do not want you to get the impression that the English export market is not important, because it is. It is a very, very fine safety valve for any exports, any surplus milk that we have from year to year.

Mr. FAULKNER: What, then, has been the purpose of the suspension referred to on page 4, the suspension of certain features of the Cheese and Cheese Factory Improvement Act? At the bottom of page 4, it says: "Through this act financial assistance is given to cheese factory owners for insulating and refrigerating ripening rooms, and for constructing or renovating and equipping factories that have been amalgamated, although this latter phase is under suspension at present." Would you explain that for me, please?

Mr. GOODWILLIE: This was a government decision in 1962-63 to suspend the amalgamation, and it is still under suspension; but I believe it is being actively considered at the present time, whether it is to be reinstated or not.

Mr. FAULKNER: Are you in a position to tell us what the considerations were?

Mr. GOODWILLIE: Was it not the austerity program at the time?

Mr. FAULKNER: Not another one.

The CHAIRMAN: At that time there was a real one.

Mr. GOODWILLIE: I think there was at that time.

Mr. FAULKNER: But that is under consideration now?

Mr. GOODWILLIE: I understand so.

The CHAIRMAN: Reconsideration; that is good. Are there any further questions at this time?

(Translation)

Mr. MATTE: There is a worldwide demand for powdered milk at this time. Do you feel there might be a reduction in this demand in the near future? Or in the next few years?

(English)

Mr. GOODWILLIE: I believe that you are referring to skim milk powder. At the present time, the world market is not good, from a price and supply standpoint. By that, I mean there are ample supplies, but the price is low. As recently as this week, we were talking to a group from Europe that wished to buy a substantial quantity of this product from Canada. But they wanted to offer a very low price, a price that would necessitate a very much higher export subsidy. I think the question of what is going to happen in this powder market will depend a great deal on the production of countries such as Germany, France, and to a lesser extent Sweden and Denmark during the next three or four months. I think we all realize that the position in the United States is not an important factor in export markets this year. Their production of butter is down, for the first four months, about 25 per cent, and do not forget that April and May are the peak months in the dairy business over there. This has, of course, affected their powder supplies as well. When the United States, which supplied last year over 200,000 tons, have pretty well pulled out of this export market, it left a bit of a void. But other countries, and particularly West Germany and France, stepped into the breach a little bit, and this market is not very strong at the moment. We think it will be later this year, after the peak of production has passed.

• (11.29 a.m.)

Mr. MATTE: I am putting the question because there are a number of individuals who are going to invest hundreds of thousands of dollars in this venture. Is there any danger in investments of this type; hundreds of thousands of dollars to produce powdered milk?

(*English*)

Mr. GOODWILLIE: Well, if everybody was sure of making a profit, I think there would not be much fun in the dairy business. I do not know, sir. All I do know, is that some of the major dairy countries—and I am thinking particularly of New Zealand—believe that the future of the dry milk is very sound, because they are spending millions of dollars on additional equipment over the next three or four years.

(*Translation*)

Mr. MATTE: There is more money in powdered milk at the present time than there is in casein. So they want to get out of casein production to manufacture powdered milk. Is there any reason why we should encourage processors to produce powdered milk rather than casein, which pays less?

(*English*)

Mr. GOODWILLIE: Well, this is an extremely difficult question to answer. Two or three years ago, powdered milk was six or seven cents a pound, and casein was 20 or 25 cents a pound, and it was much more attractive, pricewise, to make casein at that time. Now, the conditions have reversed. Casein is a very volatile product from a price standpoint; that is, I mean, it can be 40 cents today, and 20 cents tomorrow. The United States is the biggest importer of this product, and the price is controlled pretty well by Australia, New Zealand, France, Poland and the Argentine. Powdered milk, on the other hand, is increasing in popularity in use, the prices are higher, stabilized more by governments; it has an excellent use in the world's food program, disaster relief, and what not.

I think probably the decision would rest on the fact that skim milk powder is a human food product; whereas casein is used for industrial purposes. If it came to a toss-up, I think that the food product use would win. But a good dairy operation should be diversified to take advantage of the markets as they develop. This is what is happening.

The CHAIRMAN: Are there any further questions on this subject? Several members have indicated to me that they have other commitments. We will continue on Thursday with the poultry division, but we will finish up the supervision of racetrack betting on Thursday. We will try to send out notices to the members for Thursday so that those who can, may plan to be here for a long meeting. We have made the same arrangements for this room on Thursday from 9.30 until 12 o'clock, and we should use every bit of time that we can on Thursday, and try to get as much done as we can.

I want to thank the officials and the hon. members for staying.

APPENDIX "I"

Machinery for Re-seeding Range Land

The special requirements for seeding of range land has been under intensive study by Research Branch and P.F.R.A. during the past 25 years. The Experimental Farm at Swift Current has spearheaded this work in close collaboration with P.F.R.A. Pasture Section and with the Farms at Manyberries, Melfort, Lethbridge, Kamloops and Beaverlodge.

Prairie or open plains seeding or re-seeding has been effectively accomplished with conventional grain type commercial seeders of the disc or press drill furrow opener style. Most of these machines have proved to lack the rugged qualities required on rough land and stone but have otherwise resulted in a good grass stand if used at the proper time.

Newly cleared brush or treed land being developed for pasture has proved to be too rugged for commercial seeders, although they have given effective results wherever they can be physically used. The investigation and development of a suitable heavy seeder for grass on rough, stone and stump areas resulted in the importation of an Australian "Stump-jump" seeder some 10 years ago. This machine proved to be useful and effective by P.F.R.A. in northern Saskatchewan but was not rugged enough for the heavily stumped or stoney lands. It is still in use after several rebuilds.

The Oregon State University Agricultural Engineering Department designed a range land seeder about 1953-54, and plans of same were purchased by the Swift Current unit in 1954-55. This design was evaluated for Canadian conditions and P.F.R.A. constructed three of these with suitable modifications for their use in the northern cleared areas.

One Oregon machine supplied by a U.S. company was used at Kamloops for study in cooperation with the B.C. Forest Conservation Service and these tests were reported as being very satisfactory.

P.F.R.A. is presently building a fourth machine of the Oregon type for use in the new clearing work in their pasture development. New features and modifications have been added to these seeders as experience proved their need. Extremely heavy, rugged members are essential to stand up under this type of service.

Broadcast, pellets and other forms of distribution and equipment have been studied but proved ineffective and wasteful. It is necessary to place and cover the seed in a positive manner for effective results under this climatic condition. Commercial machinery is not available for this specialized type of work but small manufacturing firms are available to produce such equipment if design and specification drawings are supplied.

The P.F.R.A. and Research Branch of the Canada Department of Agriculture are continuing to investigate the design requirements and undertake development of seeding equipment for different conditions encountered in established areas and new developments. The various provincial agricultural

and forestry agencies have shown increasing interest and cooperation as this work opens up new opportunities.

NOTE: *Supplementary information supplied by P.F.R.A. Regina*

Standard breaking and seeding operations in P.F.R.A. Community Pastures consists of the following:

1 One pass by individually mounted disc plows
2 Two passes, perpendicular to the plowing by offset serrated disc
3 Seeding by Oregon Range Seeder

Plow—Two individually mounted disc plows were acquired by P.F.R.A from an Australian Company "John Shearer & Sons, Adelaide, South Australia".

The plows are specially designed for use on stony land or land with tree stumps.

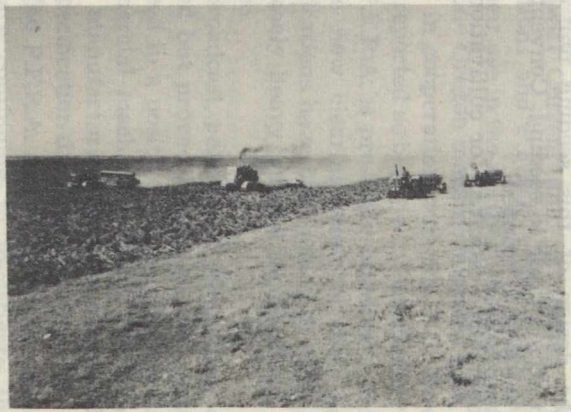
Discs—Offset discs (15 feet to 18 feet in width) are obtainable from industrial equipment companies. For extremely stony lands individually mounted disc equipment can be obtained from Australia.

Seeder—The Oregon Range Seeder was developed by the Agricultural Engineering Department of the Oregon State University. Since 1961, three units have been made in the P.F.R.A. shops at Moose Jaw. An additional unit is under manufacture at the present time. These units can be made up by any foundry. Various modifications have been made on them.

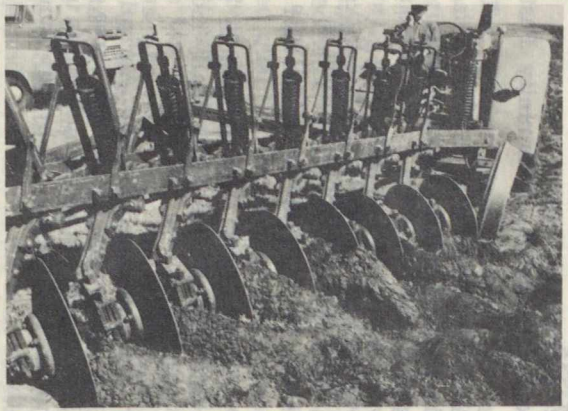
Essentially the unit consists of 12 heavy wide flange wheels (3 ft. in dia.). A V-shaped rim welded to the wheels makes a furrow into which the seed is dropped. The essential difference in the design of this seeding unit from conventional types is in the packing that occurs prior to seeding. Conventional seeders are designed to pack the soil after the seed is dropped.

The seeder reduces the number of operations required for cultivation and eliminates entirely the need for packing.

BREAKING AND SEEDING OPERATIONS

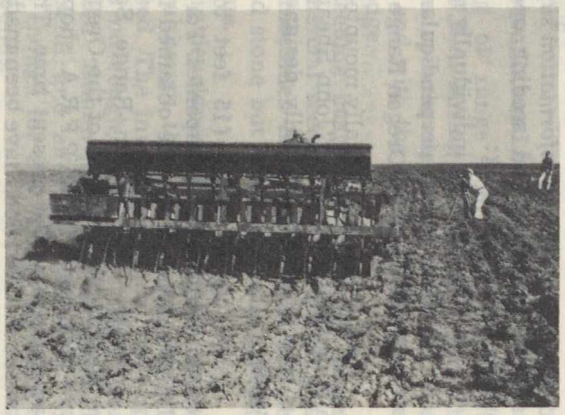


No. 25080-1- Breaking, discing and seeding.
Laurier Community Pasture - Sept. 1964



No. 25080-2- Australian "STUMP JUMP" Plow.

No. 25080-3- Offset serrated disc.



No. 25080-4- Oregon range seeder.

APPENDIX "II"

Milk Yields for Holstein and Ayrshire Herds at the Central Experimental Farm

The Research Branch Dairy Cattle Genetics Project is designed to determine how rapidly total solids and milk production can be increased when selection is based on total solids yield alone, and to determine the effect of such selection on other traits of dairy cattle which may be of economic importance to the dairy farmers of Canada. The experimental design needed to provide unbiased answers to these questions requires application of certain procedures which are not followed by commercial producers or breeders of purebred stock.

Despite the application of research procedures which limit milk production, the Animal Research Institute herd compares favourably with the most recently published national average for herds under Record of Performance Testing, as shown in Table 1. The Breed Class Average (B.C.A.) indexes shown are production measures accepted across Canada as standards of comparison. Valid comparisons can be made only within breeds and not between breeds.

Table 1. National Average Milk and Butterfat B.C.A. Indexes Compared with Animal Research Institute Herds

		National Average	*A.R.I. Herds*
Holstein Friesian	Milk	109	107
	Fat	110	111
Ayrshire	Milk	109	112
	Fat	107	116

From the start of the project in 1956, the genetic improvement in total solids yield has been: Ayrshire 17.0 lbs.; Holstein 32.0 lbs.; and Jersey 81.0 lbs.; after making allowances for environmental trends. Milk yield has increased proportionately. The size of the animals decreased slightly for Ayrshires and Holsteins, but increased slightly for Jerseys.

The results of the analysis of the data from this experiment will point the way to maximizing efficiency of milk production through national breeding programs.

APPENDIX "III"

CANADA DEPARTMENT OF AGRICULTURE
RESEARCH BRANCH

Number of Staff and Operation and Maintenance Costs for Individual Research Branch Establishments

Estimates for 1966-67 Fiscal Year

	STAFF			
	Professional	*Other*	*Total*	*Operation & Maintenance*
Branch Administration				
Executive	24	14	38	$ 607,762
Personnel Section		27	27	129,527
Property and Finance Section		36	36	158,838
Architectural & Engineering Sec.		15	15	113,981
Scientific Information Section	4	54	58	1,008,394
Ottawa Services Section		160	160	795,680
Sub Total	28	306	334	2,814,182
Institutes and Services				
Analytical Chemistry Research Ser.	8	26	34	244,214
Engineering Research Service	9	28	37	237,419
Statistical Research Service	9	10	19	124,318
Animal Research Institute	33	128	161	1,394,466
Entomology Research Institute	47	51	98	843,012
Food Research Institute	20	36	56	394,586
Microbiology Research Institute	12	18	30	237,313
Plant Research Institute	58	127	185	1,218,983
Soil Research Institute	40	83	123	778,605
Research Institute (Belleville)	31	50	81	608,765
Research Institute (London)	25	46	71	540,345
Sub Total	292	603	895	6,622,026
Stations, Farms and Laboratories				
Eastern				
St. John's West	8	34	42	266,526
Charlottetown	19	57	76	546,401
Summerside	1	5	6	49,432
Kentville	38	74	112	835,934
Nappan	9	56	65	365,915
Fredericton	34	127	161	1,103,855
Caplan	1	9	10	58,705
L'Assomption	6	28	34	199,530

	STAFF			
	Professional	*Other*	*Total*	*Operation & Maintenance*
Lennoxville	10	57	67	534,795
Normandin	1	24	25	153,240
La Pocatiere	21	73	94	534,762
St. Jean	18	34	52	354,477
Ottawa Research Station	34	108	142	864,469
Chatham	4	18	22	144,333
Fort William	1	5	6	31,804
Delhi	9	26	35	235,530
Harrow	28	64	92	629,473
Woodslee	2	10	12	78,772
Kapuskasing	2	24	26	223,084
Smithfield	4	20	24	153,382
Vineland Station	19	28	47	336,228
Sub Total	269	881	1150	7,700,647
Western				
Brandon	15	65	80	534,346
Morden	16	64	80	396,468
Winnipeg	42	65	107	905,558
Indian Head	7	41	48	262,541
Melfort	10	39	49	317,519
Regina	7	25	32	215,158
Saskatoon	40	47	87	755,822
Scott	3	26	29	165,199
Swift Current	27	125	152	1,031,929
Beaverlodge	14	51	65	404,918
Edmonton	1	1	2	5,564
Fort Vermilion	1	16	17	102,605
Lacombe	18	79	97	710,243
Lethbridge	71	252	323	2,225,144
Agassiz	11	54	65	481,351
Kamloops	10	30	40	287,845
Prince George	2	41	43	249,652
Saanichton	9	27	36	250,233
Summerland	33	83	116	879,546
Vancouver	26	25	51	457,070
Mile 1019	1	15	16	136,236
Fort Simpson		7	7	58,633
Fort Chimo		4	4	3,065
Sub Total	364	1,182	1,546	10,836,645
Grand Total	953	2,972	3,925	$27,973,500

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 11

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, JUNE 2, 1966

WITNESSES:

Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister; Mr. R. E. [illegible], Director, Livestock Division; Mr. E. B. Price, Chief, Tobacco Grading Supervision; Mr. J. C. Moffatt, Director of Animal Production and Marketing.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

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THURSDAY, JUNE 2, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister; Mr. R. K. Bennett, Director, Livestock Division; Mr. S. B. Pratt, Chief, Race Track Betting Supervision; Mr. J. C. Moffatt, Director of Administration, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24359—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
[1]Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

[1]Mr. Danforth replaced Mr. McKinley on June 1, 1966.

Michael B. Kirby,
Clerk of the Committee.

ORDER OF REFERENCE

WEDNESDAY, June 1, 1966.

Ordered,—That the name of Mr. Danforth be substituted for that of Mr. McKinley on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

24359—1½

ORDER OF REFERENCE

WEDNESDAY, June 1, 1966.

Ordered,—That the name of Mr. Danforth be substituted for that of Mr. McKinley on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LEON-J. RAYMOND,
The Clerk of the House.

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner (*Acadia*),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
[1]Mr. Danforth,	Mr. MacDonald (*Prince*),	Mr. Stafford,
Mr. Ethier,	Mr. Madill,	Mr. Stefanson,
Mr. Faulkner,	Mr. Matte,	Mr. Tucker,
Mr. Forbes,	Mr. Moore (*Wetaskiwin*),	Mr. Watson (*Assiniboia*),
Mr. Gauthier,	Mr. Muir (*Lisgar*),	Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Gendron,	Mr. Neveu,	
Mr. Godin,	Mr. Noble,	Mr. Yanakis—(45).
Mr. Grills,	Mr. Nowlan,	

(Quorum 15)

[1]Mr. Danforth replaced Mr. McKinley on June 1, 1966.

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 2, 1966.
(12)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Clermont, Comtois, Crossman, Danforth, Éthier, Gendron, Godin, Grills, Herridge, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (32).

Also present: Messrs. McKinley, Southam, Webb and Winkler.

In attendance: *From the Department of Agriculture*: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman, Agricultural Stabilization Board; Mr. R. K. Bennett, Director, Livestock Division; Mr. S. B. Pratt, Chief, Race Track Betting Supervision; Mr. J. C. Moffatt, Director of Administration, Production and Marketing; Mr. J. S. Parker, Director General, Departmental Administration; Mr. A. D. Davey, Director, Poultry Division; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; Mr. E. A. Eardley, Director, Fruit and Vegetable Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

On motion of Mr. Honey, seconded by Mr. Danforth,

Agreed,—That the Department prepare a brief for the Committee on Race Track Betting and that after it has been submitted to the Committee, the Subcommittee on Agenda and Procedure consider how the Committee will proceed on it.

Agreed,—That the Livestock Division, part of Item 15, Production and Marketing, of the Department of Agriculture's 1966-67 Estimates, stand.

At the request of Mr. Muir (*Lisgar*), it was agreed that Department of Agriculture officials would make available to the members of the Committee copies of the *Random Sample Central Poultry Testing Report*.

At the request of Mr. Jorgenson, the Departmental officials agreed to look into reports that Manitou wheat germination was substandard last year.

At the request of Mr. Danforth, it was agreed that the Departmental Report on the French Charolais cattle would be made available to members of the Committee as soon as possible.

At 11:48 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to Friday, June 3, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, June 2, 1966.

● (9.30 a.m.)

The CHAIRMAN: Gentlemen, we have a quorum.

First of all, I would like to introduce to you all the officials. On my immediate right is Mr. S. B. Williams, Assistant Deputy Minister of Agriculture, Chairman of Agricultural and Stabilization Board under which production marketing comes. Next to Mr. Williams is Mr. R. K. Bennett, Director, Livestock Division; next to him is Mr. S. B. Pratt, Chief of Race Track Betting Supervision; next is Mr. J. C. Moffatt, Director of Administration Production and Marketing; and Mr. J. S. Parker, Director General, Departmental Administration.

On Tuesday, we stood part of the estimates. Several members showed an interest, under the livestock division, in the supervision of race track betting which also comes under this division. Mr. Winkler had made a special request to be here when this was discussed. The officials were not available at that time but they are here today. We will proceed.

Mr. Winkler, would you care to start off?

Mr. WINKLER: As you know, I am not a member of the Standing Commiettee on Agriculture and I appreciate the privilege of bringing—

The CHAIRMAN: I might say, Mr. Winkler, that it is not necessary to stand, and if you do sit down you will be closer to the microphone. Everything is taped here.

Mr. WINKLER: It may be that I do not want it taped!

It is a very simple matter. I feel that since the harness racing business has become so popular the smaller tracks, particularly, to my knowledge, in the province of Ontario, are having difficulty in having all the race track betting privileges. This is because of the lack of charters more than the lack of supervision, of course.

I simply want to ask if something could not be done to help the smaller race tracks, and particularly the agricultural societies who possibly depend on one or two or even perhaps three days, usually in the fall, to financially support their organizations?

I have before me the clause in the Criminal Code that sets out the prohibition of the use of charters, inasmuch as it says that charters can only be used if they were issued prior to March 20, 1912. I think this is somewhat outdated and that some new organization could be brought into being to assist the people I have mentioned. I would like to put that matter to the officials.

Mr. S. B. PRATT (*Chief of Race Track Betting Supervision*): In reply to Mr. Winkler, the section does provide, of course, that any corporation can be

chartered by special act of either the legislature of the province or the Parliament of Canada after the March 20, 1912 date. There is provision there for it, Mr. Winkler.

Mr. WINKLER: Yes; this quite true; but none of these charters has been issued. I understand that it is quite difficult to procure one.

As I said there is the popularity of this business, and the dependence on it of the agricultural societies, in particular. It seems rather ridiculous that these people cannot have this privilege, because, could we say, of the trafficking in charters. The big tracks, in other words, have brought under their control all the charters that are available and the smaller tracks and the agricultural societies are left out in the cold. I think, perhaps, something can be done to assist these organizations.

Mr. PRATT: In Ontario, sir, the Agricultural Societies Act does not carry with it, as one of its objects, the holding of racing of any nature. In most of the other provinces, the Agricultural Societies Act does contain this. This is one of the problems with which you are faced.

The CHAIRMAN: You mean, Mr. Pratt, if this was in the act in Ontario—

Mr. PRATT: There would be sufficient charters at the present time. Most of these have agricultural charters.

The CHAIRMAN: Is this your understanding, Mr. Winkler?

Mr. WINKLER: Would you repeat that, please.

Mr. PRATT: Your Agricultural Societies Act of Ontario, does not carry, as one of its objects, the right to hold racing of any type. This is contained in most agricultural acts in other provinces.

Mr. JORGENSON: You say that right is contained in the Acts of the other provinces. In other words, the other provinces are able to hold racing in conjunction with fairs, and so on?

Mr. PRATT: Some of the other provinces sir, yes. These are Nova Scotia, New Brunswick, Saskatchewan, Manitoba and Alberta. I am not positive about British Columbia, but I believe I am right.

Mr. DANFORTH: Would you explain under what jurisdiction the race charters are in Ontario.

Mr. PRATT: The Companies Act, sir.

Mr. DANFORTH: They are under the Companies Act?

Mr. PRATT: Prior to 1912; and some that are under patent, sir. There are also three by special act.

Mr. DANFORTH: Is it necessary that there be amendments to the legislation itself in order to make it feasible to have the granting of further charters, or would they have to be done under provincial or federal jurisdiction?

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, Department of Agriculture*): I think, sir, that the answer to that is either of the solutions is possible. In some provinces they are passing special acts to permit

racing, and in some provinces they are not. Under the present legislation a special act, either of the federal government or the provincial government, will permit additional racing days. Each charter carries with it only 14 days' racing under the Criminal Code.

The problem that has been raised could be met in several ways. One could be to amend the federal legislation, obviously; the other one could be for the provinces concerned, or for the federal government, to pass special acts which would carry with them the right to race.

Mr. PETERS: Could I ask a question, Mr. Chairman? Is it racing or betting we are talking about?

The CHAIRMAN: Supervision of race track betting also comes under this division.

Mr. PETERS: But can not anyone hold a race if they have a track?

Mr. PRATT: If there is no betting, yes.

Mr. PETERS: As long as there is no betting?

Mr. PRATT: That is right.

Mr. PETERS: Really what we are talking about is betting rather than racing.

The CHAIRMAN: I think, Mr. Peters, this is what Mr. Winkler has stated. These small agricultural societies which run these fairs need extra revenue to stay alive, and if they have betting for the two-day event, or whatever it may be, this would be sufficient to keep their organization active.

Mr. WINKLER: Yes; I believe that the supervision of the betting, as it exists today, is an exceptionally good situation. I think this division of the department does an excellent job of supervision in this regard. There are two or three things which the department governs. There is the betting. What else is there? There is the saliva test—

Mr. WILLIAMS: It has certain other duties that are allied and conjoint to the actual supervision of the arithmetic, shall I say, of the pari-mutuels.

In other words, Mr. Pratt's section supervises, as part of pari-mutuel supervision, the saliva and urine tests, photo finish and film control. I say they "conduct" them. That is a rather loose use of the word. They are responsible for the supervision of them and they finance them. The tracks, themselves, actually have more responsibility, in one or the other, in respect of the conduct. We let the tenders and we finance the entire matter.

Mr. WINKLER: It seems to me that in the area of harness racing there is some degree of conflict not only because the charters are not made available, or that there are not enough charters available—which is under the provincial government—but as I understand it there is no assurance that they can have the pari-mutuel betting even if they have such a charter. There is a conflict of jurisdiction.

I think the time must come when we either bring the whole thing totally under the federal Department of Agriculture or move it back to the provinces. There is some conflict and there is no question about it. There is also conflict from province to province, as well. As I say, I am very pleased from my

knowledge, of the way the department handles its responsibilities, but I do believe that, somehow or other, some co-operation between the provincial governments and the federal government could give these organizations which I have referred to the right to proceed.

As the situation exists in the province of Ontario, there just are no more charters of the nature referred to that can be used, particularly this year, since the opening of the larger tracks in the southern parts of the province. I am not speaking for them. I am speaking for the agricultural societies and the small associations.

• (9.55 a.m.)

(Translation)

Mr. CLERMONT: I wonder if my question could be taken as supplemental. Mr. Williams mentioned that each track is entitled to fourteen days. Then, how do you go about getting a longer period of time than that?

(English)

Mr. PRATT: The use of several charters, Mr. Clermont.

Mr. CLERMONT: Several charters for the same racetrack.

Mr. PRATT: If you want 28 days you use two charters.

Mr. CLERMONT: It may be the same owner?

Mr. PRATT: It could be the same owner.

Mr. CLERMONT: But a different title or a different subject; is that true?

Mr. PRATT: It could be on a different subject or it could be on the same subject.

Mr. MCKINLEY: We have a situation in London at the present time where they have to forego racing on Tuesday nights because they have not sufficient charters to race Tuesday nights. By not racing on that night they are getting an extra week of racing. How could that be corrected? Could there be another federal charter issued to them, or what do they have to go through?

Mr. PRATT: It could be either another federal or provincial charter, sir, to give them another 14 days.

Mr. MCKINLEY: There would have to be legislation go through before that could happen?

Mr. PRATT: That is right.

Mr. DANFORTH: Mr. Chairman, I would like to ask if I may—

The CHAIRMAN: Pardon me, Mr. McKinley, are you through with your questioning.

Mr. MCKINLEY: I have another question of Mr. Pratt, because of his close connection with, and his knowledge of, this business.

There is no doubt that from time to time this matter has come up, where small holders would like to have racing at these agricultural fairs. What has been the opposition to it? Why has this not been undertaken before? There must be some basic reason for it. Are the large corporations by charter forming a

monopoly or a restricted business of this. What is the opposition that has been preventing small agricultural fairs from having this type of racing?

Mr. PRATT: Are we referring to a specific province, sir.

Mr. MCKINLEY: Yes; I am speaking of Ontario.

Mr. PRATT: I think there was no basic opposition to it, sir. In the past, the four major racetracks have supplied the charters for the small centres and this year the increase in dates by the four centres have utilized the charters themselves and they have very few to give out. This is what has created the problem in 1966.

Mr. DANFORTH: I am wondering if perhaps this has not been brought about because there has not been concerted action on the part of the small horticultural societies.

In viewing this thing as a layman I would think that the larger centres would be definitely interested in these small charters, because it would provide a wonderful farm system, if you could call it that, for developing racing here in Ontario.

Mr. PRATT: They are very much interested, sir. I think this is the first year, to my knowledge—and Mr. Winkler may have additional knowledge of this—that any track has applied to the provincial government direct for a charter, and it was at rather a late date, I think, when they made the application, because they did not realize that the larger tracks could not support them in 1966.

Mr. WINKLER: Could we not ask now if one of the reasons that these charters have not been issued, or that new charters have not been issued, is simply because they have to come before Parliament and it opens the whole question? Would that be one of the reasons the charters are so restricted? To your knowledge, have there been any applications for charters of this nature to the federal government in recent years?

Mr. PRATT: Not to my knowledge.

Mr. WINKLER: Do you know if any have been issued by a provincial government?

Mr. PRATT: Yes; by other provinces such as Alberta which has issued as many as 8 just recently; and Nova Scotia, Prince Edward Island, Newfoundland, Manitoba and Saskatchewan.

Mr. WINKLER: And the same procedure is necessary there?

Mr. PRATT: That is right; all provinces with the exception of New Brunswick where they have sufficient charters.

Mr. WINKLER: Could the control, or supervision, of these tracks be arranged in another way if the particular date that is mentioned in the Criminal Code were removed? It is my understanding that most of the charters that are in existence are the ones that had to be in existence prior to March 20, 1912.

Mr. PRATT: Excuse me, Mr. Wnikler. Is it your suggestion that if the date were changed, would it help?

Mr. WINKLER: That is right. I am thinking that this date of March 20, 1912 may be for the sake of supervision. If that date were removed and another date inserted—shall we say, 1945, 1950, 1960 or even 1966, for that matter—or if some other method of control by the government were inserted—I do not know what I am asking for—but it seems to me that this date is one of the prohibitions to the use of charters. I think there are a lot of charters which would be available and would be activated if that date were changed to meet the needs of the small tracks. Would I be right there?

Mr. PRATT: My answer would have to be yes, sir.

• (10.05 a.m.)

(Translation)

Mr. CLERMONT: Mr. Chairman, in supervising race betting, do you have inspectors at the race tracks, or do they only go from time to time to supervise such betting? Do they only have that time to time inspection?

(English)

Mr. PRATT: We have a regular detail at every racetrack which is supervised by the department. They are there all the time, during the entire race meeting.

Mr. WINKLER: In all of the tracks in all of Canada?

Mr. PRATT: Wherever they are racing, there is a detail from the department present.

Mr. CLERMONT: Mr. Chairman, at page 4, what is a checking shippers' trust account?

Mr. R. K. BENNETT (*Director, Livestock Division, Department of Agriculture*): This deals with another subject altogether, sir. This is in connection with the supervision of stock carriage under the Livestock and Livestock Products Act.

Mr. CLERMONT: But, it is under the same—

The CHAIRMAN: We will continue with that later on.

Mr. WINKLER: I would like to make a note now for the use of the Committee that possibly this matter can be considered either the changing or the removing of that date of March 20, 1912.

The answer which I received from Mr. Pratt was very brief. I weighed it carefully and I think that if there is some other arrangement made—and I do not pretend to understand the entire function of this division of the Department, nor, as a matter of fact, the provincial responsibility—if the date were changed, or removed, or brought closer to the present date, the concern I have in this regard might be eliminated.

The CHAIRMAN: The Committee will take this as notice and when we are summing up our report we will certainly remember this, Mr. Winkler.

Mr. WINKLER: I would ask you to recommend that.

Mr. PETERS: Mr. Chairman, I think the matter that has been raised, as it is left now, is in a very unsatisfactory position. I am certainly not much interested

in the large horse races. They seem to be well supervised and well operated—at least the ones I have attended. I am interested in the little ones—the fall fairs of the agricultural societies who may wish to hold a track meet one day or maybe July 1. In northern Ontario and northern Quebec a number of years ago most of the small towns had a track, and they were responsible for developing some exceptionally good horses. This has pretty well fallen by the wayside because of the road blocks that have been put in their way. I am thinking, for instance, of the fact that Wilfred Paiement at Earlton had his own track and I think he has developed a great number of—

Mr. LEFEBVRE: On a point of order. There is no French translation taking place.

The CHAIRMAN: Oh, I am sorry. Is it coming through?

Mr. PETERS: It seems to me this is a field in which the difficulties that Ontario got into, in particular, eliminated all this type of operation. There is a fairly good race track in New Liskeard.

I know we used to exchange with northern Quebec for July 1 and a number of dates in August and in the early fall, and these have all been eliminated because of the regulations that have been laid down.

I would think that we should have recommendations from the supervisors as to what changes could be made to allow this type of operation. I do not mean by charter, because these people are not going to run a regular race operation, but somewhat along the lines of the occasional bingo in the province of Ontario, which is about as big an operation, as far as betting is concerned, as a horse race would be, where they allow them on an occasional basis.

We are not thinking of setting up the Carleton Racetrack or anything like that. I know the same is true in Mr. Winkler's area where there are a number of small tracks and the owners would like to use them once or twice a year in that particular town and there would be a circuit they would be on. This is not possible now, as I understand it.

The CHAIRMAN: I think, Mr. Peters, that has been explained by Mr. Pratt.

Mr. PETERS: Not to my satisfaction.

The CHAIRMAN: Well, how they can go about it and what the other provinces are doing about it. This would have to be followed here before we could do it in Ontario.

Mr. PETERS: But, Mr. Chairman, in Ontario we have had a lot of trouble with racetrack operations. It is big business, and it has created quite a problem.

Surely some recommendations could come from the federal field which would allow an occasional operation such as I believe Mr. Winkler is interested in, as are many of the other members. We really have had no explanation of why this cannot be done on a part time basis. This is not a regular race track operation. This is an occasional thing or a casual race circuit.

Mr. PRATT: I understand what you are proposing, Mr. Peters. I think this would require an amendment to the Criminal Code as it presently is worded because, in the past, they had had to borrow charters from the big tracks for

those small tracks like New Liskeard, Chelmsford, North Bay, Sturgeon Falls and Burks Falls.

Mr. PETERS: Would this change we would make to the Criminal Code not eliminate the protection that is being given to the public in relation to the big tracks?

Mr. PRATT: Eliminate the protection?

Mr. PETERS: Yes.

Mr. PRATT: You mean the supervision, Mr. Peters?

Mr. PETERS: No, no, not the supervision; the protection that is being given. As I understand it, the charters are very tightly supervised. When the department keeps people at the track to supervise the betting operation at every race, this is well supervised. I do not really expect they would have to do this at small tracks. This really would not change the situation?

Mr. PRATT: No.

Mr. PETERS: Nor would the issuing of more licences change the situation. What I am suggesting is that there be a second type of race track operation, of a casual nature, like an occasional bingo—a different class.

Mr. PRATT: This, as I say, would require an amendment to the present wording of the Criminal Code.

Mr. PETERS: Could you recommend to the Committee a change that could be made that would not eliminate the usefulness of the department in the role in which they now function, because they would not be able to supervise all these little races.

Mr. PRATT: Offhand, I would have to say that considerable study would have to be done, because you would be creating a different situation, and I might point out that there could be ramifications come out of it. For example, in Ontario, Peterborough started off with a five day meet and this has now progressed into a 28 or 30 day meet. This takes it from what is commonly called a non-extended meet of 10 days or less into an extended meet. You would then have to provide built-in protection against increases, or allow for increases—either one.

Mr. PETERS: Would the department be prepared to recommend this?

Mr. Chairman, the reason I am asking this is because I believe that if we made a change, or even if we recommended a change without knowing the ramifications, we could get into more trouble than we are looking for.

However, I think there is a class of fair which could use this on a very limited basis, which would serve quite an end in harness racing, particularly in Ontario. I would not like to interfere with the large type of commercial horse racing. It is a different field. The others would not really be commercial; they would be non-profit organizations operating them as societies.

The CHAIRMAN: Mr. Winkler has a supplementary.

Mr. WINKLER: My position is exactly the same as the one described by Mr. Peters. Firstly, how about the date in the Criminal Code for the governing of thoroughbreds. Is that the one? Is it May 19, 1947? Is that correct?

Mr. PRATT: That is in C section, sir, yes.

Mr. WINKLER: If that is the case, I do not know why that particular date should have been inserted in the Criminal Code just as the March 20, 1912 date for use for harness racing, but that is the way it is. It seems to me that the point Mr. Peters is getting at could be achieved simply by doing as I suggested—and to which Mr. Pratt answered "yes"—that the date should be brought forward and the supervision aspects changed somewhat or the allocation of days changed somewhat. But this is now the responsibility of the provincial government, is it not?

Mr. PRATT: Yes.

Mr. WINKLER: The allocation of days, or the terms of the charter, in other words. I am thinking of bringing that date closer to the present; in other words, bringing it up to today, and then recommending that charters might be issued to the smaller tracks, or something of this nature, such as you have mentioned; and in such a way that the days are allotted to these smaller tracks and are not transferable. This has been the difficulty, because everyone has had to go around on bended knee to get a few racing days. You say Peterborough is up to 28. I do not know where they get them, because it seems to me there are none left. Nevertheless that is their good fortune. I think, Mr. Peters, if the date were brought up to the present and such an allocation made, that would very easily solve the problem you are referring to.

Without going into the background of the business, I think it is serving a very useful purpose in rural communities. Not only is it helping to hold some of these agricultural societies together, but it is serving as an income for a few farmers. I consider it would be a very good and valuable move.

The only difficulty I see at the moment is whether some move should be made to bring it either under the control of the federal government or, as I said earlier, to pass it over to the provincial government. The present situation is certainly not a satisfactory one.

Would this be possible, Mr. Pratt, or can we not move into the field of recommending this to the provincial government?

Could I ask this, just generally. Do you get good co-operation from the provincial governments?

Mr. PRATT: Yes, sir.

Mr. WINKLER: You do. It seems to me that the only thing left to do is to change this date in the Criminal Code. It would, at least, be a temporary solution, Mr. Peters, because, as Mr. Pratt has said, the supervision does exist and it is simply a case of allotting these days so that it works to the satisfaction of the department and the supervisory staffs.

What do you do then, Mr. Chairman, does your Committee recommend to the House when you file a report. Is that how you do it?

The CHAIRMAN: I would think we could make any recommendations concerning the estimates but whether we could go further and recommend that the legislation governing this should be amended, I do not know. I would have to check. We are having a steering committee meeting this afternoon at 2 o'clock and we can discuss this at that time.

Mr. WINKLER: That will be all right.

Mr. DANFORTH: I have a supplementary question, and it deals with the very principle we are discussing now.

I think this Committee is in a position to make recommendations, but certainly we cannot make recommendations unless we know enough of the background material. My request to Mr. Pratt was going to be—and this could be elaborated on if the Committee saw fit—that, since the prime difficulty seems to be here in Ontario, perhaps a brief could be submitted to the Committee and be incorporated in the proceedings, so that we would have an opportunity to refer to it when drafting a report? I wonder if it would be feasible, Mr. Pratt, to prepare a brief setting out the material we are seeking such as information on the division of the jurisdiction—that is, in Ontario, what is the federal jurisdiction and what is the provincial jurisdiction; how many charters there are prior to 1912 and how many would be available if the date was brought forward, as recommended? In other words, could we have an outline of the actual picture, so that the Committee, when drafting a report or a recommendation, would have this story in front of them and be able to take concrete action—something that is going to be constructive.

This certainly is a problem; it is a basic problem; it involves agriculture. The livelihood of many people is involved. To my way of thinking this is important enough to warrant a major move now, not just something of a stop-gap nature. If this is a basic question, and it seems to be, let us do something concrete about it, and I do not think we can do anything constructive unless we have this material before us.

Is it impractical for your department to submit such material to us? I know some things are absolutely impossible because of the tremendous amount of work involved.

Mr. WILLIAMS: If I could answer that, Mr. Danforth, we would be perfectly prepared to present any factual material that we can along these lines.

I am not at all sure that it is possible for Mr. Pratt or for anyone else to make an estimate of how many additional charters would be available, presuming any date change. I do not think that is possible—

Mr. DANFORTH: I do not like to interrupt you, Mr. Williams, but there must be some idea. The Committee does not know whether it is 2 or 200. We have no way of knowing I think this would have a direct bearing on it. There must be some record of these charters. I would imagine some of these race track men have combed through this charter business pretty thoroughly several times looking for these extra days, so there must be some record available.

Mr. PRATT: Possibly, through the cooperation of the provincial government.

If you changed this to a later date, of course, you are opening to letters patent any other type of incorporation. The information would then have to be derived from the provincial government, because we ourselves do not have that. We would have an indication of a few, but that is all.

Mr. WINKLER: What is the system currently in use in the United States? Is there a state and federal division or is this type of racing governed by one government?

Mr. PRATT: By individual states.

Mr. WINKLER: There is no federal control at all?

Mr. PRATT: No, sir.

The CHAIRMAN: Mr. Southam is next. I would ask you to speak into the microphone because they are having some difficulty.

Mr. SOUTHAM: Thank you, Mr. Chairman. Mr. Winkler has opened up a very important discussion here this morning with respect to the welfare of agricultural fairs.

I was interested earlier on in the discussion, when Mr. Pratt mentioned that our regulations here in Ontario vary from those in other provinces.

Have you people looked into what has been done in the other provinces in Canada, which would, I presume, have had this similar problem. There should be some uniformity in reaching a solution to this.

Mr. PRATT: The problem has not arisen, sir, in other provinces. When a charter is warranted, or required, it is usually issued by the province under a special act.

Mr. SOUTHAM: I was also interested to hear there were these several different avenues of approach in getting these charters. From your experience, what would you recommend to the Committee as being the better approach? Would it be to work through the provincial or federal governments to change the act, or by asking for individual charters? This, I think, would be helpful to the Committee.

Mr. PRATT: To answer the question, I would have to say that all three avenues that you have mentioned are possible and suitable. Possibly the amendment to the Code, which Mr. Winkler mentioned, bringing it into line with what the thoroughbred section did in 1947, would, I believe, in my own personal opinion, solve the problem in Ontario.

Mr. SOUTHAM: I was very interested in Mr. Winkler's last question about how they approach this problem, say, in the United States. After all, if we have a problem here other people must have had it before, and if we could do a little research into this angle it might help us come up with the answer.

Mr. WINKLER: Is betting in the United States also governed by the individual states, Mr. Pratt?

Mr. PRATT: That is right, sir.

Mr. MUIR (*Lisgar*): If my information is correct, I think the same thing applies probably to a lesser degree in Manitoba, because it is only when a charter becomes dormant that it becomes available to other tracks.

I was interested in the suggestion that was made here by Mr. Peters, I believe it was, that for these small tracks a non-transferable charter would be issued so if it does become dormant it automatically lapses. It seems to me there is a lot of finagling going on in regard to picking up these dormant charters among other racetracks. I think they even bid for them, if I am not mistaken.

Mr. PRATT: In Manitoba, sir?

Mr. MUIR (*Lisgar*): I think so, yes.

Mr. PRATT: Not to my knowledge in Manitoba, sir.

Mr. MUIR (*Lisgar*): The fact remains that these dormant charters are picked up by other tracks in Manitoba are they not?

Mr. PRATT: I know of none that have been picked up in Manitoba. There are certainly none that have been raced under, sir.

Mr. MUIR (*Lisgar*): Is that right? I still think it would be a good idea to have non-transferable race track authorization, or whatever you want to call it—probably under the federal jurisdiction—for these small three day races in the fall or in the summer, so that these people could make use of it without having to go on bended knee, as Mr. Winkler put it, to someone else to pick up a three-day charter. I know this has happened in Manitoba.

Mr. PRATT: This is quite correct.

Mr. HONEY: Mr. Chairman, I think Mr. Winkler has opened up a very important matter, and my only comment is that I agree with Mr. Danforth's remarks.

Speaking personally, it is difficult for me to make any decision or to support any recommendation this morning. As has already been said, we are concerned with matters of jurisdiction here. It appears that we have a problem in Ontario that other provinces may not have and, I for one, would hesitate even to try to formulate an opinion which might interfere, indeed, with other provinces if we try to rectify Ontario's problems.

I would like to support Mr. Danforth's suggestion, and if it is in order I would like to make a motion that we ask the departmental officials—as Mr. Williams has indicated he would do—to provide us with a brief on this matter and probably they should have reference, or will have reference, to Justice because I think the constitutional aspect is an important one, particularly as it affects provincial jurisdiction.

I would like to move, so that we can have some finality to this matter, that we ask the department to prepare for this Comimttee a brief dealing with the matters we have discussed this morning, so that we can then consider in a more intelligible fashion.

The CHAIRMAN: I do not know if a motion is necessary. We have had the officials prepare briefs for us before and we add them as an appendix to the hearings and they seem to work out quite satisfactorily.

Mr. PETERS: Mr. Chairman, I will second that.

The CHAIRMAN: Mr. Danforth has indicated he wants to second it.

The Clerk informs me that it does not necessarily have to be printed as an appendix. It can be tabled at a later date and added as an appendix to this meeting, as far as that goes.

Mr. Danforth and Mr. Peters have indicated they wanted to second the motion, so that it has been moved and seconded.

Is there any further discussion on this motion of having the officials prepare all the information for the Committee on horse racing? Would that be right?

Mr. HONEY: On the charter aspects of the problem; is this correct?

The CHAIRMAN: I would think that we should know everything about it.

Mr. HONEY: All aspects that concern federal jurisdiction.

Mr. JORGENSON: I would like to know just how a change in the provincial regulations could supersede an amendment to the Criminal Code. This puzzles me.

The CHAIRMAN: I think, Mr. Jorgenson, that we could probably ask all kinds of questions here today concerning this, but if we do get this report and it is tabled here with the Committee, we would probably have a lot more information than we have now, and it would eliminate a lot of time in the Committee.

Mr. PETERS: Mr. Chairman, does Mr. Pratt have knowledge of the type of representation that the agricultural societies would make with regard to limited track meets for their purposes or would it be advisable to ask the agricultural societies to make submissions on this matter? I am not sure if they ever have. This is a multi-million dollar operation in Ontario. We are not talking about that kind of an operation at all, or, at least, my interest is not in that aspect of it; it is only the small casual ones.

Is your experience broad enough on the representations that they make from tracks like Burks Falls, New Liskeard, Val D'Or and Rouyn, where I know these small meets used to take place, to allow you to make a recommendation rather than asking for submissions from some of the agricultural societies and other racing associations which are very local in nature.

Mr. PRATT: I believe it is, sir. You realize that Burks Falls and many of the ones you mentioned are still racing and do race under us.

Mr. PETERS: Yes; but they do not bet.

Mr. PRATT: Yes, they do, sir. Manitowaning, Gore Bay, Burks Falls and Chelmsford, they all bet.

• (10.30 a.m.)

Mr. PETERS: I would have thought that was a bootleg operation.

The CHAIRMAN: I think one of the things we should be concerned about is that all the estimates cover all racetrack operations. I think this is what we should be concerned with. We should know what the federal government does, what percentage of the take they get, how the betting is divided—all this information should be made available to the Committee, because the same principle would be followed, I think, in an agricultural society, if betting is done there.

I have had a lot of requests—and I am not even going to try to go into them today—from people making inquiries about betting at racetracks, and the operation of the racetracks. There are a lot of inquiries, and I think there is doubt in a lot of members' minds.

I think this motion, if it is carried here, should answer a lot of these questions, and then we could delve into it at a later date.

Mr. PETERS: Mr. Chairman, I am not being facetious, but does the department have any interest in stock car racing, where there is betting?

Mr. PRATT: No, sir.

The CHAIRMAN: There is one question I would like to ask Mr. Pratt or Mr. Williams: Has it ever been discussed that the betting at racetracks be turned over to Justice from Agriculture, under the Solicitor General.

Mr. WILLIAMS: This has been discussed internally, yes, sir.

Mr. DANFORTH: I would like to suggest to the Committee that, when this material is available, because of the interest of Mr. McKinley and Mr. Winkler in this particular problem, copies be made available to them, and then, perhaps on consultation with them and the steering committee on the basis of the material submitted, we could then decide whether or not a meeting of the Standing Committee on Agriculture be devoted to this subject.

The CHAIRMAN: I think to safeguard that today, after the motion is carried or defeated—and I think it will carry—we should make sure that we stand this part of the item we are dealing with so that, before we table the estimates, if it is necessary to bring the officials back we can do so.

I think everyone is aware of the motion. Are you all in favour of the motion?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Opposed, if any? I declare the motion carried. We will move on. We covered the dairy products division the other day.

Mr. Clermont, do you wish to go back to the question that you asked previously? Would you care to phrase it again? It was dealing with shippers' trust accounts.

Before Mr. Clermont continues, is it the understanding of the Committee then that we stand the item "livestock division"? Is it agreed that we stand "livestock division" until this racetrack betting is clarified for the Committee?

Some hon. MEMBERS: Agreed.

Mr. CLERMONT: It is on page 4 under production and marketing branch. It reads:

> The only direct function performed by the department is in checking shippers' trust accounts.

Mr. BENNETT: Under the stockyard regulations which apply to the 10 stockyards across the country, of which there are two in Montreal, one in Toronto and Winnipeg, two in Saskatchewan and four in Alberta—a total of ten—under the regulations, each selling agency—which are commonly referred to as commission firms—each selling agency is required to operate a trust account which is known as a shippers' trust account. Into that specific account must go all the receipts, all the money, they receive for the sale of livestock which has been consigned to them by farmers. Then the regulations specify the particular things for which moneys can be withdrawn from that trust account. The object, of course, is to ensure that the farmer who consigns livestock for sale on the stockyard will always receive payment.

Mr. CLERMONT: Is that system satisfactory?

Mr. BENNETT: This system is very satisfactory.

The document from which you read refers to the fact that the division has auditors who go in and check trust accounts quite regularly to determine that

the regulations are being lived up to and that these moneys are not being withdrawn and used for other purposes than for the payment of livestock.

Mr. McKINLEY: If the farmer ships directly to the packing company and in the meantime the packing company goes bankrupt, is there something to protect the farmer in that case?

Mr. BENNETT: There is nothing in the regulations to protect the farmer who consigns his livestock for sale to other selling agencies or other places than the stockyard. This is considered as a private transaction between the farmer and the packer buyer, or the auction sale operator, or the exporter to the United States.

The regulations apply only to livestock consigned to what we commonly refer to as public stockyards. In the province of Ontario there is one, which is located in Toronto.

Mr. McKINLEY: I think the same thing applies to community sales. Do they not have to be bonded?

Mr. BENNETT: The provinces have legislation requiring that they be licensed. To my knowledge, the only province that requires a bond for what you referred to as community sales or auctions is the province of Alberta.

Mr. McKINLEY: It is not true of Ontario?

Mr. BENNETT: Not to my knowledge. I know it has been discussed, but to my knowledge it is not effective in this application at the present time.

Mr. McKINLEY: That may be true, but I do believe that there is some legislation.

Mr. BENNETT: I will be very glad to check that and find out the actual facts for you very quickly.

Mr. McKINLEY: What bothers me is the person running this sale is bonded to be responsible to the primary producer, but when he turns—as he always does—to a packing company, he has no protection. It seems to me that if there is going to be protection on one end it should be followed right through.

Mr. BENNETT: This is a matter of provincial legislation, once you go outside the area of selling livestock at the public stockyard.

The CHAIRMAN: We have covered the dairy division—

Mr. PETERS: Before we leave that, is it not true that in community sales the operator of the community sales never buys, or seldom buys? He actually only acts as a selling agent between the producer and the buyer who may be anyone.

Mr. BENNETT: Generally, for a commission of possibly 3 per cent, or a fixed fee per animal, he provides the facilities to which the farmer can bring the livestock and the buyer can come to purchase. Your statement is correct. He does not, in general, purchase livestock himself.

There can be exceptions to that. A packer-buyer can place an order with him to purchase on the packer-buyer's behalf. But this is not the general practice.

Mr. PETERS: This would not really meet the terms of an auction sale?

Mr. BENNETT: It does not meet the requirements of a stockyard under the Act.

Mr. PETERS: You would have to declare that that was a reserve bid under the Ontario auction sale.

The CHAIRMAN: Yes, they announced that this morning.

Mr. BENNETT: The reserve bid generally applies, so that this bond would not apply. The reserve bid applies to a specific case where the owner of the livestock is allowed to make one reserve bid.

If a farmer brings in 10 cattle, he can say, "I will not accept any less than 25 cents for those cattle." In other words, this acts as a reserve bid whether it is made in the form of a bid or not. His cattle cannot be sold to anyone lower than this price which he specifies.

Mr. PETERS: In my area I understand that he has to make the bid an open bid.

Mr. BENNETT: Yes.

Mr. PETERS: So it is not really a reserve bid. He also pays the brokerage fee to the outfit. They will want his bid.

Mr. BENNETT: If he takes the animals out he still pays the fee.

Mr. CLERMONT: Mr. Chairman, did you go over dairy products division?

The CHAIRMAN: We went through that the other day when Mr. Goodwillie and the other officials were here.

Mr. CLERMONT: May I ask a question, because I was on the Finance Committee that day.

The CHAIRMAN: Mr. Williams could possibly answer your question.

Mr. CLERMONT: The question is on the Cheese and Cheese Factory Improvement Act on page 4. In the last paragraph I see that for the time being this credit is stopped, but construction or renovating and equipping factories that have been amalgamated—this latter phase is under suspension at present.

Mr. WILLIAMS: That is correct. There are three things provided for in the Cheese and Cheese Factory Improvement Act: (1) the amalgamation of cheese factories; (2) the construction of curing and ripening rooms and (3) the premium on high quality cheese. The first of these is presently under suspension.

Mr. CLERMONT: May I ask the reason?

Mr. WILLIAMS: It was suspended in 1962, during what was known as the austerity program, sir. It has never been reinstated by the government.

The CHAIRMAN: We will now move on to "poultry division."

Mr. PETERS: Before you proceed with that, Mr. Chairman, may I ask: Are there requests coming in for amalgamation. Is this the type of legislation that could be re-introduced?

Mr. WILLIAMS: The legislation still exists, and requests are still being received.

Mr. PETERS: Are they numerous?

Mr. WILLIAMS: They are becoming less numerous I would say at the present time, because it has been under suspension for some time; and I think this matter is quite well known; but there are certainly in existence at the present time, I would say, somewhere between 5 and 10 live requests.

Mr. PETERS: I presume it is not fair to ask what your recommendation in this field is? I know that there is a problem in the cheese industry with small plants, in the need for increasing their mechanization. Was this a satisfactory program? Did it accomplish something for the cheese industry? Is it worth the Committee considering this particular aspect as in seeking to solve some of the problems in the small cheese factories in the areas?

Mr. WILLIAMS: I do not quite know how to answer that. I think it is quite definite that it did serve a purpose. I think it is also quite definite that the need for the legislation has decreased, because many factories have become amalgamated under it.

I cannot quote you the numbers at the present time, but quite large numbers have taken advantage of this.

The only thing I think I could add to that is that the matter is not dead at the present time. It is still being considered.

Mr. PETERS: Would you recommend to the Committee that this be reactivated?

Mr. WILLIAMS: I do not think I would be prepared to recommend or not recommend, Mr. Peters.

The CHAIRMAN: I would think this would be a policy matter upon which it would be beyond the assistant deputy minister's jurisdiction to comment.

We will move on to the poultry division and to Mr. A. D. Davey, director of the poultry division.

Mr. DANFORTH: Mr. Chairman, before Mr. Bennett leaves, perhaps he would be interested in this—and no doubt it is a question that should be brought before the steering committee—I am sure the Committee members will recall that during the debate on the estimates in the House for the year 1965, an undertaking was given by the Minister to me to provide for this Committee the details of the importation of Charolais cattle. Since this will be coming up, no doubt, under votes 40 and 45, I wondered how much progress had been made in this report and if it would be available to the Committee members prior to this vote being called, so that we might have an opportunity to study this entire question and be prepared to deal with it at that particular time.

The CHAIRMAN: I think that Mr. Williams and Mr. Parker could certainly make a note of this. This would be under Dr. Wells, as I understand it, who will be appearing before the Committee.

Mr. DANFORTH: The reason for my request, Mr. Chairman, was to see that this would be available to the Committee members prior to our dealing with this particular matter.

Mr. WILLIAMS: We will do our best to have it ready. I cannot answer specifically what stage it is in because I have not inquired myself. We will look into it immediately.

The CHAIRMAN: They will do their best to have it here before that time.

I hope we are on "poultry division" now. Are there any questions concerning the poultry division? Mr. Davey, the director of the poultry division, is here to answer any questions that you may have.

Are there no questions concerning poultry? I did not know the industry was in such a good condition. Maybe it is. Mr. McKinley?

Mr. MCKINLEY: I notice you still have R.O.P. Is there very much R.O.P. testing done now?

Mr. A. D. DAVEY (*Director, Poultry Division, Department of Agriculture*): No; that is actually the name of a program that since its original inception on the farm is not carried on in the same state. It is very limited on the farm at the present time.

Mr. MCKINLEY: Another question: Is what you find out in the breeding work that you do at your stations, available to commercial firms?

Mr. DAVEY: If you are referring to the random sample tests program which is being carried on in Ottawa, separate and apart from what goes on in the research branch, the reports of the results of our random sample tests are available to the public. The random sample test is a test of strains developed by various people across the country and brought in here for testing purposes and that material is made available to the public.

Mr. MCKINLEY: I am thinking more of the developing of new strains. Is there any work along that line being done?

Mr. DAVEY: There is work being done both by the research branch and by the production marketing branch in some development work, yes.

Mr. MCKINLEY: Are the information or the strains you might develop available to people in industry?

Mr. DAVEY: When it is proven. The improvement work we do in this regard —the preliminary work is done here and we co-operate with the breeders in the field, who enlarge the work, test it further against other stock, put it through various trials and they, in turn, make it available to the public in general.

Mr. MCKINLEY: You would make it available to any breeder who wanted it?

Mr. DAVEY: The breeders who are working under our recognized breeding program, yes.

The CHAIRMAN: Do you do work with turkeys, too?

Mr. DAVEY: Yes; we do not run a random sample test the same way as we do with chickens, but the boys in our production work do work on breeding programs direct with the breeders on their own premises.

Mr. ROXBURGH: Is there any work being done these days with the broiler situation as it plays a very large part in the turkey industry? Is there any work

being done and making it possible, say, for broilers, through breeding, to mature at an extra early period, or at an earlier time than at the present?

Mr. DAVEY: The same type of work that is being done with turkeys is also being carried on with broiler breeders, that is, the breeders of chicken broilers, in order to help them in their programs to improve the efficiency of their general growing and production operations.

Mr. ROXBURGH: What about green ducks?

Mr. DAVEY: That is one area that we have not got into.

The CHAIRMAN: Do you care to make a comment, Mr. Davey, on the difference between breeding stock and commercial stock? If I were going to buy hatching eggs, or poults, or something, and I thought I was buying poults from breeding stock and they were just from commercial stock, what would be the difference?

Mr. DAVEY: Basically, your breeding work is done by a limited number of poultrymen across the country, who are technically interested in that phase of work. That stock goes from there to what we call hatchery supply flocks where the nucleus stock is expanded. These hatchery supply flocks supply the hatching eggs to the commercial hatcheries which, in turn, supply the chicks or turkeys to the general growers.

It depends on the level to which you go to purchase your stock. If you go to a breeder directly, you are probably going to get breeding stock, or a cross of his breeding stock. If you go to a commercial hatchery, you are going to get commercial stock which is available to the commercial grower.

The CHAIRMAN: Are there any further questions? Mr. Danforth?

Mr. DANFORTH: Mr. Chairman, may I ask Mr. Davey whether there is an overlapping between the administration of the poultry division and the products marketing division? How far does your work under your particular area carry forward? Do you deal with the eggs, the egg quality, the packaging, the various methods of marketing. Just where does your division begin and end where poultry is concerned?

Mr. DAVEY: Well, let us look at the broad picture. The general extension work with the producer on the farm is the responsibility of the provincial department. Once those eggs are marketed in the joint arrangement which the federal government has with the province—which I think is spelled out in the document—where the federal officers are appointed to enforce the provincial legislation, we step in at the grading station level, which is your first marketing level. Our officers then follow those eggs, or poultry products, at all stages right through to the time the consumer takes them out of the case in the shop.

Mr. DANFORTH: Then you play the role of supervision of inspection then.

Mr. DAVEY: Of inspection and quality control throughout.

Mr. DANFORTH: Under your particular division there is no work done on the types of packaging, methods of transport or this phase, or, is that provincial?

Mr. DAVEY: No, no. This is apart from our grading and inspection. In the poultry division, we also have a section which deals with our markets and

merchandising, which covers the points you have raised on packaging, the various aspects of merchandising, all of our statistics and so on.

Mr. DANFORTH: In other words, then, you do have control of the product right from the basics to the consumer?

Mr. DAVEY: Yes; we specify on the requirements with regard to containers. It is in our regulations, for poultry, eggs and frozen products.

The CHAIRMAN: Are there any further questions?

Mr. MCKINLEY: You say that this information is available to recognized breeders. What is your definition of whether you recognize them or you do not?

Mr. DAVEY: I thought you were talking about the stock which is produced.

There are a few breeders who are working directly with our department on the modern form of an R.O.P. program. They are the ones who basically use this improved stock that we are developing.

The information that we have is available to anyone. Does that answer your question?

Mr. MCKINLEY: You say that in Ontario there are a few. Could you name them?

Mr. DAVEY: The outstanding breeders in eggs, whom we are working with in Ontario, include Fisher at Ayton and Shaver at Galt. Those are the two main ones in Ontario.

Mr. DANFORTH: Mr. Chairman, is there any exchange of information, or any liaison, between the federal poultry division and the large commercial entities which are doing their own research? I am thinking of High Line or Pioneer, or some of these large commercial firms which are doing extensive work in poultry. I am very interested to know, is there an exchange of information or is there a tremendous duplication of effort?

Mr. DAVEY: No; we keep switching stock back and forth to compare progress. We probably do not tell all the secrets of how we arrived there, but at least we are determining the relative merits of these stocks. We use High Line stock and other breeder stock here in comparing them against ours and we are sure they have got stock from here to compare against theirs.

Mr. DANFORTH: This brings up another allied question which, I am sure, it is of great interest to people who buy chicks and flocks for high egg production. There is no question that in this line, as in any other line, there is a tremendous amount of advertisement over the relative merits of type "A" against type "B" against type "C", and unless a man is in a position where he has very intimate information, it is sometimes very hard for him to form a conclusion.

Because there is a tie-in, as you have described, between the various commercial firms and the department, would it be possible for me, as a producer of eggs, to write, or get in touch with, your department and get a complete recommendation, or description of type A against type B?

Mr. DAVEY: In answer to your question, if I might go back to my reference of the random sample test, out on the Merivale Road we have an extensive operation where we have hatching eggs sent in here from all the various

outstanding breeders, the various lines they have in Canada, as well as some from the United States, including some of the people you have mentioned. These eggs are hatched here, the chicks are raised here, the hens go through their complete laying year. At the end of the year we have a complete report on all aspects of that operation—the cost, the feed consumption, the egg production, the mortality. Any aspect you want to think of, relative to the efficiency of the operation and which the ultimate user would want, I think you will find in our report.

At the end of the year, this report is made public to anyone who wants it and you can look in there and compare John Jones against Henry Smith or anyone, and you know what the mortality of his stock was, the feed efficiency, the cost of producing a dozen eggs and so on and so forth. It is all available.

Mr. DANFORTH: This is a very commendable service. How is this material distributed? Is it sent out through various field men, extensive services, or does it depend on the initiative of the person himself? Must he write in for this or is this made available on a mass scale?

Mr. DAVEY: We have an extensive mailing list whom our reports go out to quarterly. We not only have a report at the end of the year, but we sent out quarterly reports to an extensive mailing list. It is also given fairly extensive publicity in the poultry press so that if anyone wants it they can get it one way or the other. It is available to anyone.

• (11.00 a.m.)

Mr. MUIR (*Lisgar*): Would you make it available to members of this Committee?

Mr. DAVEY: We can give you a copy of it, yes.

Mr. SOUTHAM: In this brief you refer to "the poultry division administers the National Poultry Breeding Program (R.O.P.), including the home evaluation and development of breeding strains." This is relative to what Mr. Danforth has been talking about: Do you find the general public taking full advantage of this home evaluation development program?

Mr. DAVEY: There are not a lot of people involved in it, but you do not need a lot of people involved in this, as long as you have a nucleus of breeders across the country, who can, through the hatchery supply flocks, fan this material out and multiply it through the commercial hatcheries and make this nucleus of highly bred stock ultimately available in quantity to the public.

Mr. SOUTHAM: As Mr. Danforth said, this is a very commendable program and service. I was just wondering if the general public are really aware of the fact that this is available to them to the extent that it is?

Mr. DAVEY: Oh, yes; but in this modern day, it is becoming a very intricate operation and so it cuts down the number of people who want to make use of it. They would sooner make use of the ultimate commercial stock.

Mr. ROXBURGH: On a supplementary question: Would that information, or at least where to write for it, be sent out to the agricultural representatives throughout the country? For example, a lot of farmers go to their agricultural representative for information and he might want to find out about stock

coming from such and such a poultry grower. Is that information obtainable through the agricultural representatives?

Mr. DAVEY: I would say yes. If he has not got it, he knows where to get it.

Mr. ROXBURGH: That is what I am getting at. Thank you.

The CHAIRMAN: I want to make one announcement before we proceed. This meeting will not adjourn—as I told you on Tuesday—until approximately 11.45 because, we do not have to vacate this room. We will meet again Friday morning.

We are not proceeding as fast as we probably should and we are going to have to use every minute we can to get through with these estimates.

Mr. SCHREYER: I have one question. I am not too sure if it falls within your purview, but it is being contended that modern methods of broiler production affect the quality of the product and also its storageability. Has your division ever concerned itself with testing as to storageability of broiler production coming out of the new methods of production?

Mr. DAVEY: We have not had occasion to do any testing, because despite the fact that broiler production has been increasing in leaps and bounds year after year, there is a very small percentage of it that ever gets into storage. It is consumed just about as fast as it is produced. There is not a long storage problem with broilers.

Mr. SCHREYER: I would put this question, Mr. Chairman: Has it ever been suggested or contended, or submitted to the poultry division, that modern methods of broiler production affect the storageability of the product?

Mr. DAVEY: No, we have never had the problem presented to us.

Mr. NOBLE: Mr. Davey, I am interested in the work you are doing with these breeders across the country. In your experiments, are you able to discern a progressive improvement in the various things you are working toward? Are you holding your own, or what progress is being made? Are you making some improvement each year or what could you tell us about that?

Mr. DAVEY: I think, in all aspects, in the case of feed conversion, the amount of feed it takes to produce a pound of meat, the amount of feed it takes to produce a dozen eggs and so on—that is improving year by year. Our mortality or liveability is improving as we develop new procedures.

Mr. NOBLE: Have you got to a maximum in, say, egg production? Have you got to a point where you find you cannot get any further with that, or is there still room for improvement there?

Mr. DAVEY: Further improvement gets tougher, but we are still going up a little.

The CHAIRMAN: Thank you, Mr. Davey.

We will now move on to "plant products division".

Mr. Stevenson, chief of the seed, fertilizer and pesticide section of plant products division is here to answer questions.

Before anyone leaves, I would like to say that the Speaker has sent a notice to us advising that at 12.30 today in the Railway Committee room we will be honouring former Speaker Macnaughton. The occasion of the hanging of the traditional speaker's portrait will take place. It would be appreciated if all would attend.

Are there any questions on plant products division? As you see it takes in several different Acts.

The Seeds Act is first. Are there any question on this?

Mr. SCHREYER: The plant products division has the responsibility of operating and enforcing the Seeds Act. I take it that if any individual has purchased registered or certified seed and finds, subsequently, that this seed is just not up to specifications, he then should approach the plant products division in the region in which he lives for enforcement.

Is there any sharing of jurisdiction in this specific regard with provincial authority?

Mr. C. L. STEVENSON (*Chief, Plant Products Division, Department of Agriculture*): No, there is no sharing. This is a federal Act and there is no provincial Seeds Act, as such, that I know of.

Mr. SCHREYER: Mr. Chairman, I have a supplementary in this connection. I am speaking from a specific case, and I am wondering about the person who purchases registered seed which is tagged and so on and finds subsequently, when he puts it to the test, that the germination is far below acceptable standards. What recourse does he have then? He has paid the prevailing price for registered seed and been given to understand—the tag on the bag is to this effect—that this is registered seed and germination is 50 or 60 per cent. What then?

Mr. STEVENSON: In the sealing of registered seed, the germination is checked on a sample of it before it is sealed. When an inspector is sealing a lot, which may involve 100 or even 1,000 bags in one lot, each bag is not checked for germination. A great number of the bags in registered seed are checked for purity when making up your composite sample when the inspector looks over them to grade the material at the site.

There is a possibility, I suppose, that the sample was taken in the first place for a germination test, but that subsequently it is not the same lot that would be presented for sealing, but it is highly unlikely that this would occur.

If it is found that it is below germination he has recourse through the plant products division for checking of the germination, and then, of course, any civil action for recovery of money would be between the buyer and the seller.

Mr. WILLIAMS: I think I should add that germination can alter after the sealing, depending on the conditions under which it was held, and once it is sealed the department does not supervise the conditions under which this seed is held. For example, it could be left outside and be badly frozen, or something of this nature.

Mr. JORGENSON: You may recall that in Manitoba last year the weather conditions were such during the harvest season that harvesting was delayed

until some time in October in many areas. As a consequence, germination of seed grains in that area was lowered considerably. This was particularly true of a lot of the Manitou wheat that was being grown on the test plots. Farmers purchasing seed wheat this year of the Manitou variety were told that the germination was considerably lower than it should have been and yet with impunity they just say you pay the same price as for seed that has 100 per cent germination. If you complained about it they just simply said, "Buy a bag of high germinating grain and mix it with the other and you have an average."

What action does the plant products division take in a case like that?

Mr. STEVENSON: We have no authority over the pricing at all, Mr. Jorgenson. I do not know whether you are referring to seed that was actually sold as commercial seed, or, seed that was sold by one farmer to another?

Mr. JORGENSON: It was seed that we were buying through the registered seed houses.

Mr. STEVENSON: I cannot answer your question specifically on this, Mr. Jorgenson. I was not aware that we had taken any action a year ago to lower the germination standards.

Mr. JORGENSON: It was not a question of lowering the germination standards. Manitou wheat was in great demand, as you know, and they just took advantage of that fact, in spite of the fact they knew that the germination was running around 50 or 60 per cent.

Mr. STEVENSON: But it was still sealed as registered seed?

Mr. JORGENSON: Yes.

Mr. WILLIAMS: Mr. Jorgenson, are you suggesting that the seed was sealed at germination levels below those required for registered seed?

Mr. JORGENSON: Yes. What I am saying is that when buying through the registered seed houses we were told the germination was low. I forget what it was but, I think it was around 50 or 60 per cent, and on other bags of seed the germination was much higher. If you complained about it, they simply said: "This is what we have and you can take it or leave it." This was at the price you would normally pay for seed that had a very high germination test.

Mr. WILLIAMS: As Mr. Stevenson said, we have no jurisdiction over the price, but we will immediately look into the question you have raised about seed having been sealed with a germination test lower than is required under the regulations, and we will report on it.

(*Translation*)

Mr. GODIN: Mr. Chairman, does the Department provide inspectors for grain inspection, does the Department also control the quantity of the seed grain?

(*English*)

Mr. STEVENSON: It refers to the quantity of the seed grain. You mean the quantity of seed grain that is produced in a province? Anyone may buy

registered seed, or may buy foundation stock seed, and start out to produce registered seed, or he may want to produce certified seed. The plant products division will inspect, as far as possible, any requests which are made for the inspection of registered seed.

There is no limit as far as we are concerned on the amount of registerd seed that is produced.

(*Translation*)

Mr. GODIN: Could we know the quantity offered for sale? I have been in the seed business for the last ten years. Over the last few years especially I have noticed that, for instance, according to some rumour or other, linseed was supposed to be in very short supply. Three years ago it was clover seed, this year it is oat seed. Could the farmer find out from the department, at any given time, if these rumours are based on fact or not, and if there is any real reason for increases in price?

(*English*)

Mr. WILLIAMS: This is a difficult problem, sir. We have each fall, in November, an outlook conference to which the federal government and all provincial governments and all agricultural associations are invited.

Prior to the conference, the Department of Agricuture, working in co-operation with the provincial departments, produces outlook material, and one of the items covered is the supply of seeds, whether these be grass seeds, legume seeds, or cereal seeds, and we endeavour to make available to the farming public, through this forum, information on an estimate of what the seed supply will be for different varieties—for different types—right across the whole board in so far as the seed situation is concerned.

Mr. SCHREYER: Mr. Chairman, I note that at page 6 the sentence reads:

> The division maintains a check inspection to ensure proper grading.

What course of action is taken if there has been improper grading?

Mr. STEVENSON: The course of action that is taken with improper grading is that after a sample of seed has been checked to confirm that there is improper grading, the material is detained and taken off the market until it is relabelled. Of course, if it is down at the lowest grade then it just could not be sold as seed.

Mr. SCHREYER: That is in the case of the inspection of commercial seed grain. But so far as pedigreed seed—

Mr. STEVENSON: The certified seed would fall into the same category that I have just described because now the sellers can put their grade on the certification—grades of seed. It is not allowed to go on and reproduce for pedigreed seed again. In other words, you cannot reproduce certified seed from certified seed.

Mr. SCHREYER: That is, in the case of certified seed, the grading is carried out by the seller, but not in the case of registered, of course?

Mr. STEVENSON: No. I am pretty sure of this, but there was a change made two years ago and I have not been strictly in seed work, but in registered seed I would say the answer is no. With certified, yes.

Mr. SCHREYER: Then, it is entirely possible, in the case of certified seed, that there is more likely to be improper grading, because it is not conducted by the plant products division itself, but rather by the seller? Apparently, this is what has been happening, to some small extent, at least, in Manitoba.

Mr. STEVENSON: In so far as germination is concerned, probably I should put it this way, that there would be more possibility of its being off in relation to purity than with germination. Down through the years, I cannot recall that there have been this many problems with germination of lots that have been offered for sale.

Mr. SCHREYER: One last question, Mr. Chairman.

The division operates seed testing laboratories in several centres, including Winnipeg. Do you know offhand where in Winnipeg this laboratory is?

Mr. STEVENSON: Yes, it is right in our dominion public building in Winnipeg.

Mr. MOORE (*Wetaskiwin*): Do inspections have to be made during the growing period for seed grains as well as after?

Mr. STEVENSON: For the pedigreed varieties?

Mr. MOORE (*Wetaskiwin*): Yes.

Mr. STEVENSON: There is field inspection for the pedigreed variety. We do not inspect commercial seed.

Mr. DANFORTH: Mr. Chairman, I would like to ask a question in regard to foreign seeds brought into Canada to be used by Canadian growers. I am speaking specifically now of corn.

In Ontario we use a tremendous amount of imported hybrid seed corn. What guarantee has the buyer of this seed that the qualities as set out on the tag meet with Canadian specifications? Are these specifications as to germination and seed quality determined in the United States before importation into Canada, or are they subsequently subjected to Canadian tests after the importation by the seed company into Canada?

What I am trying to determine, Mr. Chairman, is whether or not the users of such seed are operating under American standards or Canadian standards when they read the specifications on the tag.

Mr. STEVENSON: I am sure in this area that there would be someone bringing their seed in. In other words, there would have to be a sale take place in Canada before the Seeds Act tax would become applicable to such a situation.

Once the Seeds Act becomes applicable to that situation, it would be the regulations of our Act that would pertain to it. What standards they have in the U.S. would have no effect on what standards would be applicable to that seed which is actually sold in Canada. If a supplier buys it directly from the U.S., where there is no sale made in Canada by anyone, then I would not see where the Seeds Act would be applicable to that.

Mr. DANFORTH: Mr. Chairman, may I elaborate on that? I just do not quite follow. If I, as an individual, buy from a seed company in the United States one hundred bushels of seed corn, then the only guarantee I have of quality is the word of the American company, or of the label that is on the seed at that time.

In the other case, if I am a distributor or an agent for an American seed company and I import into Canada five thousand bushels of seed corn for sale, or distribution, to Canadian farmers, when those Canadian farmers purchase that seed from me, is that seed subjected to Canadian inspection, and subject to the standards of the Canadian Seeds Act, or is it still distributed under the American tag?

Mr. WILLIAMS: I think that the answer, partly, Mr. Danforth, is that it depends on how it is sold, and what it is sold as. If it is sold as a seed coming under the Seeds Act, it will be subjected to Canadian inspection, yes.

Mr. STEVENSON: Yes. What Mr. Danforth is saying, then, is that it would be subject to the requirements of the Seeds Act. I was just trying to think of how closely our standards on pedigreed seed are associated with those in the U.S. and I cannot tell you, Mr. Danforth.

Mr. DANFORTH: May I make the question less technical, Mr. Chairman? Let me put it this way. If I, as a farmer, go to a local seed company and I buy "X" bushels of seed corn and on the tag it says "95% germination", has any determination been made by any Canadian agency that that seed does have 95% germination?

Mr. STEVENSON: It would be subject to the Act. The particular lot which you buy may not have been checked. It would be spot checked later.

Mr. DANFORTH: This is what I am trying to determine. This quantity of corn, then, that would be distributed to farmers, would be subjected to the same type of inspection as Canadian seed corn grown and distributed in the same fashion? This is what I am trying to determine.

Mr. STEVENSON: Any seed that is sold in Canada is subject to meeting the requirements of the Seeds Act.

Mr. DANFORTH: The only difference being that if I imported the seed as a user I therefore don't come under this Act.

Mr. STEVENSON: No sale takes place.

Mr. DANFORTH: But if I bring it in for the purpose of sale, then it must be inspected.

The CHAIRMAN: May I ask you a question, Mr. Danforth? Did you ever see, or hear, any evidence that imported seed did not live up to the tag that was on the bag?

Mr. DANFORTH: I can not give a direct answer to that, because there have been instances where seed did not live up to the germination; but there could be so many other factors involved. I can not give a definite answer. What I was trying to ascertain was whether imported grain was subjected to the same conditions as Canadian grown.

Mr. HONEY: Do I take it, Mr. Chairman, from what witnesses have said, that there has to be a sale in Canada before your department has authority over grains that may be used for seed?

Mr. STEVENSON: Yes.

Mr. HONEY: In other words, if this corn that Mr. Danforth is importing is to be used for seed, any one may import it and use it without any control by the Canadian government?

Mr. STEVENSON: This would only be in relation to that purchase. If this is pedigreed seed and he wants to go on and produce pedigreed seed, then it would be subject to field inspection in the year in which he applies for inspection. Then the control starts.

Mr. WILLIAMS: The only control, sir, on that, would be controls associated with plant health under our plant protection division. All imported seed, no matter where it comes from, is subject to the health requirements; but not to purity and things of this nature, trueness to type, or anything of that nature. If a Canadian citizen wishes to buy seed and bring it in, provided it meets the health regulations, he can bring it in.

Mr. HONEY: Then, Mr. Chairman, there would be no restriction on buying a new variety of seed in the United States, for example, and bringing it in and growing it in Canada?

The CHAIRMAN: By the individual, you mean?

Mr. HONEY: By the individual; without a sale occurring. Does this not circumvent the provisions of the Seeds Act with respect to licensing? You refer to it in the last sentence under this section, "No new crop varieties may be licensed under the Act before being offered for sale in Canada". In effect, this could be circumvented by importation.

Mr. WILLIAMS: No; because he cannot offer it for sale in Canada. The importer cannot offer it for sale in Canada after he has brought it in.

Mr. HONEY: But he can grow it.

Mr. WILLIAMS: That is right. He can grow it for his own use. Insofar as his own private operations are concerned this portion of the Act does not apply at all.

Mr. HONEY: Is there any legislation which covers it?

Mr. WILLIAMS: Not to my knowledge; I do not believe so.

(Translation)

Mr. GODIN: When we are dealing with clover or alfafa imported from Italy, is the farmer warned or are there indications on the bags to indicate that these grains are not acclimatized to the Canadian climate?

(English)

Mr. STEVENSON: Yes. I cannot give you specifically the staining regulations which must be adhered to in relation to seeds coming from other countries, but there is a stain which has to be placed on a certain percentage of the seed. It runs from red to blue to green. Red is indicative of a seed which has a fairly poor chance of being able to propagate itself in this country.

Mr. SCHREYER: I was just curious. I heard Mr. Williams make mention of health regulations having to do with importation of seed by an individual. I was wondering under what act these regulations are found.

Mr. WILLIAMS: We will come to it a little later under the Plant Protection Division on page 7.

The CHAIRMAN: Any further questions on seeds?

• (11.30 a.m.)

Mr. MCKINLEY: I have just one question. If a person bought what he thought was registered seed and it was commercial seed, what avenue of protection does he have under the Act? Can he take legal action against the seller? If it is proven that an agent sold grain that was commercial seed as registered seed, does the Government prosecute these people?

Mr. STEVENSON: This would show up in variety trials which we, of course, do on a spot basis. If there were suspicion by the person who bought it, it could quite easily be put into a variety trial and this is where it would be detected. I was going to say that this would be highly unlikely, but it could happen, yes. Some grower, I suppose could inadvertently seed registered grain when he thought he was seeding commercial. He could get them mixed up in the bins, or something.

Mr. MCKINLEY: But if I went to buy registered seed and planted it, and I asked that it be put under test and field inspected and they found that it did not come up to standard and traced it back to the source of the seed, is there a legal avenue, or does the Government take action against the seller of this seed?

Mr. WILLIAMS: The buyer could have recourse to the civil courts. Whether the Government took action for contravention of the Act, would depend on a departmental decision and a Justice decision as to what success might attend such action.

We do on occasion take action under all of these Acts, particularly for repeat offenders. Generally, though, we investigate the case, bring it to the person's attention, put the material under detention and try to work with him to improve his position rather than take him to Court on the first offence, or perhaps even the second offence. A repeat offender we do take to court in all these acts.

The CHAIRMAN: The only recourse the purchaser would have would be through the civil courts?

Mr. WILLIAMS: Yes, that is right.

Mr. DANFORTH: Mr. Chairman, may I ask another question? Under the Seeds Act the department is authorized to prevent importation of unsuitable seeds.

Can you please indicate just what is meant by "unsuitable seed". Is it the disease factor, or is it pesticide, or could it be lack of germination? What does "prevent the importation of unsuitable seed" mean?

Mr. STEVENSON: I would think that what they are referring to in that section are varieties which would not be suitable for production here in Canada. Seeds offered for sale in this country would have to be labelled in accordance with the requirements of our Act, and if they do not meet those standards they could be refused entry.

Mr. DANFORTH: Am I to understand from that, to use an exaggerated example, that if a seed company imports soybeans in quantity, the department

is well aware that the climatic factors here prohibit the growth and development of such a seed, and then the department has the right to go to that seed company and prevent its sale? In other words, it is a direct protection for the Canadian grower under this.

Mr. STEVENSON: It would be useless for the grower to sow it.

Mr. DANFORTH: To carry that on: Does that apply on the same basis as the Canadian sale which you spoke of before? If I go over to the United States and buy the same seed and bring it in, the onus is entirely on my shoulders then, and it does not come under the control of the department.

Mr. STEVENSON: That is correct.

The CHAIRMAN: We will now move on to Pest Control Products Act, the Feeding Stuffs Act, and Fertilizers Act. It is on page 6.

Are there any questions concerning this?

Mr. CROSSMAN: It says, under "lime assistance" that "the federal government reimburses the provinces for 60 per cent of their expenditures up to a maximum provincial entitlement—"

Mr. HERRIDGE: That is the question I wanted to ask.

The CHAIRMAN: Pardon me, Mr. Crossman. We are still dealing with Pest Control Products Act, Feeding Stuffs Act and the Fertilizers Act. If there are no questions I would like that clarified now so that we could move on to the Hay and Straw Inspection Act.

Mr. DANFORTH: Mr. Chairman, may I pose some questions based on the Pest Control Products Act, the Feeding Stuffs Act and the Fertilizers Act? I can understand they are grouped together because of the fact they are all chemicals, in the main.

Is it under this department that application must be made for a new chemical to be imported into this country to be used as crop protection?

Mr. WILLIAMS: Yes. Once again, the situation is very similar to the one we described in respect of the feeds. If you, as a user, wish to import something you can import. If it is coming in for sale, it is controlled by this act.

Mr. DANFORTH: It seems to me there must be a further safeguard other than this. It must come under a sale. Is there perhaps some other act which would prevent me from indiscriminately buying a chemical and bringing it in and using it for pest control, or any other measure, because of the alarming prevalence of the residual effect of some of these chemicals in the seed, in the feed, in the production of meat, in the production of dairy products? Is there some other protection?

Mr. WILLIAMS: Yes; under the Food and Drug Act.

Mr. DANFORTH: In other words, if I want to import chemical "X" from the United States for the control of a definite weed, say, in a production crop, am I to understand there must be some licence to import that or a permit to import that? What is to prevent me just buying this chemical, bringing it in and using it, when there is this danger factor. You say that there is the Food and Drug Act and I can appreciate that. But how is it controlled?

Mr. WILLIAMS: The control is in the ultimate product. You would not be allowed to place on the market, any of the products that were contaminated, or on which this particular chemical had been used.

Mr. DANFORTH: How would they have this knowledge? This is quite complicated.

Mr. WILLIAMS: When a product is brought in, of the nature to which you are referring, Mr. Danforth, there is notification sent by Customs to the plant products division of the importation of this chemical.

Mr. JORGENSON: Is there not also a further control exercised by the provincial governments. I know in the case of Manitoba, they have banned the use of dieldrin.

Mr. WILLIAMS: There are certain aspects of it in that respect, yes. Certain provinces do take action.

Mr. JORGENSON: Have many provinces taken that kind of action?

Mr. WILLIAMS: They have taken that, or similar, action. When I say "similar action", certain provinces, for example, require the vendors of pesticides to be licensed and to attend certain courses.

You have to make them knowledgeable in this area, and I believe one province, and possibly two, have legislation which says that a qualified person who has attended one of these courses must be on hand when any sale is made, in order to advise users.

There is different legislation in different places, all aimed at this one object.

Mr. DANFORTH: Mr. Chairman, I know that various members receive from time to time letters of protest from farmers who state that when they attempt to import a certain chemical to be used either as a fertilizer, or for weeds or pest control, they get the answer that such a product has not been tested or licensed in Canada, and, therefore, they cannot import it. How could this be brought about?

Mr. WILLIAMS: To the best of my knowledge, I would say that they would have to be bringing this in—and we hear this, too—largely from custom operators. We consider that a custom operator is, in fact, vending the pesticide, and therefore he comes under the Act, even though he does not put out a bill of sale for the particular pesticide.

Mr. DANFORTH: The fact does remain that I, as an individual, can go over to the United States and buy any chemical of this nature and apply it to my own crops, and, to your knowledge, there is no law, or regulation, or specification, which prohibits me from doing this?

Mr. WILLIAMS: Not in the Department of Agriculture. They do not prohibit you from bringing in any chemical that you might wish and apply it to your crops.

If there is a public health hazard the Food and Drug people come into it immediately.

Mr. DANFORTH: Yes, I can see that; but it seems to me that it leaves a large danger zone here which perhaps should be looked into further. With the tremendous and almost indiscriminate use of chemicals and the fact that some farmers still adhere to the policy that "one pound is good, but two pounds is better", I can foresee quite a danger zone.

The CHAIRMAN: I think, though, Mr. Danforth, that what Mr. Williams and others have said—and I think you are aware of this, too—is that any commercial spray, or custom spray, has to have a licence in Ontario, and these people have to pass tests if they are going to spray crops for human consumption; and they are pretty rigid. I had some in my area who thought they knew everything about spraying, but they did not pass the test and they had to try it over again; I do not know how successful they were the second time. I would think this is what you meant, Mr. Danforth.

Mr. DANFORTH: May I pursue this a little further? I have one more question on this: I have the assurance, then, from Mr. Williams that in the case of farmers who deal with Canadian firms, or American firms established in this country, we do have this measure of control as far as chemicals are concerned, because of the fact that the sale is in Canada?

Mr. WILLIAMS: That is correct. That is, they legally cannot sell anything but a registered product.

Mr. DANFORTH: This has to do with these chemicals. Now, you speak of a registered chemical. Am I to understand from that that a registered chemical—either fertilizer or anything else—as you refer to it in Canada, is a product that has been subjected to departmental tests and found to live up to the specifications.

Mr. WILLIAMS: It has either been subjected to departmental tests, or the manufacturer has submitted evidence which has been scrutinized by the department and has satisfied the departmental officials that it will meet the conditions of licensing which cover efficacy, safety and factors of this nature.

I must make this clear: It has not always been subjected to a departmental test. We place the onus back on the manufacturers to provide evidence, and this evidence is very carefully screened by people; not only from our department but from Food and Drugs, the toxicology people and by the research branch as well as the production and marketing branch. This evidence is screened before any licences are issued.

Mr. DANFORTH: I am thinking of fertilizers in this respect. Are these products from time to time subjected to spot tests, the same as in the question of seed. To be specific, what I am thinking of is that most fertilizers are sold on an analysis basis and the analysis is tagged very prominently on every container. Does the department make tests from time to time to see that this analysis is, indeed, as placed on the container?

Mr. WILLIAMS: We have a complete testing program, and we follow the same procedure that we do for seeds, where we work with people where there is a problem in fertilizers and tolerance has to be allowed because of their mixing procedures. But if the tolerance is exceeded we take the product off the market, work with them, and, if necessary, prosecute.

Mr. DANFORTH: This question arises out of your answer. You speak of a tolerance. Would there ever be a situation, or an incident, where a company would be penalized for increasing the specifications in a fertilizer rather than decreasing the component parts? In other words, let us take an ordinary common analysis like 5-20-20. Supposing the tolerance is one per cent, which would be above or below, say, 6-21-21, would there be a penalty if they exceeded the tolerance with, say, 6-25-21? I can understand the farmer being very concerned if it were 6-15-21, but I am wondering about the other way.

Mr. WILLIAMS: I am afraid I cannot quote you any cases where it has happened.

Mr. DANFORTH: I am sure the commercial companies are watching that very carefully.

Mr. WILLIAMS: Our records would indicate—and I think Mr. Stevenson will bear me out on this—that, in general, the analysis is slightly above the guarantee. They try to play it safe so that if it is 5-20-20, it will be 5.2, 20.4 and 20.6 or something of this nature.

Mr. DANFORTH: Mr. Chairman, can I have some indication—I am sure it is of interest to all the users—of what the tolerance might be? I can imagine it would be a very small percentage in the case of fertilizer, but I just wondered if, offhand, you might have this information.

Mr. STEVENSON: I do not have them with me. Mr. Danforth. These are not tolerances established by regulation. They are administrative tolerances, as Mr. Williams stated before, which are placed on there for the purpose of taking care of sampling errors and laboratory errors and interference and things like this. They are step tolerances at the present time, as, say, from zero to 8 per cent for nitrogen, I think the tolerance is .3; and then you switch over to phosphorus and you go from zero up to, I think it is 12, and I think the tolerance there is .8. Therefore it is a similar type of thing.

Mr. WILLIAMS: It is what has scientifically been computed as necessary to cover inherent errors in sampling techniques, chemical analysis and things of this nature.

Mr. HERRIDGE: Mr. Chairman, I might say, in that respect, that I have followed this question of fertilizers quite closely throughout the years, because I have done orchard work and this sort of thing and we purchase various kinds of fertilizers. I have discussed this matter with the officials of the Consolidated Mining and Smelting Company and I think what the witness has said is absolutely correct. In order to make certain of any variations in processes, as a matter of fact, their tolerance in many cases is above that indicated by the witness.

The CHAIRMAN: Are there any further questions?

I think we will have to adjourn the meeting now. I thought we would finish this one, but we will continue tomorrow morning.

Mr. DANFORTH: I have further questions.

The CHAIRMAN: There will be further questioning tomorrow. We will continue from where we left off and try to finish this.

I am sorry that we have brought the other officials here, but we never know how fast or how slow we are going to go.

Thank you for your attendance.

OFFICIAL REPORT OF MINUTES

OF

PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,

The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

PROCEEDINGS

No. 12

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, JUNE 3, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing), and Chairman, Agricultural Stabilization Board; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. R. Hughton, Head, Pesticides Section, Plant Products Division, Mr. J. C. Moffatt, Director of Administration, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24361—1

STANDING COMMITTEE
ON
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

ORDER OF REFERENCE

THURSDAY, June 2, 1966.

Ordered,—That the Annual and Supplementary Reports of the Canadian Wheat board for the crop years (1) 1962-63, tabled March 4, 1964, and April 15, 1964 (2) 1963-64, tabled April 27, 1965 and May 25, 1965 (3) 1964-65 tabled April 27, 1966 and May 31, 1966 be referred to the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,
The Clerk of the House.

24361—1½

MINUTES OF PROCEEDINGS

FRIDAY, June 3, 1966.
(13)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs, Beer, Clermont, Crossman, Danforth, Ethier, Gauthier, Godin, Herridge, Honey, Jorgenson, Lefebvre, Matte, Neveu, Nowlan, Peters, Pugh, Rapp, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (20).

Also present: Messrs. Winkler and Patterson.

In attendance: From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing), and Chairman, Agricultural Stabilization Board; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. R. Hughton, Head, Pesticides Section, Plant Products Division; Mr. J. C. Moffatt, Director of Administration, Production and Marketing; Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered Mr. Jorgenson's question on substandard Manitou wheat, a point he had raised on Thursday, June 2, 1966.

The Committee then continued the questioning of the witnesses.

The Chairman informed the Committee that 250 printed copies of the French Minutes of Proceedings and Evidence was not meeting the demand for them.

On motion of Mr. Crossman, seconded by Mr. Neveu,

Agreed,—That the committee increase the printing of its Minutes and Proceedings and Evidence in French, from 250 to 350 copies.

The Chairman then read the Fourth Report of the Sub-committee on Agenda and Procedure as follows:

"Your Subcommittee met on Thursday, June 2, 1966, the Chairman, Mr. Whelan, presiding.

Members present: Messrs. Ethier, Danforth, Laverdière, Olson, Schreyer and Whelan (6).

Your Subcommittee recommends:

1. That the Canadian Wheat Board be called to appear before the Committee at 9.30 o'clock a.m. on Tuesday, June 7, 1966, and that the Committee sit in the afternoon and evening if necessary;

2. That the Canadian Wheat Board be recalled at a later date if the Committee's examination is not complete."

On motion of Mr. Clermont, seconded by Mr. Peters,

Agreed,—That the Fourth Report of the Subcommittee on Agenda and Procedure be adopted as read.

At 11.00 o'clock a.m., the Chairman adjourned the Committee to 9.30 o'clock a.m. Tuesday, June 7, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, June 3, 1966,

• (9.45 a.m.)

The CHAIRMAN: We will start the meeting. I know there are four more coming; they will be here in a minute.

We can deal with Mr. Jorgenson's problem right away, if it is aggreable. Mr. Jorgenson asked a question yesterday about Manitou wheat and the grades.

Mr. Williams and Mr. Stevenson inform me that they would like to give Mr. Jorgenson the answer at this time, if it is agreeable to the Committee.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister (Production and Marketing) and Chairman, Agricultural Stabilization Board*): Yesterday morning Mr. Jorgenson asked about the Manitou wheat and the standards in respect to germination. I regret that we were not quite up to date in regard to our own regulations on this matter.

Last year, the weather, as Mr. Jorgenson pointed out, was such in Manitoba that there was a lot of Manitou wheat harvested which did not meet the registered standards in respect of germination. This is a condition which has occurred previously, and in consequence there is a grade known as Canada registered substandard in which the purity requirements must be maintained but which allows germination to go down to 35 per cent. With the advent of the Manitou problem last year the regulations were revised to permit the use of Manitou wheat and other wheats, of course, that came in the same category irrespective of its germination. This was considered necessary in order that seed could be used because of a terrific shortage of the seed. There was a regulation put through that authorized the sale of the grade Canada registered substandard with no germination requirements but the requirement being altered to insisting that the germination be shown on the tag along with the date of the test.

The CHAIRMAN: Do you have any questions, Mr. Jorgenson?

Mr. JORGENSON: It carried the same price as the top quality grade. There was no regulation about price. I can see where it would not affect other grades which were in large supply. It would not have any effect on such because farmers just would not purchase substandard grade because they could get sufficient quantities of the other varieties in order to carry on seeding operations.

But in the case of Manitou wheat because of the shortage of supply, farmers were being compelled to pay the same price as if this grain was top quality. This is the thing to which I am objecting. I think it is unfair to take advantage of farmers under circumstances like that. There should be some

regulation preventing people from taking advantage of farmers under circumstances such as this.

The CHAIRMAN: I should have intimated, first of all, who was here appearing on behalf of the department this morning. Mr. Williams, of course, to my immediate right; Mr. Stevenson who was here yesterday, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. Hughton, Head, Pesticides Section, Plant Products Division; Mr. Moffatt, Director of Administration, Production and Marketing and Mr. Parker, Director General, Departmental Administration.

We will continue from where we left off yesterday on the Pest Control of Products Act. Are there any further questions concerning this?

Mr. DANFORTH: Mr. Chairman, under this Pest Control of Products Act, in view of the fact that there is so much active consideration of and delving into the residual effects of certain pesticides, may I enquire how much responsibility lies within the Department of Agriculture in determining the fact of whether there is a residual problem, and what principles or regulations that they are able to enforce in the matter of safety?

Mr. WILLIAMS: We have a responsibility here, so far as the Department of Agriculture is concerned, in the registration of the particular chemical that is to be used as a pesticide.

One of the conditions of registration is that the department, before registering, must ensure to its own satisfaction that if used in accordance with directions it will be safe. I think you gentlemen all realize that there have been very marked steps forward in the area of the chemical determination of pesticides and this is where many of the problems have arisen. Information has become available that was not available when some of these chemicals were originally registered.

The department works very closely in this respect with the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. DANFORTH: Before we go on, Mr. Chairman, may I deal with the principles that we were discussing at previous meetings?

Is it possible, sir, for private individuals to import, and use pesticides from foreign countries without coming under the control of the Food and Drug or the Department of Agriculture?

Mr. WILLIAMS: As long as the importer uses it for his own purposes, does not sell the chemical, does not enter into trade with the chemical, then there is no prohibition under this act against its use.

Mr. DANFORTH: Am I correct, sir, in my understanding that any chemical used in regard to agricultural products on a commercial basis here in Canada must provide the necessary information, prove itself safe to the Department of Agriculture and be licensed before being offered for sale?

Mr. WILLIAMS: That is correct, yes.

Mr. DANFORTH: I pass, Mr. Chairman.

Mr. PUGH: May I ask a supplementary on that, Mr. Chairman? Mr. Danforth started out his remarks by asking where the responsibility lies within the federal government. There have been, over the years, a number of things

that have backfired in the pesticide trade. How far does the government feel responsible for the end result?

Mr. WILLIAMS: I am afraid I have to say, sir, that this is a matter of government policy to which I would not be in a position to reply at the present time.

Mr. PUGH: We have had one or two—I am thinking about the area around Grand Forks in British Columbia where the milk from three large dairy herds was banned, and the farmers, for one reason or another, are pretty well out of business at the present time. I know that certain steps were taken there but I am thinking about the future occurrences. You state that there is nothing laid down. It would be a matter of policy of the government at this time about what corrective measure to take, or what compensation they might wish to make?

Mr. WILLIAMS: That is correct, sir. There are no laws or regulations covering it at the present time.

The CHAIRMAN: Mr. Honey, is your question along the same line?

Mr. HONEY: Mine is supplemental to Mr. Danforth's.

The CHAIRMAN: Is your question on this subject, too, Mr. Herridge?

Mr. HERRIDGE: I am going to a Committee where I can get a question in!

The CHAIRMAN: I am sorry if you do not think I have been fair.

Mr. HONEY: My question is supplemental to Mr. Danforth's line of questioning. I have reference to the evidence yesterday, too, about the importation of new varieties of grain seed. The witnesses indicated that it was that this was sold, rather than the use by the importer.

This same principle appeared to apply, as you have said this morning in answer to Mr. Danforth's questioning, with respcet to fertilizer and pesticides and so on. I was just wondering what was the reasoning behind this. Why does the government not assert its control at an earlier date, at the time of importation, rather than at the time of sale?

Mr. WILLIAMS: I suppose we are moving into the area of philosophy here rather than the area of regulation, but the basic premise was that there are varieties that people may wish to try themselves, and if these varieties should fail the person is the only one affected. However, if they do pass through a channel of sale in Canada, not only is the person who made the sale possibly affected but the person who purchased it as being, presumably, a valid product for sale within this country.

Mr. HONEY: With reference to fertilizers, pesticides and so on, would you not feel that you would have more control if, for example, your department felt that a particular pesticide could be harmful to the eventual product in that it might contaminate animals on his farm if this was used by a farmer—if this was your thought or belief, you have no controls to prevent this until the product is eventually offered on the market and then Food and Drug have controls. Would your department not have better control over these things if you could prevent the pesticide or fertilizer being used at the time it was brought in?

Mr. WILLIAMS: It is my understanding that we move here into an area of jurisdictional problems between the federal and provincial governments. Where

the use of chemicals have been prohibited in Canada it has been by action of the provincial government.

Mr. HONEY: Thank you.

The CHAIRMAN: Are there any further questions on this?

Mr. DANFORTH: Mr. Chairman, because of its importance, I would like to put on record, if I may, the actual mechanics, or the steps, required to use a new chemical.

I should like to cite, as an example, that there is a serious outbreak of insect infestation in a particularly localized area, and there is available in some foreign country, because of previous experience, a definite chemical that is thought to control this particular infestation.

I think, Mr. Chairman, you will appreciate that in an instance like this the action has to be very speedy.

If this particular area makes application to a commercial dispenser or retail outlet for chemicals and they can obtain this particular chemical—and I am well aware, from the evidence given, that there must be licensing and previous information—what steps can be taken, and how expeditiously can this matter be dealt with?

I know that in intensive farming areas this particular problem is constantly coming up and we are asked these questions. Is it possible for us to have this information at the present time?

Mr. WILLIAMS: Would you rather have that verbally or have a written report on it? We could do it either way as you wish, Mr. Danforth.

Mr. DANFORTH: It is immaterial to me. I thought, perhaps, verbally and it could be a part of the record and be readily available to everyone who might receive these publications.

The CHAIRMAN: Mr. Hughton will answer this.

Mr. R. HUGHTON (*Head, Pesticide Section, Plant Products Division, Department of Agriculture*): At the present time, sir, it is possible for an individual to import a pesticide provided he uses it himself and does not offer it for sale. If such a chemical is available in a foreign country, he is free to use it under these conditions. However, nobody can import it and sell it for such a purpose. An individual would be free to solve his own problem in this respect.

• (10.00 a.m.)

You where talking about groups of small farmers, perhaps?

Mr. DANFORTH: I am talking about going through the regular channels as outlined for a licence, if necessary.

Mr. HUGHTON: To import a new chemical it would mean that it would have to be scrutinized by our officers in the pesticide unit along with the consultants from the various other departments, who are concerned about the efficacy and the safety of a pesticide, which would include Food and Drug in so far as food products are concerned.

This procedure quite often is long and time-consuming because the research required to determine safety is often very costly and long term. It would

not be a very fast procedure if the product were to be registered as a saleable product for this country. These requirements are exempt if the individual is bringing it in for his own use only. Does that answer your question, sir?

Mr. DANFORTH: I can appreciate that, Mr. Chairman, but I am particularly interested in the time factor. If it is going to entail a tremendous amount of investigation and testing I can see how it would be time-consuming, so that it would be almost impossible for it to be applied to that particular trouble spot.

Is there no way that the department could justifiably use the estimation of the chemical product in the United States for example, if it is in common usage, so that we will not be confronted with the particular pest, or insect, because it has never been imported? Would this make a difference. Would the department be amenable to accepting the recommendations or classification, or description or estimation of the United States?

Mr. HUGHTON: Usually if a product is registered in the United States it means that there has been a considerable amount of research work done. However, this does not always mean that it is acceptable in the eyes of our Canadian consultants, by virtue of possibly different farming methods, different weather conditions and possibly aspects of use. Therefore, everything that is registered in the United States, if you want to use that example, may not be registerable here.

In some instances this may be true, but registration cannot be granted unless this has been thoroughly investigated and is acceptable; and this is not necessarily a fast procedure. It could, however, be depending on the circumstances and the data available.

Mr. WILLIAMS: I might add that there is one other avenue available to the department. Under the Destructive Insects and Pests Act, which is administered by the Plant Protection Division, should there be an outbreak of insect pests that are considered to be of national significance rather than a local significance, or of significance in so far as the farmer is concerned alone rather than the country as a whole, this division can institute a quarantine and eradication control program. In such cases, I would presume—I cannot answer definitely on this—it is entirely possible that extremely rapid action could be taken using any chemical that the department might wish to use, because they would then be the user. This would be a government-operated control program and we do have such control programs. We have one for gypsy moth, for example, where we do the actual eradication and spraying.

The CHAIRMAN: Are there any further questions on the Pest Control Products Act?

Mr. CROSSMAN: As you have said, Mr. Williams, any individual can import any form of chemical that he wishes and use it as long as he does not sell it. If he does do that and uses it, and you think that it is going to be detrimental to the crop when it is used for human consumption, is he allowed to market that crop without question?

Mr. WILLIAMS: No; we would not control that. The Food and Drug people would control that. We do not have specifications in respect of pesticide tolerance in food crops—and this is almost without exception. These are administered by the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. DANFORTH: I wish to thank the witnesses for this explanation on pesticides. It is exactly the information I was seeking. I have a further question which deals with seeds entering Canada from a foreign country. In a previous meeting we dealt with the fact that an individual bringing them in had full responsibility but where they were sold in Canada they were under the direct control of the Department of Agriculture.

I recall, as a student, that one of the jobs I had was calling on seed companies in the United States, taking samples of their seed and putting them under germination tests. Into what category does this fall? Is this done by request of a foreign seed company to comply with Canadian standards when that seed company is offering seeds for sale in Canada?

Mr. C. L. STEVENSON (*Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division, Department of Agriculture*): No. The foreign seed company would not be asked to comply with our standards. They would be advised before the shipment was made, if they contacted, say, the Plant Products Division. They would be advised that when the seed entered Canada it would be subject to the regulations of the Seeds Act. We would not tell them that they had to submit samples to see whether it would meet our minimum germinations or minimum purity, but they would be advised that once it entered Canada for sale then it would fall under the jurisdiction of the Seeds Act.

You were speaking of gathering samples, Mr. Danforth. Our inspectors are doing this in the spring of the year at the different seed plants around the country. They are checking on grades. These samples are submitted to our laboratories for checks on germination.

Mr. DANFORTH: I was doing this in the United States with United States seed companies.

Mr. STEVENSON: Pardon?

Mr. DANFORTH: This was being done in the various seed companies in the United States. I was wondering if this service is provided on the specific request of these companies in the United States.

Mr. STEVENSON: Not to my knowledge, Mr. Danforth, do I know of any of our inspectors going down to the States or to any foreign country on request to sample seed which was going to be shipped into this country.

Mr. BEER: May I ask Mr. Danforth who his employer was at that particular time.

Mr. DANFORTH: I am just trying to recall. It was done under complete management, and there was an entire team of about six students. This was our work. I am wondering if it was, perhaps, done by the provincial department of agriculture.

Mr. WILLIAMS: It is possible that it could have been some kind of investigational study rather than a regulatory or control measure. We do not provide this as a service.

Mr. DANFORTH: The tagging of the seed in regard to quality and germination and purity was done on the information that was returned from our tests.

Mr. WILLIAMS: Mr. Danforth, if I may interrupt you, this has nothing to do with the insecticides. Was this for pest control?

Mr. DANFORTH: It was under the Seeds Act.

The CHAIRMAN: We dealt with the Seeds Act yesterday, I thought.

Mr. DANFORTH: It just occurred to me, and I beg your indulgence, because I want this point cleared up. I have wondered if, under the jurisdiction of federal Department of Agriculture, a foreign seed company desirous of sending large quantities of seed into Canada, which would be distributed over a wide area, could utilize a concentrated inspection by requesting this? This was the purport of my question.

The CHAIRMAN: I would suggest Mr. Danforth, that your might draft a memorandum on just what you did and submit it to the officials here. They could probably make a...

Mr. DANFORTH: From the answers I have received, Mr. Chairman, I am quite satisfied that it was not under the federal jurisdiction.

Mr. PETERS: Could I ask a question?

The CHAIRMAN: Is this under the Pest Control Act?

Mr. PETERS: Obviously; I am always in order! It does not come under pest control, it is in the third one.

The CHAIRMAN: We would like to try to stay in the order in which they are so that we can just go down and finish them and we will not have to go back.

Are there any further questions on this one with which we are dealing?

Mr. PUGH: I have a general question. Are we keeping up with the control of pests in Canada? Perhaps I could put it just a little more broadly? There seems to be a general feeling among quite a number of people that there is far too much pesticide being used and that, regardless of how we get new pesticides out et cetera, the bugs are keeping up with the whole process. The question comes, are we in control of the situation at the present time, or is it getting out of hand?

Mr. WILLIAMS: I would think so. This is a judgment answer, as I am sure you all appreciate. I think I would have to say that, based on records in respect of crop yields, we are keeping ahead of the insects.

Mr. CROSSMAN: Mr. Chairman, do you find that the insects are becoming immune to the different drugs used?

Mr. WILLIAMS: This is one of the problems that we are confronted with at all times, and this is one of the major reasons why there are switches in insecticides from time to time. This is an accepted way of life at the present time.

I think I would have to say that in the insecticide world insects become resistant to a particular insecticide and then the insecticide that is recommended for the control of that particular insect must be switched.

The CHAIRMAN: Is it agreed that we go on to the Hay and Stray Inspection Act?

Mr. PETERS: I understood you were—

The CHAIRMAN: Yes; the Feeding Stuffs Act. I am sorry. Are there any questions concerning this?

(*Translation*)

The CHAIRMAN: Mr. Gauthier.

Mr. GAUTHIER: Relatively to lime—

(*English*)

The CHAIRMAN: No; we are coming to lime shortly. We would like to finish these three topics here, and we will be on lime afterwards.

Mr. PETERS: Sir, I have no questions on the Feeding Stuffs Act, but I would like to ask the department if they have given any consideration to having a warning placed on the labels on fertilizer about its explosive characteristics? Some kids I know went to a farmer who had a considerable amount of fertilizer stored in a driving shed and they explained to him the explosive value of this fertilizer and that it would pretty well eliminate his farm if it exploded. This was the first he knew that this could happen.

Under certain circumstances this is a fairly potent substance and I was wondering if you had ever labelled it as such.

The CHAIRMAN: Is this ammonium nitrate about which you are talking, Mr. Peters?

Mr. PETERS: No, the nitrogen—

Mr. WILLIAMS: This is likely ammonium nitrate, I would think, to which you are referring.

• (10.15 a.m.)

No; actually we have not given any consideration, under the Fertilizers Act to requiring this. Frankly, I had not realized, or heard anyone express, that it was this explosive.

Mr. PETERS: At times it is. I know it is 10 per cent. This is about, or very close to, what they are using in some of the mines for their explosives. I am not familiar with what it takes to detonate; I suppose 90 pounds percussion could set off a carload of farm fertilizer and blow a city completely off the map. Perhaps shocks or sparks could detonate this. I was just wondering if you have given any consideration to this. There is no point in waiting until it does blow up.

The CHAIRMAN: Are you referring to the fact that the bags are not properly marked?

Mr. PETERS: I was just wondering if there is any literature available on the potency of these fertilizers? Is there any indication that there are certain things against which protection should be taken? For instance, lightening, I would imagine, would explode it; I would also think that certain types of electrical situations would also explode it.

Mr. STEVENSON: I certainly have never had this brought to our attention, as being a necessary requirement to go on fertilizer bags.

Mr. DANFORTH: There is an indication on these bags where nitrogen is a component part. There is a warning not to store near heat or other sources of energy.

Mr. WILLIAMS: This comes under the Department of Transport, I understand. We do not do this under the Fertilizers Act.

The CHAIRMAN: It is commonly used. We have used it on my farm. By soaking it in diesel fuel, or a fuel oil, and by putting it in a burlap bag with a detonator cap, you a have a cheap form of dynamite. The quarries in my home hardly use any dynamite at all any more; it is practically all ammonium nitrate that they use to do their blasting. It does a better job. It does not do so much damage as far as shaking up homes is concerned and it does a better job of breaking up the stones for them.

Most of the crops in that area are dusted with ammonium nitrate, but the bags that I have seen and I have used different kinds—are plainly marked with warning signs that it is an explosive, that it should not be dropped, that it should not be stored near heat, and that there should be no smoking around it. Some of the companies have a different type of sign, warning you on this.

Mr. PETERS: These kids scared the pants off this farmer, because of the fact that they were connected more with the mining industry and were aware of the explosive potential. The farmer had never heard of this and did not know if he should move it outside and pile it in sacks, and they said it would not make any difference, that if it was going to explode it would not matter where he stored it.

I was just wondering if there was a requirement in this regard, and if the Department of Transport requires it, then that is sufficient.

Speaking of something else, CIL put out a product once before with which I had some experience. An accident happened. The company was unaware of the potential and the user was unaware of the potential although the workmen in the mine knew this would happen. It was with this igniting material; we used to light cigarettes by the flick of the back of an axe. The company did not know that it would ignite itself this way.

The CHAIRMAN: It is not nearly as dangerous as dynamite. I know this because this why many of the quarries and mines have switched to it. It can be handled with much greater ease. There is not the danger that there is when using dynamite.

When we visited the nickel mines in Sudbury two years ago they told us that they used a great deal of this type of fertilizer as an explosive.

Mr. PETERS: I just wondered if it had come to the attention of the department, because they may not have known.

The CHAIRMAN: You will remember the big blast in some city in Texas where a boat load of this type of material destroyed half the city.

Are there any further questions? We are still on fertilizers.

Mr. DANFORTH: May I ask just a general question on fertilizers, Mr. Chairman? Is it fair to ask of the witnesses here today whether, in their opinion, they are well able to have complete jurisdiction over these chemicals and fertilizers under the present regulations as set out? Are there some fields of this, perhaps, that should be looked into, or investigated?

It is an important field and of major importance to farmers and to the population using the seed. Very often acts and regulations that are set up, because of the evolution of agriculture, do fall behind and need revision from time to time. I am well ware that the witnesses cannot delve into the field of

policy, but I think it is of general interest to the Committee to know if the feeling of the witnesses is that the scope of the present legislation is wide enough.

Mr. STEVENSON: Yes. I would say it is, Mr. Danforth, from the standpoint that the Fertilizers Act and the Feeds Act have both been revised within the last five or six years.

Both the acts are very broad in scope, setting down the principles by which you make regulations. Of course, the regulations can then be added to changed to suit the situations which arise in fairly quick order in order that you can control any situation that does come up. In fact, it is only a matter of days if something has to be done.

The CHAIRMAN: Are there any further questions on the Fertilizer Act?

Mr. PETERS: Is the potency marked? For instance, is it labelled 6 to 10 or something like this? Is there a lifetime, or a limit of the potency of those numbers?

Mr. STEVENSON: You mean in relation to the keeping qualities of the fertilizer? With fertilizers there is certainly no indication that there is a loss; and, in fact, there is indication in the literature that the fertilizer will improve up to a certain point. I suppose, like anything else, there is a point of deterioration, and I do not know how long it would take to reach this point, but it is quite some time. We have run into this with shelf goods that are put out, where they have been out for quite some time, and there is no deterioration.

The CHAIRMAN: Are there any further questions?

Mr. PETERS: I should like to ask what consideration has been given by the department to combining fertilizers and the lime assistance program? Should we discuss it under the lime program or would it come under fertilizers?

The CHAIRMAN: It could be discussed under either one. It might be better if you waited until the lime assistance program came up because I believe several other members have indicated that they want to ask questions on this program. I think Mr. Herridge wanted to ask one.

Mr. Beer, is yours on the Fertilizers Act?

Mr. BEER: Yes. With regard to Mr. Peters' question—which I thought was an excellent one—I am wondering whether, as a result of the discussion, sufficient note has been made of this: that fertilizer of explosive character would be so labelled in the future? I wonder whether we have carried this discussion far enough to have arrived at a conclusion. Do I assume this has been done, or not?

Mr. STEVENSON: I have made a note of it, Mr. Beer.

I suppose the reason that it has never come up in committee with the fertilizer people before is that there is such a requirement by the Department of Transport for this labelling to be on the bags. Perhaps it is not on all of the bags. Was this your point, Mr. Peters?

Mr. PETERS: I thought it should be. This is not to scare people, but—

The CHAIRMAN: Speaking from my own experience in using several different brands, I do not ever remember seeing one bag which did not have it in quite plain language that this was dangerous and explosive.

Mr. STEVENSON: I have made a note of it anyhow, and we will check it.

The CHAIRMAN: All right; we will move on to the Hay and Straw Inspection Act.

Are there any questions on this act?

(*Translation*)

Mr. CLERMONT: Mr. Chairman, does anybody determine the norms and classifications used by the inspection and grading service? You added in your notes that it would be very little used when hay and straw are being sold. Are the services not being used? Is there any provincial jurisdiction in this field, or is straw sold without classification, without category or grade? Are the grades not mandatory according to statute?

(*English*)

Mr. STEVENSON: No. There is no legislation that requires hay to be inspected. Our Hay and Straw Inspection Act provides that hay can be inspected, upon request by the seller. There is nothing provincially either that I know of in any province.

(*Translation*)

Mr. CLERMONT: When farmers buy straw or hay, then there is no question of grade or quality in the purchase?

(*English*)

Mr. STEVENSON: This is right. One farmer can buy from another farmer, or he can buy from a dealer. In other words, he can buy hay. There is no requirement.

(*Translation*)

Mr. CLERMONT: I understand, of course, when he is buying from a neighbour, but when he is buying from official salesmen there is no question of quality, he just buys a ton of hay, period.

(*English*)

Mr. STEVENSON: Anybody can buy hay and tell the seller that he will not buy it unless it is graded, and the seller can then apply to the department for a grade for it.

(*Translation*)

Mr. CLERMONT: Yes, but when you have a situation as in the fall of 1964 and the summer of 1965, often in that case a farmer does not have much choice.

(*English*)

Mr. WILLIAMS: That is very correct; but under the present legislation it is not required. If it was a sale within a province I do not believe that the Federal Government would have authority to require it.

(*Translation*)

Mr. CLERMONT: Do you know of such legislation existing on the provincial level?

(*English*)

Mr. WILLIAMS: I cannot answer this categorically, but my understanding is that there are no provincial regulations anywhere that require hay sold within the province to be graded.

(*Translation*)

Mr. CLERMONT: In 1965, I personally heard a great many farmers say that the hay they bought was not too satisfactory, so there is no obligation for the seller to give the quality of the grade.

(*English*)

Mr. WILLIAMS: As I said, this would not be a federal matter unless it crossed a provincial boundary.

The CHAIRMAN: When the government has an aid program, say, for a drought area and it does cross the provincial boundary, does the joint program between the federal and provincial governments require that the hay be inspected?

Mr. WILLIAMS: To date, no.

Mr. JORGENSON: Mr. Chairman, who administers this Act? Do you have in the department a group whose responsibility is the administration of this Act, or do you utilize people who are occupied in other positions?

Mr. WILLIAMS: Both, Mr. Jorgenson, depending upon demand. Across the country we have officers of the Plant Products Division responsible through district supervisors, and there are some of our regular employees who are trained and capable of grading hay and straw.

In addition to that we have seasonal people whom we take on if the requirement is there.

Mr. JORGENSON: How often has this Act been used?

Mr. WILLIAMS: It is used every year to a greater or lesser extent. It is used very largely in the province of Quebec for exporting.

The CHAIRMAN: Are there any further questions concerning this?

Mr. PETERS: Is there not a requirement that if a farmer sells hay primarily for horses it must be of a certain type, and if he sells it for cattle it must have a certain clover content?

Mr. WILLIAMS: No, there is no requirement in respect to this.

Mr. PETERS: It can be rejected. Is this on a private sale basis? I remember that for a number of years my father was the markets promoter for northern Ontario. At that time he used to buy a lot of hay from farmers for lumber companies. If it did not meet certain standards the lumber companies would reject the car which he may have shipped. I know that Abitibi was one that used to reject the shipment if there was clover in the hay. He was also shipping to dairies, and they would reject the hay if it did not have a certain clover content.

Mr. WILLIAMS: This would be a buyer's specification.

The CHAIRMAN: Are there any further questions on the Hay and Straw Inspection Act? If not, we will move on to Inspection and Sale Act.

Are there any questions concerning this act?

Mr. DANFORTH: Mr. Chairman, this Inspection and Sale Act deals specifically and only with binder twine. Was this set up primarily for this one specific purpose?

Mr. STEVENSON: This is probably the reason it was set up in the first place. Fiber flax was brought in under this Act as well as a later date, but in the last few years fiber flax has been practically non-existent and binder twine is the only product which we are covering under the Inspection and Sale Act at the present time.

Mr. DANFORTH: Why was it necessary to set up a separate Act to deal with one specific product? Does it not fall under any other category, or is this Act set up in such a way that other products can come under it?

Mr. STEVENSON: Perhaps there could be other products which could come under the Inspection and Sale Act. It is written in a very general way, and with provision to make regulations to control certain things. This, I suppose, is the reason that fiber flax at a later date was brought in under this specific act.

Mr. DANFORTH: At various times, Mr. Chairman, there are commodities, or requests to import commodities, from foreign countries for specific agricultural purposes which may be limited in nature. What are the mechanics if an importer wishes to be safeguarded? Is it a matter of just making application to the department and if the department feels it is justified it can be handled in this way, or does it require a legislative approach?

Mr. STEVENSON: You are thinking of commodities here, I presume, Mr. Danforth, that do not fall under other acts that we have at the present time.

Mr. WILLIAMS: That is a rather difficult question to answer, Mr. Danforth. If it is a commodity which at present is not covered by any legislation, there are no requirements. The tariff applies, and that is all.

Mr. DANFORTH: I can well understand that, and I know that the question is rather general in nature. I am looking at it from the point of view of an importer who wishes to have protection as regards the quality and the continuity of the product as it is imported. In other words, if an importer who is importing this for specific purposes wishes to be protected as far as his sales are concerned, can he make a request to the department that this particular quality be under the inspection service?

Mr. WILLIAMS: He certainly could make a request. We would have to consider, I presume, whether it would be possible under the legislation that we presently administer. We are talking about a hypothetical case entirely here. We are not talking about any particular commodity.

Mr. DANFORTH: It is the mechanics of the thing in which I am interested.

Mr. WILLIAMS: A request would have to be made to the department for the establishment of grades, if it was a product that was not graded. We would have to see whether we did have legislation that covered it under the Canada Agricultural Products Standards Act. It is entirely possible that grades might be established by regulation, in which case the department would consider it and reach a decision whether grades are necessary, workable and useable.

If they were, the department would apply for Order in Council authority to establish the regulations necessary to permit of the grades and would provide the service.

I think you will appreciate that there would be a policy decision here about whether or not the inspection or the grades were necessary and workable.

Mr. DANFORTH: What I had in mind, Mr. Chairman, was the fact that this deals specifically with binder twine, but there are various other types of binders of different fabrics and some of a synthetic nature that are used in agriculture for tying and training and various uses, especially in vegetables for forcing. This is what I had in mind, supposing there was a new plastic developed that could be utilized instead of binder twine but the grower would not want to use it because it would not stand the rigours of the particular application. I was wondering, if this was developed, if this would be the section where applications might be made.

Mr. WILLIAMS: If it was that type of material it could come under this act. I cannot say, easily, but it could come under this act, I believe.

Mr. DANFORTH: This is what I had in mind.

Mr. PETERS: Mr. Chairman, does that include rope?

Mr. WILLIAMS: Not at the present time; at the present time the regulations under this Act cover two things only, fiber flax and binder twine.

Mr. PETERS: Could I ask what act covers rope? I know that it is not very much of a farm commodity any more; but at one time it was a fairly important one for haying and in some other fields. Obviously, it very closely resembles binder twine.

Mr. STEVENSON: Weights and Measures would have a requirement here in relation to the length per pound, in relation to the weight of the material that the farmer was buying, so that he would have some idea that he was getting the number of feet per pound for which he was paying; because most of this material is sold on a per pound basis or a ball basis which is actually related to "per pound".

Mr. PETERS: Would that also include the tonnage it would support?

Mr. STEVENSON: The tensile strength would not be a requirement of Weight and Measures. It would be simply a weight.

Mr. PETERS: Why did this not come under that Act; because it would be the same thing? What particular problem developed that warranted the establishment of this particular Act?

Mr. WILLIAMS: This is a rather old act. I cannot tell you when it was established. It was established when binders were extremely important throughout the country. Apparently there was a good deal of inferior binder twine being marketed that had various defects, that did not come up to standards and grades were established for it to meet a particular problem. One must only presume that the same problem has not arisen in respect of ropes—to date, at least.

Mr. PETERS: Mr. Chairman, I would suggest that this is a good example of where the department should give us a recommendation that would allow us to put this back into another category and get rid of this Act.

Mr. WILLIAMS: Would you suggest, Mr. Peters, that it be brought up to date, and that probably, as Mr. Danforth suggested, bailer twine and plastic twine which is becoming so prominent in greenhouse operations for tying up plants because of its disease-resistance—that all these be studied and may be put into one act?

Mr. PETERS: I think that the department should be prepared to consider either adding some other things to this act or making a recommendation that this come under another department which may look after rope strength and rope uniformity. As I see it either we should use this and extend it to other foolish to leave this kind of an Act sitting around for one specific purpose when obviously there are other departments closely allied to it, unless we are going to agricultural products, or we should maybe put it under something else. It seems put something else in it and there may be a number of things we could bring into that act.

I am not prepared to make a recommendation, but I think that we should have some information on whether or not we should—

The CHAIRMAN: The officials will take note of this and make any recommendations to the Committee that they feel are necessary.

Are there any further questions on this Act? If not we will move on to the Lime Assistance Program. Mr. Gauthier had a question concerning this.

(*Translation*)

Mr. GAUTHIER: With regards to lime assistance, it is because lime assistance is a joint program with the Provinces. It says that the Federal Government will re-imburse the provinces 60% of their expenditures in this regard. The maximum is established for each Province. I would like to know either from Mr. Williams, or from someone else, who determines the maximum amount?

(*English*)

Mr. WILLIAMS: The maximum amount was determined by a formula that has been unchanged since the determination was made. It was made in 1962.

At that time the decision was that there would be a limitation on the amount expended by the federal government under this program, and the maximum for each province was set at the average paid for the previous four years. In other words, over the four years previous to 1962, an average of the federal contribution was struck for each province, and the decision was reached that this would be the maximum for each province; and this maximum is still in effect.

(*Translation*)

Mr. GAUTHIER: Since it is the Provinces which administer completely the lime aspect of it, does the Federal Government, in view of the fact that it contributes to a degree of 60%, intervene in some particular cases on behalf of either an individual or a group who do not have justice for some reason or another. Could the Federal Government intervene in your opinion?

(*English*)

Mr. WILLIAMS: Under the terms of the agreement with the province I would think that any intervention that the federal government might wish to

undertake in this area would be in the nature of discussing it with the province rather than ruling on it.

I do not believe that under the terms of the agreement the federal government could make a ruling because the agreement is that the province would administer the program.

Mr. PETERS: Could you give us the figures for the assistance to the three areas.

Mr. WILLIAMS: The estimated payments for 1965-1966—would that be a reasonable figure? For Newfoundland, $15,200; Prince Edward Island, $65,800; Nova Scotia $109,500; New Brunswick, $90,000; Quebec, $1,205,000; Ontario, $42,500; British Columbia, $60,900.

Mr. PETERS: In relation to these figures, you used the base as 1962.

Mr. WILLIAMS: The four years previous to 1962.

• (10.45 a.m.)

Mr. PETERS: The four years previous to 1962; but you made it a statement at that time about what you would pay. I presume some of the provinces were not really taking advantage of the lime assistance program to any great extent in those four years previous to 1962? In fact, this program pretty nearly went out of existence, and then all of a sudden it received a shot in the arm, for some reason or other, and became an active program. This is not what we would consider a maximum program; that is, the use of agricultural lime is increasing each year rather than having reached a maximum, or even an expected maximum, by 1962.

Mr. WILLIAMS: I think that possibly the best way I could answer your question would be to say that I think there are only three provinces where the maximum represents any limitation at the present time.

Mr. PETERS: Ontario is one of them?

Mr. WILLIAMS: No, Ontario is not one of them. Quebec is the major one; P.E.I. and New Brunswick are the other two. This varies a little bit from year to year but, in general, these are the three provinces where it may represent a limitation. The other provinces, in general, are not at their maximum. There claims do not equal the maximum entitlement, in general.

(*Translation*)

Mr. CLERMONT: Mr. Williams, you say then for the province of Quebec, 1,200,000; is that the maximum?

(*English*)

Mr. WILLIAMS: Yes, that is correct. That is the maximum federal contribution.

The CHAIRMAN: Mr. Peters, have you any more questions?

Mr. PETERS: I would like to ask some allied questions.

As I understand it, the reason for putting this type of a program into effect was the overall agricultural potential that was provided by the application of agricultural lime. This is a fairly long term advantage; if you put lime on a farm this year there will be effects from that for many years because it is not

readily soluble and, therefore, it remains in the soil in an active form for a number of years. For this reason the government felt that this was of national advantage, I presume, in applying agricultural lime.

In relation to fertilizer; where this has become an increasingly necessary factor in maintaining the land value at a productive level, is any consideration being given to a freight subsidy on agricultural fertilizer as well?

Mr. WILLIAMS: At the present time, to the best of my knowledge, the federal government is not giving any consideration to this, but different provinces do have fertilizer-assistance programs. Because of the argument that you have advanced, Mr. Peters, in respect of the relative permanent nature of lime improvement, it is considered to be an assistance in conserving a natural resource, I guess, rather than the use of fertilizer which is considered to be a production input for a particular year, or two years. The provinces in general have themselves assumed responsibility for assistance toward fertilizer purchase and transportation rather than involving the federal government in it.

Mr. PETERS: Do you not agree that some of the commodities in agricultural fertilizer are of a similar nature? Unfortunately, I am not too familiar with the composition of fertilizer and the characteristics of the component parts, but let us take potash, for instance, which is in some commercial fertilizers; it would also have a lasting effect. In other words, fertility of the soil is part of the reason for the use of agricultural fertilizer but there is also a maintenance factor in fertilizer in the form of some commodities that last over a period of years, as well.

You add nitrogen and nitrogen is used up by the plants and it is gone. But there are other components which are in agricultural fertilizer which are not in that category but really balance the soil itself, so that there is an increase almost permanently in the productivity of the soil.

Mr. WILLIAMS: I think that is very true, Mr. Peters, to a greater or lesser extent, depending upon the type of fertilizer and depending upon various other factors. People can order a lime-based fertilizer if they wish to do this, depending upon their soil analysis and soil tests of their own knowledge of their own land. This would vary greatly from fertilizer to fertilizer.

Mr. PETERS: In your opinion there is no justification in bringing fertilizer under the same act in relation to the joint freight assistance that applies to lime?

Mr. WILLIAMS: This is not covered by an act to start with; this is a vote of Parliament. I think that the factors that influenced the decision to participate in lime assistance, do not apply to the same extent in respect of fertilizers.

The CHAIRMAN: Are there any further questions concerning the lime assistance program?

Mr. JORGENSON: How is this program administered? Who is eligible for assistance? I am not just quite clear how this thing works. I know, as you say, that the provincial governments are reimbursed to a certain extent for the amounts of lime they use. How does the farmer receive the benefit?

Mr. WILLIAMS: It varies from province to province. In general, I would say, that it takes the form of subsidized transportation. A province will agree that lime is such-and-such a price irrespective of where the farmer may be. In some provinces there is also subsidization to the quarries involved in order to reduce the price again.

In general it takes the form that the province sets a flat price for lime delivered to a siding somewhere and, irrespective of where the farmer is, this price applies. Now, this is not quite true. They vary from province to province. The terms and conditions are jointly approved before the programs are instituted.

Mr. JORGENSON: There has been a certain amount of misuse of lime in the province of Quebec in the past few years. I would hate to think that the Canadian taxpayer was subsidizing lime for that purpose.

Mr. CLERMONT: What did the previous speaker mean by "misuse" in Quebec.

The CHAIRMAN: Mr. Jorgenson, would you care to clarify what you meant by "misuse". Mr. Clermont wants to know what that meant. Did you mean using it for purposes other than agricultural?

Mr. JORGENSON: No. The underworld were using it for a purpose which was not a recommended one.

The CHAIRMAN: For other than agricultural use?

Mr. WILLIAMS: I doubt whether agricultural lime would serve the purpose for which they used it.

The CHAIRMAN: I think we will have to cut the discussion off. We have a steering committee report for our meeting next week, and we are going to be right on the 11 o'clock deadline. It will not take long.

The steering committee met yesterday afternoon at 2 o'clock. We need a motion to increase the number of French copies of the proceedings and evidence that are to be printed from 250 to 300.

Mr. CROSSMAN: I move the motion.

The CHAIRMAN: We feel that 300 would be sufficient. We are running out of them now.

Mr. NEVEU: I second the motion.

The CHAIRMAN: Does the Committee feel that we should increase it to 350? All in favour of that motion?

Motion agreed to.

The CHAIRMAN: Your subcommittee also recommends that the Canadian Wheat Board be called to appear before the Committee at 9.30 a.m. on Tuesday, June 7, 1966, and that the Committee sit in the afternoon and evening, if necessary. We have the permission of the House to do this.

The Wheat Board is going to be in Ottawa next week on Monday, Tuesday and Wednesday. We will see how we progress on Tuesday with the Wheat Board, and it will be up to the Committee themselves how far they want to go.

The subcommittee thought that the Canadian Wheat Board could be called at a later date if the Committee's examination is not complete. This would be up to the Committee.

This is the recommendation of the subcommittee at this time.

Does someone care to make a motion that the report of the subcommittee be adopted?

Mr. CLERMONT: I so move.

Mr. PETERS: I second the motion.

Motion agreed to.

The CHAIRMAN: We will go on with the Wheat Board on Tuesday, and on Thursday we will continue with Item 15.

We are attaching a note to the notices you get before a meeting, stating what each meeting is going to cover.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1968

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

Respecting

The Annual and Supplementary Reports of the

CANADIAN WHEAT BOARD

for the Crop Years 1962-63, 1963-64, 1964-65

TUESDAY, JUNE 7, 1966

WITNESSES:

Hon. Mitchell Sharp, Minister of Finance. *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner, J. R. Lawrie, Assistant Chief Commissioner, G. S. Vogel, Commissioner, D. H. Treleaven, Commissioner, R. I. Kristjanson, Commissioner, F. Rowan, Sales Manager, C. E. G. Earl, Executive Director, P. Kelly, Treasurer.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

Respecting

The Annual and Supplementary Reports of the

CANADIAN WHEAT BOARD

for the Crop Years 1962-63, 1963-64, 1964-65

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WITNESSES:

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OTTAWA, 1966

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STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, June 7, 1966.
(14)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Beer, Clermont, Crossman, Danforth, Gauthier, Godin, Hopkins, Horner, Jorgenson, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Peters, Pugh, Rapp, Stefanson, Stafford, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (24).

Also present: The Hon. Mitchell Sharp, Minister of Finance and Minister responsible for the Canadian Wheat Board, and Messrs. Fane, Korchinski and McLelland.

In attendance: From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner, James R. Lawrie, Assistant Chief Commissioner, Mr. G. N. Vogel, Commissioner, Mr. D. H. Treleaven, Commissioner, R. L. Kristjanson, Commissioner, Frank Rowan, Sales Manager, C. E. G. Earl, Executive Director, P. Kelly, Treasurer.

On motion of Mr. Lefebvre, seconded by Mr. Watson (*Châteauguay-Huntingdon-Laprairie*)

Agreed,—That the increase in the printing of the Minutes of Proceedings and Evidence in French from 250 to 350 ordered by the Committee on Friday, June 3, 1966 be effective from issue number 4.

The Chairman called the Annual Reports and Supplementaries of the Canadian Wheat Board for the Crop Years 1962-3, 1963-4, 1964-5.

The Chairman welcomed to the Committee the Honourable Mitchell Sharp, Minister of Finance who then made a general statement to the Committee. The Minister expressed his willingness to come before the Committee at a later date if the Committee so desired. The Minister answered questions briefly. Mr. Danforth suggested that the Subcommittee on Agenda and Procedure consider whether the Committee recall the Minister at a later date.

The Chairman then introduced Mr. McNamara, Chief Commissioner of the Canadian Wheat Board who in turn introduced the officials of the Canadian Wheat Board.

The members of the Committee had received copies of the Annual Reports and Supplementary Reports of the Canadian Wheat Board for the Crop years 1962-3, 1963-4 and 1964-5.

Mr. Earl proceeded to read the 1964-5 Annual Report of the Canadian Wheat Board and the officials answered questions on the various parts.

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The following sections of Part I—The International Wheat Market of the 1964-5 Annual Report of the Board were called:

1. General Comments—Crop Year 1964-5.
2. International Wheat Agreement.

Mr. McNamara, during questioning, read a prepared statement on Grain Movement.

At 11:12 o'clock a.m., the Chairman called for a ten minute break.

At 11:25 o'clock a.m., the Committee resumed its examination.

Mr. McNamara, during questioning, read a prepared statement on Rye Flaxseed and Rapeseed.

At 12:15 o'clock p.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee till 3:30 o'clock p.m.

AFTERNOON SITTING
(15)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 3:55 o'clock p.m.

Members present: Messrs. Clermont, Comtois, Danforth, Forbes, Gauthier, Godin, Hopkins, Jorgenson, Laverdière, MacDonald (*Prince*), Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Pugh, Rapp, Ricard, Stefanson, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (23).

Also present: Messrs. McLelland, Kindt, Korchinski.

In attendance: The same as at the morning sitting.

The Committee resumed questioning the witnesses from the Canadian Wheat Board.

The following sections of Part I—The International Wheat Market—of the 1964-5 Annual Report of the Board were called:

3. Government Assisted Exports.
4. United States Export Programmes.

The Committee went on to consider Part II—Sales and Pricing of Canadian Wheat—sections

5. Sales—Wheat
6. Pricing of Wheat and Flour.

After some questioning on Section 6, it was agreed at the suggestion of Mr. Muir (*Lisgar*) that the Committee move on to consider Part III—Canadian Grain Position.

The Committee went on to consider Part III—Canadian Grain Position—Section 7—Crop Development and Supplies.

Mr. McNamara, during questioning, read a prepared statement on Quota Objectives for the 1965-66 Crop Year.

At 6:00 o'clock p.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee till 8:00 o'clock p.m.

EVENING SITTING
(16)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 8:20 o'clock p.m.

Members present: Messers. Berger, Clermont, Danforth, Ethier, Forbes, Gauthier, Godin, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Rapp, Ricard, Stefanson, Stafford, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (24).

Also present: Messrs. Howard, McKinley, McLelland, Forrestall, Korchinski, Southam.

In attendance: The same as at the morning and afternoon sittings.

The Committee resumed questioning of the witnesses from the Canadian Wheat Board.

The following sections of Part III—Canadian Grain Position—of the 1964-65 Annual Report of the Board were called :

8. Delivery Quotas
9. Handling Agreement
10. Allocation of Shipping Orders
11. Western Grain Movement
12. Eastern Movement of Export Wheat.

The Committee went on to consider Part IV—1964-5 Pool Accounts—of the 1964-5 Annual Report of the Board and the following sections were called:

13. 1964-5 Pool Account—Wheat
14. 1964-5 Pool Account—Oats
15. 1964-5 Pool Accounts—Barley.

During questions on Section 14—1964-5 Pool Accounts—Oats, Mr. McNamara read a prepared statement on Feed Grains.

Agreed,—That the 1964-5 Annual Report of the Canadian Wheat Board stand.

The Chairman and members of the Committee commended Mr. McNamara and the members of the Canadian Wheat Board.

At 10:05 o'clock p.m., the Chairman adjourned the Committee to 9:30 o'clock a.m. on Thursday, June 9, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by electronic apparatus)

TUESDAY, June 7, 1966.

• (9.45 a.m.)

The CHAIRMAN: We now have a quorum and I will call the meeting to order. Before I introduce the Wheat Board officials, one thing which I am desirous of having is a motion. If you remember, at the last meeting we agreed to increase the minutes of the proceedings and evidence from 250 to 350 copies in French. The French issues are only printed up to number four so our motion should be that the increase in the minutes of the proceedings and evidence from 250 to 350 copies be effective from issue no. 4 onwards.

Mr. LEFEBVRE: I so move.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I second.

Motion agreed.

The CHAIRMAN: We have with us this morning, the Hon. Mitchell Sharp, Minister of Trade and Commerce.

Some hon. MEMBERS: Oh?

The CHAIRMAN: Pardon me, the Minister of Finance. The Minister is such a busy man it is hard to follow just where he is and what he is doing. With the Minister, who reports to the House for the Wheat Board, is Mr. McNamara, the Chief Commissioner. I will ask Mr. McNamara to introduce his colleagues. I was then going to ask for a short statement from the Minister but I understand he is not particular about this. However, I think we should have one after Mr. McNamara introduces his officials.

I should first explain to Mr. McNamara that our meeting is being recorded and that it is very important, when anyone speaks, that they should speak into the microphone so that everything is clear. When anyone is addressing the Chair I will try and point out who they are and if you, Mr. McNamara, ask any of your officials to answer a question, would you mind stating who they are, as they speak.

Mr. W. C. MCNAMARA (*Chief Commissioner, The Canadian Wheat Board*): Mr. Chairman, Hon. Minister, and Members of the Committee, it is a real pleasure for our Board, once again, to have the opportunity of reviewing our activities with the Committee.

Today, I understand we will be discussing our 1964-65 Pool reports but, before doing so, as the Chairman indicated, I would like to introduce my colleagues. I am very pleased to advise you that we have all five members of the Board in attendance, whom I will introduce. Mr. Lawrie is the Assistant Chief Commissioner of our Board. Mr. Vogel, Mr. Treleaven, and Dr. Kristjanson.

In addition to the five Board members, several of our senior officials are present. Mr. C. Gordon Earl, the Executive Director of our Board. Mr. Peebles Kelly, our Treasurer and Mr. Frank Rowan, our Wheat Sales Manager. I sincerely trust, gentlemen, that between us and collectively, we will be able to give you all the information you require. We want to give you all the information you want. If we have not got it with us—I think we have most of our records with us but if we have not got it with us—we will certainly get it accurately for you.

Now, Mr. Chairman, we are in the hands of the Committee concerning how you would like us to discuss this annual report.

The CHAIRMAN: I think, before we decide the exact procedure which should be followed here, I would ask the Minister, the honourable Mitchell Sharp, to say a few words to the Committee.

Hon. MITCHELL SHARP (*Minister of Finance*): Mr. Chairman and gentlemen, as you probably know, the Canadian Wheat Board reports through me, as Minister of Finance, to Parliament. The Board, however, is a body which functions under an act of Parliament and it is responsible for its own policies. As I have often said, the function of the Minister responsible for the Board, is to help the Board to do its job.

I do not have the responsibility for fixing prices or for deciding where wheat shall be sold or in what quantities. It is my responsibility, however, to do all I can, as a member of the Government, to help the Wheat Board to sell wheat throughout the world, through Government policies, through the negotiation of trade agreements, and so on.

I also look upon it as my responsibility as the Minister to do all I can to promote stability in wheat markets. I cannot tell the Wheat Board at what price to sell wheat. I do try to influence the conditions under which the Wheat Board sells wheat; by negotiation with other countries, through the promotion of international wheat agreements, and so forth.

I think it is a very good thing that the Wheat Board should be called before a Committee like this and examined on its operations and I want to say to you, Mr. Chairman, that if there is any way in which I can be helpful to the Committee in answering questions with respect to my responsibilities, I will certainly be glad to do so.

However, I would suggest that the Wheat Board should deal with its own operations and if, at any time, the Committee would like me to come back and appear before them in connection with the operations of the board or anything relating thereto, I would be happy to do so.

The CHAIRMAN: Thank you. One announcement I would like to make is that I hope members of the Committee are aware that we are going to meet at 3.30, or immediately after orders of the day, and then again at 8 p.m. tonight.

Mr. DANFORTH: Mr.Chairman, I wonder is it permitted at this time to ask the Minister a question of a very general nature with regard to policy?

The CHAIRMAN: Yes, I would think so, if you so desire.

Mr. DANFORTH: Mr. Chairman, this arises out of the Minister's statement in which he explained that the Wheat Board does act under an act of Parliament

and reports through him and he has indicated his opinion of the duty of the Minister in this regard.

Now, in view of the fact that the Department of Finance is one of the larger portfolios of the Cabinet, if not the largest, does it not seem that perhaps the Wheat Board should be administered by the Department of Agriculture or the Department of Trade and Commerce since the Wheat Board is now reporting to the Standing Committee on Agriculture? The fact that it does not must mean there must be some very important reason why this government considers it should be under the Department of Finance. I wonder if the Minister could explain to the Committee why this government considers the activities of the Wheat Board should be under the Department of Finance in this government.

Mr. SHARP: Now, Mr. Chairman, I think you should have brought the Prime Minister before the Committee and asked him that question. I did not choose to be the minister responsible for the Wheat Board.

The Prime Minister asked me to continue as the minister after the re-organization of the government last December. As you know, I had been the Minister of Trade and Commerce. The Prime Minister said to me when he asked to carry this on: "You are more familiar with the operations of the Board than any other minister in the government at the present time and I would like you to carry on, in the meantime". He did not indicate to me that this was a job of indefinite duration. However, these I understand, are the reasons why he asked me to carry on as the minister responsible.

Mr. DANFORTH: In order that I might understand this more clearly; it was a determination on the part of the Prime Minister, because of your familiarity with the activity, rather than the determination that it should, in itself, be under the Department of Finance?

Mr. SHARP: I am quite sure everyone would agree with me that it is not wholly logical for the Canadian Wheat Board to be reporting to Parliament through the Minister of Finance. This, as I understand it from the Prime Minister, was an appointment because of my peculiar experience. I do not think it is an appointment which will last indefinitely, although that decision is in the hands of the head of the government and not in mine.

Mr. PUGH: In dealing with the Wheat Board, does the Minister of Finance bring the Minister of Trade and Commerce into consultation? Is there a Cabinet committee of sorts rather than just the Minister of Finance? If so, of how many ministers is it composed?

Mr. SHARP: Mr. Chairman, there is, and has to be, very close liaison between myself, the Minister of Trade and Commerce and the Minister of Agriculture in all matters relating to the Wheat Board. There is a Cabinet committee concerned with agricultural matters to which all matters of policy affecting the Wheat Board are brought.

In addition to that, I use, not the staff of the Department of Finance, but the staff of the Department of Trade and Commerce. In other words, in dealing with the Canadian Wheat Board, I use the Grain Division. This division had the responsibility when I was the Minister of Trade and Commerce and, by arrangement with the present Minister of Trade and Commerce, I use his staff as the liaison between myself and the Canadian Wheat Board.

I think this is very desirable because the Department of Trade and Commerce is intimately associated with the marketing conditions and the negotiation of trade agreements. Therefore, I think it is appropriate and it works very well for me to have access to the staff of the Department of Trade and Commerce in dealing with the Wheat Board.

Mr. PUGH: This would further indicate that the method of handling this matter via Cabinet and yourself is only a temporary one.

Mr. SHARP: Yes. It is very difficult for me, Mr. Chairman, to talk about my own qualifications for a job but I understand, from the Prime Minister, that the reason he asked me to carry on was that he thought the Wheat Board affairs, for the time being, would be better handled by myself, because of my experience, than by any other minister at the present time because of their comparative lack of experience in handling Wheat Board matters. I do not think it can be an arrangement of indefinite duration.

The CHAIRMAN: I think we could continue indefinitely on this subject, which was not the reason why this meeting was called. We called this meeting to hear Mr. McNamara, not that I do not want to hear any more or to offend you, Mr. Sharp, but I would like to proceed with the business of the Wheat Board.

Mr. PUGH: The purpose of the question was to determine who, on behalf of the government, deals with the Canadian Wheat Board.

The CHAIRMAN: I think your question was well taken and well put, as far as this goes, and I think it has now been cleared that a lot of the reporting from the Wheat Board is through the House. I am just trying to say that I think the answers have been fairly clear. I do not want to cut this questioning off or to be accused of so doing, but the minister has stated he is at the will and call of the committee to come back and answer any further questions for us, whereas the Steering Committee reported that we would meet with the Wheat Board for a full day today, and we should take advantage of their time while they are here.

Mr. MUIR (*Lisgar*): While the Minister is here, I would like to raise a matter which affects not only the operation of the Wheat Board but has to do with the government policy, and I think the Minister would be the proper person to answer the question. It has to do with the policy of pricing between importing and exporting governments. Does the Minister take any part in negotiations of pricing between, say, Mr. Freeman and yourself or other ministers responsible for the importing and exporting of grain?

Mr. SHARP: Mr. Chairman, as I said in my introductory remarks, I am not responsible for the pricing policies of the Canadian Wheat Board. By act of Parliament, those responsibilities are assigned to the Board and the Minister cannot direct the Board regarding what prices at which it should sell.

It is the responsibility of the Minister, however, to do everything possible to promote stability in international wheat markets and, in this connection, I have been very active from time to time, in trying to persuade other governments, and particularly the government of the United States, to follow policies which will increase stability in international wheat markets and, in particular,

will keep prices at as high a level as is compatible with the expansion of world trade.

I have been talking to Mr. McNamara about the testimony which he will be giving here today and I can say to you that he will be dealing with this question in particular. However, so that there is no doubt about it, ts the Minister responsible for the Wheat Board, I consider it one of my most important functions to promote stability in international markets.

Mr. MUIR (*Lisgar*): In other words you would not negotiate, say, with Mr. Freeman. Because of their policy towards farm organizations and farm pricing, we know the government of the United States, in the past, for reasons of their own, have been rather reluctant to increase, to any extent, the export price of wheat. If my information is correct, they have been one of the countries which have been rather reluctant in that regard, much more so than, say, the Argentine and Australia. I am wondering if the minister has done any direct negotiating with the Americans over this matter.

Mr. SHARP: Yes, over the last couple of years I have spent a great deal of time on the matter. I am now very happy to see that the lead taken by the Canadian Wheat Board, in supporting international wheat prices, is being followed more closely by the United States.

Mr. DANFORTH: Mr. Chairman, I have just one point to be clarified which is whether, following the report of the Wheat Board, the Steering Committee should consider if it would be to the advantage of the Committee to have the Minister back to answer questions on policy which were not taken up.

The CHAIRMAN: I think this should be taken into consideration and if the sub-committee feels the Minister should come back, we can report back to the Committee as a whole, and tell them what our feelings are.

Mr. SHARP: I would suggest, Mr. Chairman, that while I have no desire to avoid being questioned, it would make for a more orderly discussion of this report if the Wheat Board were to deal with the matter first and I would be very happy to follow along if the Committee would like to hear me again.

The CHAIRMAN: Thank you, Mr. Sharp. Now how does the committee wish to proceed? I have spoken to Mr. McNamara about the proceedings and he has suggested, and I think it is well taken, that the proceedings are in the hands of the Committee. We do know, however, that everyone has had copies of the report and we hope it has been read and studied in great detail. It may not be necessary, therefore, to follow the procedure. I am going to suggest that details be read as they are listed in the Report for 1964-65.

We can try that for this morning and if there are any suggestions following this morning's meeting, we may try a different procedure this afternoon and this evening. This, of course, depends on what progress we make. We do not want to curtail any questions or discussions concerning the Wheat Board operations. Is this agreeable to the Committee?

Mr. JORGENSON: Mr. Chairman, in the past it has been the practice, and I think we could cover the report faster, by dealing with each section, each subsection being read and members being permitted to ask questions on it as we went along.

I think Mr. McNamara indicated he would like to make a statement. In order to start the procedure, perhaps Mr. McNamara could make a general statement, covering the operation of the Board, and then we could go into a study of the report clause by clause.

Mr. MCNAMARA: No, Mr. Chairman. I have several statements on questions which I anticipated would be of some importance such as those regarding the effects of the strike, the quota situation and pricing. I thought it might be advisable to follow the procedure you suggested and when a particular section comes up for review I will comment on that particular subject. From my experience in the past, if we keep fairly well to the various sections of the report, we can keep the questions directed to that particular phase of the activity. That would be most suitable to us and, if it is agreeable to the Committee, I would like to ask Mr. Earl if he would commence reading the basic annual report. This is the report as of July 31, which covers the general activity through the year. The supplementary report, which has been submitted to you more recently, gives the conclusions of the operations. However, you will notice in the first part of the general report that we deal with the international situation in various phases of our operation policies and, if it is permissible, I would like Mr. Earl to proceed with the first section of the report.

The CHAIRMAN: Agreed.

Mr. EARL (*Executive Director, Canadian Wheat Board*):

1. General Comments—Crop Year 1964-65

A record world wheat crop was harvested in the 1964-65 crop year. The estimated production of 9.3 billion bushels surpassed the previous high of 8.8 billion bushels in 1962-63 and the 8.3 billion bushels gathered in 1963-64. The recovery of wheat production in the Soviet Union, a country having nearly a third of the world's wheat acreage, was principally responsible for the improvement over 1963-64, while increases in other areas contributed to the establishment of a new production record for the world. A comparison of 1963-64 and 1964-65 estimated world wheat production, by major geographical areas, is shown in the table that follows.

Geographical Area	1963-64	1964-65
	(million bushels)	
U.S.S.R.	1,470	2,100
North America	1,931	1,957
Asia	1,925	1,924
Western Europe	1,369	1,582
Eastern Europe	636	660
South America	404	479
Oceania	338	378
Africa	235	214
Total	8,308	9,294

Source: U.S.D.A., World Agricultural Production and Trade, December, 1965, pp. 30 and 31.

In Western Europe wheat output was up over 200 million bushels from a year earlier, with an increase of over 130 million bushels coming in France alone. Increases in Oceania and South America were largely reflections of the record and near record crops achieved in Australia and Argentina, respectively. All eastern European countries, except Yugoslavia, had larger crops than in the previous crop year. North American production of wheat was slightly higher as Canada's decrease of 123 million bushels from its all-time high of 723 million bushels in the 1963-64 was more than made up by the increase in the United States wheat crop. Wheat production in Africa declined despite the fact that a principal producer, South Africa, harvested a larger crop. Output in Asia was virtually unchanged, although production in individual countries varied considerably from the previous year. India suffered a 35 million bushel decline from the year previous, while estimates for Japan and China indicated inproved crops.

Total available supplies of wheat in the four major exporting countries decreased from a year earlier even though good to record crops were harvested in each of them during 1964-65. The major off-setting factor to the high level of production was the reduction of almost 300 million bushels in the inward carryover stocks of the United States. Supplies in that country amounted to 2.2 billion bushels, comprised of a production of 1.3 billion bushels and a July 1, 1964 carryover of 901 million bushels. The Canadian supply of over one billion bushels came from an inward carryover of 459 million bushels and a 600 million bushel crop in 1964. Australian and Argentine wheat supplies of 394 and 452 million bushels, respectively, were largely available from their bumper crops which were harvested during the middle of the 1964-65 Canadian crop year.

The generally larger and better quality crops in the traditional importing countries and the Soviet Union led to a decrease of about 200 million bushels in the world wheat and wheat flour trade from the record level of over 2 billion bushels in 1963-64. The decrease would have been even more marked had it not been for the increased needs of several Asian countries. This is indicated in the following table, giving the 1963-64 and 1964-65 purchases, commercial and concessional of the major wheat importing countries:

Country	1963-64	1964-65
	(million bushels)	
India	174	247
China	174	222
United Kingdom	172	154
Japan	142	132
U.S.S.R.	400	94
Pakistan	63	75
Brazil	77	74
Germany, West	87	52
Poland	72	51

Source: International Wheat Council, Record of Operations, 1964-65, November 3, 1965.

The increase in shipments to India and the People's Republic of China, the two largest importers in the crop year under review, amounted to over 120 million bushels. India received most of her wheat imports on concessional terms from the United States although, as shown on page 7 of this report, Canada provided India with over 7.2 million bushels under Government aid programmes. The largest part of the Chinese purchases was from Australia and Canada on credit terms, but they also purchased wheat from Argentina and France.

A larger and better quality domestic crop was the major factor in the decline from 1963-64 in British imports of wheat. However, Canada continued to supply over half of the wheat import requirements for the United Kingdom market. The shares of this market held by the United States, France and Australia were diminished as imports of wheat from Argentina, Holland and Belgium increased. The increase from the latter two countries was particularly significant as it was a direct result of the distortions caused by the Common Market grain regulations. These regulations made it favourable for the Dutch and Belgian grain trade interests to import French wheat for milling while exporting domestic wheat to England for feed.

The Japanese domestic crop in 1964-65 was also both larger and of better quality than her 1963-64 crop and this caused a decline in her wheat imports. The reduction took place largely in the purchases from the United States and to a lesser extent in those from Australia; her imports from Canada increased slightly.

Purchases by the U.S.S.R. in 1964-65 were small by comparison with those of 1963-64. Nevertheless, they were still enough to make her the world's fifth largest buyer during the crop year ended July 31, 1965.

Pakistan and Brazil continued as major importers of wheat but with large amounts of their needs being supplied on concessional terms from the United States.

With larger and better quality crops, plus carryover stocks, Poland and West Germany imported less wheat than in 1963-64. Notwithstanding this decrease Canada was able to increase her exports to Poland but shared with the other suppliers of wheat the reduction in West German purchases.

Overall, world wheat exports were well maintained even with a record crop having been produced. A high volume of exports continued to flow from Canada, Australia and the United States though each experienced a sharp reduction from her record performance of the previous year. Exports from France and Argentina were up substantially. The U.S.S.R., despite improved production, did not export any wheat to any significant extent. The following table shows 1963-64 and 1964-65 exports of the major wheat exporting countries;

The CHAIRMAN: Are there any questions regarding Section 1?

Mr. JORGENSON: I note that our exports have increased considerably during the past few years. I wonder if Mr. McNamara could tell us what he feels are

the prospects for increased export trade and where he thinks there are opportunities for inprovements in our markets.

Mr. McNAMARA: Well, Mr. Chairman, some months ago our Board recommended to the Government that, in assessing the demand for wheat in the world, Canada should raise her targets. For a number of years we have assumed that an average export of 275 million bushels, related to production, was a fairly satisfactory level, taking into account that we use domestically about 155 million bushels.

In the last four or five years we reached a 300 million bushel level and, of course, in 1963-64, with the advent of the large Russian purchase, we created a new record of 595 million bushels. But, in assessing the over-all position in the world, we are now quite confident that by maintaining competitive prices, together with the continuance of quality production in Canada, making our wheat the premium wheat of the world, that we can now set our minimum target at about 400 million bushels a year which, with 150 to 155 million being used domestically, provides an outlet for a crop of 550 million. This figure, which is based on current acreages in Canada, is better than an average crop.

What I am trying to say, gentlemen, is that, in the view of our Board we have now passed from a period of managing surpluses and we are now getting to the point where future markets can be developed. I must admit that, as a board, we are now more concerned with production policy and our ability to meet demands, year in and year out, than we are trying to merchandise surpluses.

The CHAIRMAN: Does that answer your question Mr. Jorgenson?

Mr. JORGENSON: Yes, to an extent I was wondering, though, if the possibilities for increased sales to Asia were in prospect? I note that we have had a fairly constant market in China and that our market in Japan was increasing, perhaps slowly, but nonetheless it has now developed into one of our steadier markets.

I wonder if Mr. McNamara could tell us if there are other countries in Asia which could be regarded as prospective markets for Canadian wheat.

Mr. McNAMARA: Well Mr. Jorgenson, I think that, in so far as Japan is concerned, we certainly now regard it as a traditional market, which takes a maximum of about 50 million bushels a year. This has been a fairly constant figure over the past few years.

We will be dealing with pricing matters later and particularly the questions which have been raised with regard to the prices of some of our major competitors. This is an area where we are finding very, very severe competition from our friends south of the border.

Mr. PUGH: You are talking of Japan?

Mr. McNAMARA: Japan, yes. Certainly, in so far as the Japanese are concerned, our relationship with them is excellent. They like the quality of our wheat. Regardless of the somewhat premium price which is now being charged by us as compared with our competitors, there is still every indication in Japan that they prefer quality wheat and they do not want to become too dependent on only one source of supply. So we are confident in our appraisal of future

markets and we are counting on Japan being a steady market in the neighbourhood of 50 million bushels of wheat from Canada each year.

The bread consumption in Japan, while increasing, due to the population, is not moving forward as rapidly as it was a few years ago, in the immediate post-war years. However, there is every indication that there will be better prospects for feeding grain in Japan because, as their society becomes a little more affluent, they are switching more to meat, as other countries have. We are confident that we can maintain our position in the Japanese market and I am very pleased to be able to report to the Committee that I consider our relationship with the Japanese, and particularly with their food agency which imports all our wheat, to be a very satisfactory and understanding one.

I am very, very optimistic about the future business with China. We had two large sales recently, related to China and Russia. I think Russia will continue to buy wheat from us but not on a regular basis. However, I am satisfied that as long as I occupy my present post, we can regard China as a permanent customer for Canadian wheat. They like our quality.

Until recently they have admired our ability to deliver and to meet our contract on schedule. Our reputation in this regard has been damaged within the past year but I think the best answer with regard to China is to remind you that last fall we concluded a new long-term agreement with China. Although, originally, the agreement was set for a three-year term with a minimum of two and a half and a maximum of 5 million tons, this spring Mr. Lawrie and Mr. Vogel renegotiated that agreement with the Chinese and, while they would not agree to a five-year period for which we were pressing, they did agree to extend the quantities under the three year agreement to a minimum of four and a half and a maximum of 5 million tons, this spring Mr. Lawrie and Mr. they will take the maximum quantities. In fact, so far this year—and I am departing already from last year, Mr. Chairman, in order to answer this question for Mr. Jorgenson—we have already entered into a purchase sale with them, representing 1,600,000 tons for the first five months of the new crop year and the understanding that within the first year of the new agreement they will take two and a half million tons, which is more than half the minimum indicated for the three-year period.

As far as we can tell and unless there is some real change south of the border with regard to dealing with China, we can regard China as a major—in fact it is possible that this next crop year she will develop as being the largest—customer for Canadian wheat. So that we are looking forward with confidence.

The other major importing country in Asia is, of course, India. We do a fairly small but satisfactory business with countries such as Hong Kong and the Philippines but these are limited quantities. They are very valuable to us. Price-wise American competition in these areas is very, very difficult for us at the present time. But the major Asian country is India, where most of their requirements have been met by the U.S.A. on concessional terms. Now, Canada is a country which has to have cash to pay its producers on which they live and although the Canadian government has been very generous with aid to India,

this year we will be delivering to them about one million tons which is, I think, about $56 million worth of wheat which we have contracted for delivery, most of which will be going out this July.

So far as the cash market is concerned, the prospects of our dealing with them in the near future on a cash basis or even on a satisfactory short-term credit basis are not too optimistic. As long as we can sell 500 or 600 million bushels of the crops we are producing so that we get cash for it, I much prefer that type of business to selling it for local currencies and having it left in those countries for future development.

Mr. JORGENSON: This brings up two related problems which the Board has faced and will continue to face and I was wondering if Mr. McNamara would care to comment on the adequacy of our transportation and loading facilities at ocean and lake ports at the present time and our ability to transport grain in position for loading on ships. Now this is notwithstanding the strike which is going on at the present time.

I wondered if, in Mr. McNamara's or the board's opinion, some major revision of our transportation and loading policies may be necessary in order to meet expanded markets in the future.

I have just one more question, Mr. Chairman. I do not want to monopolize the time of the Committee and I have just one more after Mr. McNamara has answered this question.

Mr. MCNAMARA: Well, again, Mr. Chairman, I think we are getting into the current crop year but I am sure this question is going to have to be discussed with the Committee and, with your permission, I would like to make a statement now on the current grain transportation position and then a few comments on the general situation. It may clear the air for future discussion. In anticipation of the question I have a prepared statement which I would like to read to the Committee.

The CHAIRMAN: Agreed.

Mr. MCNAMARA: Much attention has been given in recent weeks and months to the problems of grain transportation. These problems have arisen as a result of inadequate car supply at certain periods of the year, congestion at the port of Vancouver and the extremely adverse weather conditions experienced in western Canada during the winter months.

The attention given to the problem of moving grain has tended to obscure the accomplishment. From August 1, 1965 to May 25, 1966, which are the last figures available, the railroads loaded 308,562 cars of grain in the country or an average of 1,497 cars for each and every working day. This is 25 per cent more than was loaded for a comparable period in the last crop year and is 12,581 cars more than was loaded in our previous record year of 1963-64. This performance was made possible by the tremendous efforts made by both railways particularly, in recent weeks, to meet the extraordinary requirements brought about by the large sales of wheat for delivery this crop year.

While it is true that problems did arise during the crop year this was, perhaps, inevitable. But the point we want to make is that, in spite of the problems, the railways have done a phenomenal job in moving grain from farms in western Canada.

While the sales program for the next crop year has not been fully established, enough sales have now been made to necessitate a continuation of an all-out grain movement, at least until the close of navigation on the St. Lawrence Seaway next fall. We would therefore hope that the railways will consider the end of the crop year, July 31, as just another date, and that they will continue their efforts of maximizing the grain movement right through to the close of navigation.

Mr. BEER: May I ask Mr. McNamara if he would please repeat the figures he gave?

Mr. MCNAMARA: They have moved until May 25 since the first of August this crop year, 308,562 carloads of grain from western Canada or an average of 1,497 carloads for each and every working day. This is 25 per cent more than was moved in the previous crop year and is 12,581 cars more than was moved in the record movement which we enjoyed during the 1963-64 crop year.

As a comment, gentlemen, I would bring to your attention that up until May 25 this year, our western producers have delivered a total of 523.9 million bushels of grain, which includes all grain, as compared with the deliveries last year of 460 million. The railways have moved from country elevators a total of 612 million bushels. In other words there have been about 80 to 85 million more bushels of grain moved out of country elevators than the producers have delivered to date.

Now as I said in the statement, it is true that we experienced difficulties last fall and during the winter and, at certain points, particularly, I believe from what I read in *Hansard,* our friends in southern Alberta felt that they were being ignored or discriminated against.

This situation cannot really be laid at the doors of the railways. We at the wheat Board must accept responsibility for the major portion of the disruption in transportation which did develop.

An hon. MEMBER: Is this last year?

Mr. MCNAMARA: We are talking about this year. You will remember that we entered into this exceptionally large commitment with the U.S.S.R. last August and it was necessary, in order to get the machine rolling and to build up our stocks, to start moving into this market as rapidly as possible. After the government and Mr. Sharp convened a meeting with the presidents of the railways and we had secured commitments from them that they could move at least as much grain as they did in 1963-64, we encouraged them to take the short hauls in order to build up our stocks at the lakehead and the St. Lawrence, with the result that they concentrated on Manitoba and eastern Saskatchewan. And, to a considerable degree, stations in northern and western Saskatchewan were held back because they moved the transportation into the areas mentioned in order to get the benefit of a short and rapid haul.

This situation was accentuated again during the winter months because, unfortunately, Manitoba produced a crop of very, very high moisture grain. About 80 per cent of all the grain which had been merchandized in Manitoba and in eastern and northeastern Saskatchewan was out of condition grain and we felt that in order to save this grain from deteriorating, we would again have to

give preference to the movement and we are still, to some degree, continuing to give preference to the movement of out of condition grain. This, again, adversely affected delivery opportunities of producers in Alberta and western Saskatchewan who had produced dry grain.

Of course, in the Vancouver movement, it must be remembered that a result of the unfortunate labour difficulties which developed last July and August, where some of the elevators at large ports were strikebound, was that there was very little space in Alberta country elevators at the opening of the season because shipments, to a great extent, had been retarded during July and August when deliveries were so heavy during July. So the Alberta producers entered the crop year with practically congested elevators.

In addition to this, due to our concentration on trying to get the Russian movement started, a large portion of which was leaving from the St. Lawrence, the car supply to the west coast was somewhat limited as we did encounter a lot of difficulties at Vancouver during the winter months.

I have advocated, and I know I speak for my Board when I say that, for a number of years, we have felt that the terminal facilities at Vancouver were inadequate to handle the changed pattern of grain movement. A few years ago we used to enjoy a movement of about 100 million bushels of all grain out of our west coast ports. Last year, 1963-64 was in excess of 200 million bushels. This year we are again breaking new records and we will enjoy the largest movement out of the west coast we have ever experienced. And notwithstanding the difficulties we have encountered this year, we are considerably ahead of last year and, in fact, we are ahead of the record movement which occurred during 1963-64, but at some expense. We did have a number of boats delayed. We encouraged considerable demurrage charges as a result of our inability at times to fulfill our contracts.

We were fortunate that the government took action to appoint a Transportation Committee and my ex-colleague, Mr. Wittall, came out of retirement to chair this committee and he secured excellent co-operation from the railways and the terminals. I think during February we had the largest movement in history out of Vancouver, with over 29 million bushels of all grain. But I do think both we and the government must direct more attention to the over-all facilities for moving more grain westward.

• (10.30 a.m.)

We discussed earlier the potential market in Japan and our confidence in the development of our market in China. In addition, with the construction of larger ocean vessels, we find that ocean rates, even from Vancouver to European destinations, are now much narrower than they were a few years ago out of the St. Lawrence. Rapeseed from Manitoba for example is moving against the freight differentials to Vancouver because the demand is from Vancouver, not only for Japan but for Italy and other countries in that area of the world. We have recommended to the government, and I know they are giving it serious attention.

But I think that we, in western Canada, need what I call a St. Lawrence Seaway out to the west coast. The Seaway has been of great benefit to us, but

more materially to the United States in so far as the grain movement is concerned. But if we are going to continue to increase our grain exports and if we are, as a nation, going to accommodate the largely increased movement of potash, sulphur and coal which is leaving from the west coast, I think we must direct more attention to improving the facilities at Vancouver. I do not mean just the terminal elevator facilities. I am delighted that the Saskatchewan pool are now going ahead with the construction of a new and very modern terminal. This will not be ready for about two years but it will be of great benefit to us.

I think the railway operations, the yards in Vancouver, probably the trackage to Vancouver—and it would not have to be double track—should be increased. I am hoping the government of Canada will recognize for western Canada the need for increasing all facilities which will enable us to move more of our products out of the west coast because, in my opinion, as a wheat merchant, the future for expanded business, in so far as we are concerned, lies through the western movement.

Mr. JORGENSON: You mentioned the demurrage charges which had to be paid because of ships that cannot be unloaded. Who picks up the tab for these demurrage charges? Is it the western farmer? Are these charges marked as a deduction against his final payment?

Mr. MCNAMARA: I am anxious to have the members of the Committee get to know some of my colleagues. I wonder if I could ask Mr. Vogel if he would care to comment on this question of responsibility for demurrage changes.

Mr. G. N. VOGEL (*Commissioner of the Canadian Wheat Board*): Gentlemen, the question is not a simple one. To answer the question simply, one would have to say yes and no, the farmer sometimes pays a part and sometimes he does not. It becomes a question of contractual responsibility. If we are a seller and if we are in default, then we must entertain demurrage claims under the conditions of the contract on which we sold.

You must realize, however, that just because vessels are waiting to load at Vancouver does not necessarily mean that the Board or the western farmer is liable for demurrage on those vessels. For example, if a condition of our contract at the west coast at the present time—and it has been for some time—is that we become liable on our contract when the vessel can get a berth in order to load, if the port is extremely congested and if vessels are waiting in line to load, it is therefore quite conceivable that vessels could be anchored out in the stream on demurrage. But such demurrage has not been paid by the Wheat Board.

I think, therefore, the answer to the question is, as I said at the beginning, that it depends on our contractual responsibilities and each claim is examined on its merits in the light of the particular contract involved.

Mr. JORGENSON: Well, in the case of the strike now taking place in Montreal, who is responsible for paying demurrage charges there?

Mr. VOGEL: In this case, demurrage, if any, will be a matter between the vessel owner and the charterer of the vessel. However, the ports concerned are strikebound and are so declared and, in the charter parties entered into between the charterers and the vessel owners, in most cases there will be strike protection clauses so that the vessel simply waits.

In any event, this is a strike of longshoremen, so that the vessels cannot be loaded. This is not at all in the same category as an elevator strike where the grain cannot be loaded. The grain is in the elevator but the vessels cannot be brought alongside to pick it up. This is a problem of a different nature entirely but it brings us back to what I said before, that it is a question of the contractual relationship.

The CHAIRMAN: Mr. Pugh, we have five questioners here now and I imagine all their queries are supplementary. You are number four on the list so—Mr. Clermont your question?

(*Translation*)

Mr. CLERMONT: I see Pakistan and Brazil continue to buy large quantities, but particularly from the United States, due to concessions. What are these concessional terms granted by the United States to these two countries that lure them to buy United States rather than Canadian wheat?

(*English*)

Mr. MCNAMARA: I wonder, Mr. Chairman, if I could ask our Sales Manager, who is the bilingual member of our Board, if he would deal with this question?

(*Translation*)

Mr. FRANK ROWAN (*Sales Manager, Canadian Wheat Board*): If you look in Section 4, there is an explanation of the different programs which the United States has for selling their wheat to different countries. They are concessional programs in regard to sales. They accept the currency of the countries accepted. We only accept dollars for our sales. Furthermore they sell on very long-term credit against United States currency, and the credit is for twenty years or thirty years, whereas our legislation does not cover terms such as these.

(*English*)

Mr. CLERMONT: My second question concerns the statement here that the European market production increased by 200 million bushels in which France had 130 million. Did they have good weather in France or was this increase due to new methods?

Mr. MCNAMARA: Well, last year, sir, was a combination of both. They enjoyed favourable growing weather but, as a matter of policy, the French are increasing their wheat production and they have become a major factor in the importing world. Fortunately for us, the quality of the wheat which they are producing is not the same as that of Canada but we are finding it very competitive in some of the eastern European markets.

Mr. CLERMONT: Are they selling much to the Six market?

Mr. MCNAMARA: Yes, quite a lot of their wheat, although I think, as a matter of policy, they are disappointed that their partners in the Six are not finding that the French wheat is attractive to them. The German millers and others, like our quality wheat, because of its strength, and they can blend it with their own indigenous production, so that most of the French production has gone to eastern European markets such as Czechoslovakia, East Germany

and countries such as these and Russia has purchased quite substantial quantities from them. But, again, Russia has diverted most of the French wheat which they have purchased into these other markets where they have obligations to provide them with wheat. So that the most serious factor regarding French wheat production so far as we are concerned, is the export of a considerable quantity of flour which is heavily subsidized, thereby making difficult competition for us. It is certainly working against the sales efforts of our Canadian mills in the export market.

Mr. DANFORTH: I would like to ask, Mr. Chairman, if you will allow a supplementary on this French question.

The CHAIRMAN: The microphone, Mr. Danforth.

Mr. DANFORTH: Is the French wheat grower heavily subsidized yet, as he was, I understand, previously? Is this the reason for the tremendous increase of wheat in the country itself? Is there a direct government subsidy to the farmer on the production of his wheat?

Mr. MCNAMARA: The answer to this question is yes. Mr. Lawrie would you like to read, just briefly, the common market agriculture policies and the reason for the increased production in France and these countries. Mr. Lawrie is pretty close to this situation.

Mr. JAMES B. LAWRIE (*Assistant Chief Commissioner, Canadian Wheat Board*): Gentlemen, referring to France particularly but, actually, common market policy has encouraged all the common market countries to increase wheat production.

I have before me the 1965 world wheat statistics issued by the International Wheat Council and, in the case of France, the 1949-50 to 1953-54 average was 296 million bushels per year. That has gradually been increasing, with some variations due to climatic conditions. The crop of 1964-65 was 500 million.

Now looking at the figures for the Federal Republic of Germany, their average in the first five-year period was 107 million bushels, which is now up to 191 million bushels for 1964-65. And so it goes on. In the case of Italy, which is the second most important wheat producer, they averaged 284 million in the 1949-50 to 1953-54 period. They have not changed their production a great deal, although they are up to 315 million. They are traditionally wheat producers. However, if we look at the figures for a country like the Netherlands, their average was only 11 or 12 million bushels for 1949-50 and they are up to 26 million bushels in 1964-65 and Belgium went from 20.7 million bushels to 35.9 million bushels in 1964-65. So there is a general increase.

Obviously the reason for that is pricing. They have an agreed price. It is not a level price yet but it will be in 1967 as they are trying to bring all the countries in the common market to a common agricultural price. It is a fairly substantial price, in terms of what the Canadian farmer receives. Consequently, it has undoubtedly encouraged the production of wheat.

They are further protected, of course, by a levy system on imports which brings up the price of imported wheat very substantially and the reverse of that is that France has a surplus. Quite a heavy subsidy is paid. I think it has been as high as $50 a ton on exports. If I recall correctly, a year or two ago, when

there were negotiations with China, France obtained approval to put on an additional subsidy to cover the freight from frontier bases to Chinese ports. I do not think it was used but I do recall it was about $10 a ton and they had varying additional subsidies, depending on the location of the destination for the wheat.

It is interesting to note that a country like the Netherlands, for example, which is a large wheat importing country—I think already this year they have probably taken over a million tons of American wheat—is concurrently exporting its own wheat. A year ago I would say that about half of their wheat was exported to the United Kingdom—something like 11 or 12 million bushels out of a production of 24 million or thereabouts.

Therefore, there is quite a distortion in the common market policy. It seems rather odd that the Dutch, who are large importers of wheat, can turn around, with the levy system, which is reversed and becomes a subsidy and it pays them to export wheat to the United Kingdom and bring in red winter from the United States or French wheat. However, that is a fact of life. Is that sufficient, Mr. Chairman?

The CHAIRMAN: Yes. Is there any further question, on this, Mr. Danforth?

Mr. DANFORTH: No, I thank you.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have to leave at eleven o'clock and I have two particular questions. However, I will be back and I wondered whether, if I did not get them both answered at the present time and this section had been dealt with, could I come back to one of them later on?

Mr. McNamara mentioned the transportation system referring to the west coast and the new terminal elevator which the Pool is presently building. I would like to ask what co-operation there is on policy between the Wheat Board and the railways and if they make any recommendations to the railways on what they feel would be improvements in the transportation system with regard to high speed movement of grain to both the west coast and the lakehead.

I would like to mention that recently, in the House, I referred to an article in a newspaper, pertaining to the new set of grain trains in the United States. Have the Canadian Wheat Board and the transportation systems discussed the feasibility of initiating such an operation in Canada whereby grain could be speedily transported to the ports, unloaded in 24 hours and a return journey made for another load? In my estimation, this is something we should look forward to and I wonder if Mr. McNamara could say whether there have been any discussions on this in Canada?

Mr. MCNAMARA: Well, Mr. Chairman, in endeavouring to answer this question I should first point out that under our act we have no control over the railroads. The only control, in so far as railway boxcars are concerned, is that we have authority to control distribution between elevators after they are placed at a shipping point.

But this does not mean we do not work closely with the railways. We keep them constantly advised. In fact, before we entered into the two commitments with Russia, the government called in the railways and we had commitments

from them on whether or not they could move the grain we were contemplating selling. We constantly keep them advised of our transportation targets and give them detailed information concerning the requirements at each and every shipping point.

However, in this larger field of better railroading we, of the board, while we do not have the jurisdiction and we do not feel we are competent to tell the railroads how to run their railways, have made representations to the railways urging the necessity of government action being taken to conduct a complete survey into the grain transportation movement. We are very conscious that with the advent of the large movement, which is going to take place to the west coast, of minerals such as potash, and sulphur and for which is going to be used the same type of equipment normally used for grain, something will have to done to speed up the movement.

The railways are doing a much better job than they have ever done before. The advent of the diesel, of course, was a great improvement, so far as movement to the west coast is concerned. The movement of grain in recent weeks, not only to the lakehead but to Vancouver as well, has been up to full capacity of our terminals to unload and clean the grain.

It must be remembered at Vancouver, in particular, we have a different problem because all the grain must be cleaned at the terminals after it has arrived and before it can be loaded on to vessels. Out of Montreal, of course, we use the large reservoirs the capacity of which is 100 million bushels apiece. There, during the winter months we can clean and prepare the grain ready for shipment, so that we can expedite the movement out of the St. Lawrence and the Maritime ports much more rapidly than we can in Vancouver.

But, coming back to your suggestion, although we have talked individually with railway officials—we know they are undertaking studies and are making arrangements now for more power—we think this is a job which the Canadian government should be undertaking and that a thorough study should be made, particularly of the movement westward. Although they have made improvements on transportation along the single track, we do not think the yardage for spacing cars and stalling them consistently at the terminals to allow a full unload each day, is sufficient. But, other than give advice to other people on what we think they should be doing, we do not feel we are competent to tell the railways how to run their business.

Mr. WATSON (*Assiniboia*): What you say, Mr. McNamara, is possible quite true. But at the same time, the Canadian Wheat Board is responsible for disposing of the grain in Canada and as the, let us say owner of this commodity, do you not feel that we have a great responsibility too? True enough, transportation is the railways' business and I realize full well that we can not dictate to them but in view of the fact that we are in the grain business and they are moving our commodity and we have no other way of moving it, do you not feel that we could make strong recommendations, through the government, that we must modernize our grain movement facilities? I do not think there is any question about this.

Just the other day I happened to pass a train on the main line of the CPR—we all realize that the railways were completely forced out of the car transportation business—a whole trainload of these modern railway cars each carrying fifteen cars on one flatcar. We must modernize our grain system. These old 1,300 and 1,500 or 2,000 bushel cars are back in the horse and buggy days. We had these cars 30 years ago and today the farmers have modernized and gone up to 300 or 400 bushel trucks but the railways are still trying to do the same job with their old outmoded equipment. This is the reason I feel we must start thinking in terms of 4,000 or 5,000 bushel cars that can move grain fast. This is the key, so far as I am concerned.

You mentioned the double-tracking. In the last two or three years the CPR has just finished taking up their double tracks. I am specifically thinking of the stretch between Moose Jaw and Regina which are the two large cities in southern Saskatchewan. This is contrary to your thinking of what may have to be done.

Mr. McNAMARA: Of course the Moose Jaw and Regina grain normally, as you know, moves to the lakehead and we do not have the problem in so far as the movement to the lakehead is concerned. We have the capacities there to unload. We have been averaging 1,200 or 1,300 cars a day at Fort William so that the bottleneck to which I referred is more related to Vancouver.

You no doubt have in mind these special trains which have been instituted in the United States. This is a somewhat different movement from what we have in western Canada where we originate our grain at so many individual shipping points. Most of these special trains which are being used for moving grain are moving say, from Duluth to Buffalo, where they are unloaded at terminal elevators and they can move with dispatch. However, when you are going to a large number—I think we have about 2,000 individual shipping points in western Canada to pick up the grain—this operation is not quite as feasible as it is in the United States.

I am in complete agreement with you, Mr. Watson, and particularly in so far as the movement to the west coast is concerned; I think we are about ten years behind in transportation and other facilities which should be developed. You may be assured that, as a Board, we not only make strong representations to the railways to smarten up but we are urging the government and the Minister of Transport to accept our thinking that studies should be undertaken to deal with this problem.

I made reference to the St. Lawrence Seaway. I think it was a wonderful thing for Canada, particularly eastern Canada. However, I think we in western Canada are entitled to some kind of government leadership which will expand our mode and speed up transportation to the west coast because that is where the market for most of the products from western Canada is going to have to originate.

But, other than to give advice to people, we have no authority but we are certainly pressing both the railways and the government to take action in this regard.

Mr. DANFORTH: In other words, if they will not listen, there is not too much use talking.

Mr. McNAMARA: Well, we put them on the spot, because at this last Russian negotiation when the Russians again confronted us with the problem of taking on another five million tons, which would bring our records for the crop year to 600 million, after protecting our normal markets, we called in the both the government and the railways and said: "Here is the business. If we sign it, can you guarantee it will be moved?" This does bring pressure to bear.

Mr. WATSON (*Assiniboia*): Mr. McNamara you referred to the American set-up being a little different from ours. Referring to the inland terminal elevators which we have at the present time, I have done a little work on this subject and I am going to specifically refer to the one in Moose Jaw and the one in Saskatoon, which are practically sitting there idle. Could we not make use of these elevators as a gathering point from the points all through Saskatchewan and have this grain coming into the terminal elevators to be cleaned up at the elevators. The facilities are there. I am specifically mentioning Saskatchewan at the present time. Have these trains operate from Saskatoon and Moose Jaw to the west coast.

I realize, as you said, that Moose Jaw or just west of Moose Jaw, is the breaking point on whether the grain goes east or west. But, in the fast movement of grain, I do not think it really matters whether you are hauling 100 miles—it is not 100 miles, the breaking point is possibly 50 miles west of Moose Jaw—if the facilities are there. This grain could be ready to be picked up quickly at a terminal elevator, such as I have mentioned, moved out to the west coast. This distance does not really amount to too much. I think we must change our thinking and use these terminal elevators which are sitting there because, as I mentioned before, at the present time they are just white elephants.

Mr. McNAMARA: You will remember, Mr. Watson that, during the period of suprpluses and congestions, when it was a case of finding markets for the grain, we did fully utilize these interior terminals. But let me point out to you the conditions which exist today; where there are boats waiting at Vancouver and we are having difficulty in getting enough grain, to Fort William and enough lake boats to Montreal—if they ever open up Montreal again—to meet the ocean requirements, it is not good business to use boxcars to move grain into Lethbridge or Moose Jaw and shuttle them back, when that particular car is immediately needed at Vancouver or Fort William. I think it is a case of timing.

The other thing you must keep in mind is that under the set-up of these interior terminals, there are not only the additional handling charges but stop-off charges are assessed. We calculate that it costs the western farmer about 6 cents a bushel extra to put grain into these interior terminals and then re-forward it to Vancouver. Recently, and again because of the serious situation at Montreal, which is really causing us concern and will mean we will fall down on our commitments again this year and that we are not going to be able to equalize quotas, we are starting to utilize these government terminals solely to keep the railroads operating. The terminals at Fort William are beginning to be congested and if we get to a point where they cannot unloiad the grain, the railways will take their cars out of grain. So we are starting to utilize these terminals. In the last few days, we authorized the movement into Moose Jaw of some six wheats that we do not need immediately. We are now moving wheat into Calgary; we will probably move some into Lethbridge.

But the point I am trying to make is that when you need the grain at the seaboard it does seem to me to be good business to put it into Moose Jaw to build up a stock for some time in the future, when you are paying demurrage on a boat which you cannot meet at Vancouver.

Mr. WATSON (*Assiniboia*): You have missed the point here; I am not trying to confuse the issue by suggesting what should possibly be done, but that there should be greater action than there is at the present time. But this is in an over-all plan where, with reference to these trains I have mentioned, supposing we went into a modern transportation set-up, we would not then be tying up the local boxcars as we are now. They could be used for funnelling grain into these elevators and the railway would not lose by it. At the same time, we could have modern trains to take grain from the inland terminals to the west coast, and this would be their sole business.

Mr. MCNAMARA: I can agree with this but, of course in doing so, we are opening up quite a can of worms, because if we have railway abandonment and we could utilize these interior terminals at Moose Jaw and Saskatoon for local distribution and assembly and probably change our methods whereby producers could deliver directly to these points. Then, we could certainly utilize these special trains, you have mentioned, to speed it up. But, when the railways have to service these branch lines and put in four or five cars here, there and everywhere, to my mind, once those cars are loaded, I would much rather see them highballed to Vancouver than go to Moose Jaw, be unloaded, then reloaded into another car and shipped out. I think this would be a poor use of transportation under the present set-up.

I would hope that some system can be evolved whereby the government would get rid of these interior terminals. I would like to see them in the hands of the pools and of the grain growers of the private companies, so that delivery of the grain could be taken direct from the farmers, without the use of transportation then cleaned and moved, with dispatch, to the west coast, where it is needed.

I do not think we are in disagreement on the advisability of utilizing these facilities, but the doubt in my mind is how it can be worked out to the best advantage under present circumstances.

Mr. WATSON (*Assiniboia*): Thank you Mr. McNamara. I have to leave now, Mr. Chairman, but I will be back.

Mr. BEER: May I ask a supplementary?

The CHAIRMAN: Yes.

Mr. BEER: We are all concerned with the expediting of this important end of our business—the export of our wheat from the west coast. I note, from the figures you gave us, that we increased our output by some 25 per cent. Now this, I assume, has been achieved—because the facility has not changed that much—by a more efficient use of the facility which is there.

Has this sponge been wrung dry or can we improve still further and achieve another 25 per cent? Or will we have to take drastic measures in order to bring about a further increase in our movement of grain?

Mr. McNAMARA: I think that more permanent steps have to be taken, Mr. Beer. The railways were unable to secure more cars and a number of cars which were slated for discard have been repaired and used for this service. They borrowed equipment from the American lines but I do not know how long we can retain it because the Americans are now having more difficulty in transportation problems than Canada not only on account of the Viet Nam situation, but because of their grain commitments.

The other thing is that we have enjoyed this year, as I said before, not only the best possible co-operation from the railways but from the elevator companies and the terminal operators. In February we sent 29.2 million bushels through those Vancouver houses which is five or six million bushels more than has ever gone through in the past. But this entails overtime work, which is a constant drag in these terminals which cannot operate at these capacities year in and year out. I would say that, while we are attaining new records this year at Vancouver, unless more and better facilities are there we cannot keep up a movement of this kind through the existing facilities.

Mr. RAPP: Mr. McNamara, you made a statement that you move much more grain to the west coast now than before. Could the Wheat Board not give some consideration to the moving of more grain through Churchill on Hudson Bay, in order that northern Saskatchewan, in particular, could ship their grain more quickly and in greater quantity than is done at the present time? We have never shipped more than about 20 million bushels through Hudson Bay and the farmers there have made statements to the effect that there are facilities to accommodate 35 million bushels at Churchill. Could not the Canadian Wheat Board give more consideration to this shipping port than in the past?

Mr. McNAMARA: First of all, I want to say that I do not think there is any organization in Canada which has done as much to support the movement through Churchill as has the Canadian Wheat Board. I think we have built the port, in so far as exports are concerned.

You must remember that the season at Churchill is very short. Navigation opens up at the end of July or early August and we have to have the boats cleared by October 15. However, more important than that, the markets which can be serviced out of Churchill are limited as compared with Vancouver. For example, it is not feasible for Japan, China or India to take wheat through Churchill and our expanding business is in these areas. Actually, the business we are enjoying in western Europe is on the decline due to the efforts of the French in finding better methods of utilizing indigenous wheat. We used to estimate we had a market of about 200 million bushels into western Europe. This market is not the expanding market; it is not the market of the future. Therefore, Churchill is, to some extent, ruled out from this expanded area unless something happens, which I cannot foresee at the present time, to change this.

Another thing to remember about Churchill is that the shipping season and delivery of grain from Churchill into western Europe coincides with the harvesting of their indigenous crops and these people are only prepared to take so much Canadian wheat at that time of year because, if they take more, they have to put it into storage and it becomes expensive for them. There is, therefore, a definite limitation on what we can sell there.

The other point which I think is very important and which I tell to my friends in the Hudson Bay Association, but I do not get through to them very well is that if you start pushing more wheat out of Churchill into certain markets, than that market can absorb that wheat becomes a bearish factor on the market and can affect the international price level. As you know, we compete with the United States and, at times, when wheat has been taken by the trade for movement out of Churchill, the buyers have been reluctant to buy it at that particular time and it lies afloat and unsold over there and becomes distressed wheat. They then lower the price, trying to get rid of it; and that has the effect of not only affecting all our price levels in the St. Lawrence and Vancouver, but our competitors look at this distressed Canadian wheat which has been offered in the U.K., U.S.A., or western Germany and increase their subsidy to meet that competition and we then lower our prices to meet our own competition.

I suggest very sincerely, in the interests of the western farmers and particularly the constituency you represent that although Churchill is very, very valuable, and we get premiums on the wheat we ship out of Churchill, nevertheless there is a definite limit on the markets we can expect to take wheat from Churchill. I have consistently pointed this out to my friends. When I first went into the Wheat Board I think we shipped about five million bushels out of Churchill and we got up to about a 22 million bushel bracket. You are two million short when you say 20 million. This year, again, we have sales in the neighbourhood of 20 million. I hope we will be able to expand slightly above that figure. However, under the present shipping program, we have to have a constant daily supply of 150 cars a day arriving at Churchill, the grain has to be cleaned and a boat has to be on the berth every day if we are going to complete the program which we have under way. Under existing conditions, we are running very close to the maximum capacity.

The CHAIRMAN: If I might interrupt, Mr. Rapp, just for a minute. I do not know what the Committee will think of this, but the Chairman has taken it upon himself to have coffee delivered here and we can take a ten-minute coffee break, after which Mr. Rapp can resume.

Mr. PUGH: While the coffee is coming around, Mr. Chairman, might I say that I have to attend a radio broadcast but have two short questions which I would like to put before leaving. Would that be all right?

The CHAIRMAN: Go ahead, but we do not want to lose our members.

Mr. PUGH: I would still have to leave as I already missed the last two. Does Canada ship via any U.S. port?

Mr. MCNAMARA: No.

Mr. PUGH: Has that been explored?

Mr. MCNAMARA: We used to enjoy quite a movement, in pre-war days, through the Buffalo outlet and through New York and Philadelphia but now, with the opening of the Seaway and the consequently cheaper routing, it is not advantageous for us to try and ship this way; it is more expensive.

Mr. PUGH: On the west coast, sir, I was thinking of Seattle and Portland?

Mr. McNAMARA: Well, unfortunately, in Canada we enjoy what they call a Crowsnest Pass rate and these rates will not apply to grain unless it is being exported from Canadian ports. If we were to route grain through Seattle, we would have to pay a local mileage rate, which would make it impossible.

Mr. PUGH: The other question sir, was with regard to the 1963-64 shipment sales. Did we complete our shipments during 1963-64?

Mr. McNAMARA: We had a carry-over, which is quite a normal thing. The Russians asked us to defer some of the shipments from the end of July into August. Our exports were 594. I think we had sales commitments in excess of 600 million, the same as we have this year.

Mr. PUGH: How does it look for 1964-65? Have we completed those sales?

Mr. McNAMARA: Oh yes, all our commitments for that year. Are you talking about 1964, 1965 or the current year?

Mr. PUGH: The two years: 1963-64, 1964-65.

Mr. McNAMARA: Yes, we have met all our commitments. Some of them ran into August but this is quite a normal thing; boats sometimes do not arrive and we always have a carry-over from one end of July to the other. We name it the cool period.

The CHAIRMAN: The committee will adjourn for ten minutes.

—Upon resuming.

The CHAIRMAN: Mr. Rapp, you had the floor.

Mr. RAPP: Well I got all the information I needed and I thank Mr. McNamara for the explanation he gave about the Hudson Bay Route Association and the port of Churchill.

Mr. CHAIRMAN: You got all the information you needed?

Mr. RAPP: I am quite pleased.

The CHAIRMAN: Mr. Jorgenson?

Mr. JORGENSON: If Mr. Rapp has no more questions relating to Churchill I wonder if Mr. McNamara would tell us where most of our grain from the port of Churchill goes. Was any of it shipped to Russia?

Mr. McNAMARA: No. The bulk of our movement from Churchill has been going to the U.K., West Germany and western Europe. The Russians, contrary to what some of the statements made by my friends in the Hudson Bay Association that we did not try to sell wheat to Russia, discussed this question with us thoroughly in 1963-64. But, of course, it was late in September when they approached us and the season was rapidly drawing to a close. However, in the last negotiations they made a thorough exploration of the possibility of taking wheat out of Churchill. As a matter fact we have a letter from them which I will have to read some time if I am accused of not having raised the point. In this letter they said that after examining the situation, they were not prepared, at

this time, to take wheat out of Port Churchill. We hope that if they prove to be a continuous buyer we can influence them to take wheat out of Churchill.

One of the most promising things this year, arises out of one of our contractual arrangements with Poland. The Poles have agreed, for the first time, to take three cargoes of wheat out of Churchill. As I told Mr. Rapp, if we are going to expand the movement out of Churchill, we have to find markets which can be serviced by Churchill, if they are interested in taking wheat during that short period. The damaging thing is that, just at the time we would be making delivery from Churchill, indigenous crops in these markets are being garnered.

Mr. JORGENSON: Is there any problem in getting cargo ships to come in there? I am thinking particularly of imports. Is there any problem of getting ships to come into Churchill and pick up a one-way cargo or would it be necessary to have sufficent quantities of imports coming into the port of Churchill to make it profitable for the shipping companies?

Mr. MCNAMARA: No. I think a lot of the future of Churchill will depend on import cargoes. But this is not necessarily a detriment to the grain movement. For instance in the case of Montreal, Mr. Lawrie can correct me if I am wrong, but I would think that 80 per cent of the bottoms which come to take grain out, come in under ballast. There is the problem of influencing shipowners to come in during the late part of the season. They do not like to come in after the first of October because they fully realize that if the weather turned against them, their ship would be icebound until next July, which would be a very expensive operation. There is a reluctance to come in at the tail end of the season although, in many years, we have been able to prove to them that navigation was such that they could have kept going for another month. But it is a very calculated risk for a shipowner to put a vessel into Churchill which might be frozen in and be there until next July.

Mr. JORGENSON: Can they not buy insurance?

Mr. MCNAMARA: I would think it would be very, very costly to do that. There was one boat which went down at Churchill and I am satisfied that the owners thought that was a good method of disposing of it.

The CHAIRMAN: The microphone is not picking up some of the voices so perhaps you are not speaking close enough to them. Mr. Korchinski do you have a supplementary concerning the Hudson Bay?

Mr. KORCHINSKI: Mr. McNamara, in your earlier statement about shipments out of Churchill, you seemed to indicate that you are not too fussy about having too much grain shipped out of Churchill because it may have an effect on the over-all pricing of grain. Is that correct?

Mr. MCNAMARA: I do not think that was quite a fair interpretation of what I meant to say. As a Board, we want to do all the business we can out of Churchill because it is profitable to us. We get a premium on wheat we ship out of Churchill and this is reflected to the producers. I was suggesting there is a limit to the markets which can be serviced out of Churchill and that if you try to ship more wheat to those markets than can be absorbed, it has a bearish effect on over-all prices.

Mr. KORCHINSKI: Well, surely, when we have sales of the present magnitude, another five or ten million bushels is not going to influence the over-all pricing picture is it, Mr. McNamara?

Mr. MCNAMARA: I would disagree. Last fall there were two or three cargoes out of Churchill at the end of the season—and we enjoyed a record year—that were unsold. The trade had purchased with the idea of remerchandising in western Europe and on the U.K. market. The prices at which this wheat, which then because distressed wheat, was sold justified some of our competitors in lowering their prices to meet the competition because this was what Canadian wheat was being sold for in the U.K. Some of the companies carried that wheat until very recently, before they were able to merchandise it. Storing wheat in Europe is much more expensive than it is in Canada and the losses they have taken on those cargoes made them quite reluctant to commit themselves so heavily this year on shipments out of Churchill.

Mr. KORCHINSKI: If this, then, is your interpretation, and I am not arguing with it, all I am saying is that the Hudson Bay Association then could not possibly look forward to greater quantities of shipments out of the port of Churchill, if they are going to have an effect on prices.

Mr. MCNAMARA: Unless we can develop markets like Poland, Hungary, Czechoslovakia and probably Yugoslavia—areas which can be serviced out of Churchill. But markets like China, Japan, Hong Kong and other markets where we are building our business—

Mr. HORNER (*Acadia*): What about the Russian market?

Mr. MCNAMARA: I think the Russian market, if the Russians would take wheat. But you must remember, Mr. Horner, that the Russian crop pattern is quite similar to our own. They have winter wheat but two-thirds of their production is spring wheat and their harvest time is in July, August and September, which coincides with ours. This is when they are trying to garner their own crop and, at that particular time of the year, they are very reluctant to import wheat in volume from any destination.

Mr. KORCHINSKI: I seem to recall, when you touched on the whole question of the negotiations which were under way back in 1963-64, your saying the shipping season was almost at a close and therefore there was no possibility of further shipments. I think there were grounds for some criticism there in that mention was not even made of the possibility of shipments being made out of Churchill the following year. My opinion is that you had in mind the pricing factor and you wanted the sales and therefore you were not going to affect the pricing of wheat just by selling it through Churchill. I think this was a secondary factor in your mind.

Mr. MCNAMARA: I must completely disagree with your statement on that because fortunately for us, in our negotiations with the Russians, and primarily due to the fact that maybe we were the only source of supply in the volume they wanted, our price negotiations were not difficult at all nor was the fact that we had grade options.

We told them that if they wanted five million tons they would have to give us the right to deliver any grade of wheat we could get into position at the

time any particular boat came in and they bought this. And while they went through the manœuvers of a good buyer, by negotiating in price, we made no concessions in price at all in 1963-64 nor did we make concessions last year, in so far as price was concerned. So the pricing factor was not involved; it was the lateness of the season in 1963-64, and although they examined the question and did promise us that if they were going to be in the market the following year they would give serious consideration to trying to put some boats into Churchill early in the season, their shipping people were also reluctant and worried about the danger of the boats being trapped after October 15. In the meantime, we not only discussed it at the last negotiation but Mr. Vogel and Mr. Treleaven had been in Moscow previously and again raised the question of Churchill so the Russians were fully conversant with the question. They know much more about shipping out of Churchill than I will ever know because they are knowledgeable people and they go into such things very carefully.

We were disappointed in this last negotiation when they advised us that the circumstances were such that they could not contemplate taking wheat out of Churchill. However, again they promised us they will keep it under review. I am hopeful that if it develops that they are going to require wheat again next year, we may be able to influence them because if we could get Russia to take wheat out of Churchill at that period of the year—and there is no geographic reason why they should not—we would make delivery. This is the hope for expanding Churchill business.

Mr. KORCHINSKI: I have another question in relation to the sales to Russia. I do not know whether or not there is any truth in this recent rumour, but I wonder if Mr. McNamara could tell us whether the Russians have indicated that they may hold off future purchases of wheat in the advent of controversy or adverse publicity which they may suffer as a result of inquiries and so on.

Mr. MCNAMARA: I would hope I would be in a better position to answer this question in a few weeks because I am leaving at the end of the week for Moscow, as a member of the negotiating team on the trade agreement, and this will give me the opportunity to discuss these problems with our Russian friends.

However, up until a month ago the Russians were showering Canada with praise on the delivery and the manner in which we had expedited their shipments. In fact, we were not only on schedule but considerably ahead of schedule, up until a few weeks ago. But of course, now they are very dissatisfied because they have 23 boats waiting for wheat and it is expensive when you charter freight and cannot get delivery. The Russians therefore are now very dissatisfied and I can understand this dissatisfaction because, as I tried to explain earlier, this is the period of time when they need imported wheat. Their new crops will be coming in and they will not be so dependent upon the imported wheat. There is no doubt in my mind that the delay at this time, in Canada meeting her commitments is going to have far-reaching effects against Canada. We know from our experience last year in Vancouver, when our shipments were delayed and we had strike conditions there, that we have not yet recovered from the effect of those strikes. Because many buyers who normally were coming to Vancouver with confidence are now reluctant and are asking a lot of questions before they will enter into commitments from Vancouver. We also know that shipowners are now charging a higher freight rate

from Vancouver than previously prevailed, which is making the Vancouver wheat more expensive and not as attractive as it was before. I therefore cannot minimize, gentlemen, the damage which is being done to Canada's reputation, through our inability to meet our commitments as a result of these strikes which have developed.

Mr. KORCHINSKI: Thank you for answering the way you did, but I was referring to the Russian suggestion that the Canadian government is apparently not putting a damper on the idea that Russian spies are active in Canada, and that sort of thing.

Have you any indication, at all, from the Russian authorities that, because of this idea, they may have to look for their wheat elsewhere? Any indication at all?

Mr. MCNAMARA: No. You must remember, Mr. Korchinski, that although we are a Crown corporation we are a commercial organization as well. Our counterparts in Russia Exportkhleb and I would say that no organizations in the world enjoy a more friendly and harmonious relationship than the Canadian Wheat Board and Exportkhleb. They have a permanent representative in our office who works with Mr. Rowen in programming the ships and, as I say, until this unfortunate situation recently developed, the Russians made it very clear to us that, so far as they are concerned, we are the country they like to deal with because, not only have they confidence in our grading system, but we have always met our commitments to them on schedule. In fact we have been able, on many occasions, to preship to them.

I am hoping, when I get to Moscow next Monday, I will find the relationship between our two commercial organizations to be just as friendly as it has always been in the past. I cannot speak for the diplomatic relations between the governments; this is outside my sphere of knowledge.

Mr. KORCHINSKI: This has not affected the future prospects at all?

Mr. MCNAMARA: I certainly hope it will not.

Mr. KORCHINSKI: The next question I have is in relation to meetings which were held last year. You will recall that there was some congestion and accusations were levelled at the Wheat Board that they were not doing enough to move grain and then the railways were accused of not providing cars, and so on. The government called a meeting at Winnipeg, I believe, and as a result of this meeting, a wonderful communique was received to the effect that nobody was to blame, and so on. What really went wrong there and what is the story now?

Mr. MCNAMARA: I would say that we, as a Board, must take quite a share of the responsibility for the situation which developed at that time. As I mentioned earlier, when we entered into this large commitment with the Russians in August, we met with the railways and, in trying to assess for them what transportation would be required, we told them the movement would have to equal that of 1963-64 which was the largest previous movement in history. Both railways gave us assurances they would meet this movement and it was also agreed we should try to speed up as much as we could and get as much as possible shipped before the close of navigation.

They asked us to set up a program for them. We set up a program to the close of navigation, which they claimed was unrealistic and, in fairness to them, it was unrealistic because, normally, we find, particularly with the Canadian Pacific Railway, that their ability to move grain is greater in the spring and summer months than it is in the fall months prior to the close of navigation when so much other general traffic is moving. They fell short of the target. They made no commitment to meet this target, except on an over-all basis.

As I mentioned earlier, we asked them to preference the short haul, to move as much grain as possible. We were chartering freight; all the boats were available and we tried to get a big movement started. They concentrated in Manitoba and in southeastern Saskatchewan and we starved western Saskatchewan. This created congestion and problems and natural and justifiable criticism from producers who could not deliver.

I know there was a lot of criticism from some of my friends in Alberta. I do not think it was quite as justified because, in the past, Alberta enjoyed advance quotas over Saskatchewan and this year they were back into a more normal situation as compared with the other provinces. That situation is rapidly being remedied. I have a quota statement here, giving the quota situation as at June 6, which shows that we have only 100 stations still on the six bushel quota, comprised of 11 in Manitoba, 45 in Saskatchewan and 44 in Alberta. We have 651 stations now on the eight bushel quota and 1131 on the ten bushel quota. In so far as marketings are concerned, this is the total quantity of grain not related to quotas, that farmers would like to market; the total production they would like to have delivered if facilities and transportation were available. This year it totals nearly 900 million bushels of all grain. Manitoba has delivered 70 per cent of that objective; Alberta 63 per cent of that objective with 62 per cent of their wheat delivered, whereas Saskatchewan has reached only 53 per cent of the total objective. I suggest that Manitoba and Alberta are doing quite well and, once again, Saskatchewan. You must remember, gentlemen, that this is where the large block of wheat is located—in Saskatchewan.

This year the transportation problem is accentuated because, production-wse, there was a larger than normal percentage of our crop shipped on the Canadian Pacific Railways than on the Canadian National Railways. Normally, we anticipate the movement should be about 55 per cent CPR and 45 per cent CNR. But this year the production figure is closer to 60 per cent CPR and 40 per cent CNR and if, as we had hoped, we could equalize an official quota before this strike developed, it would have meant that the CPR would have had to move about 62 per cent of the balance of the grain and the CNR only 38 per cent.

This disruption in the normal pattern of production has thrown a heavier than normal burden upon the Canadian Pacific Railway. But they are meeting the challenge and, in fact, during the past two weeks we have had by far the best movement of grain out of elevators than has ever in the past been enjoyed in western Canada.

Mr. KORCHINSKI: To return to the meetings between the railways and the government, do you have a regular schedule for these meetings? I am sure there are consultations at all times, but do you have a regular time, say, once every two months or so, when you meet and discuss the problems you are encounter-

ing. For example, the strike will no doubt create problems for the Wheat Board and for the transportation companies. Do you have a definite date set aside for a meeting to work out these problems?

Mr. McNAMARA: Normally we do not have definite dates, although we periodically bring out transportation documents and an assessment of the situation. We have arrangements with both railways where their vice presidents located in Winnipeg are on call for consultation with the board and we have many meetings throughout the year.

Last year, when we ran into these difficulties, the government set up a grain transportation committee and I was asked to act as chairman of it. It was represented by vice presidents of both railways and by senior personnel of the grain companies. We met on a regular basis all last fall. At the present time we are adjourned to the call of the Chair. When a situation develops I am free to call a meeting at any time.

A similar arrangement was made by the government through the Department of Transport last January at Vancouver, where they set up a special transportation meeting which met on a regular basis but is now adjourned to the call of the chair. We do plan on meeting, not on a regular date, but whenever a situation renders this necessary.

In addition, we have met with the railways on a government level and advised them of our outlook for the future. We have anticipated the increased movement of grain and have alerted them as I mentioned earlier, that July 31 is just another day, so far as we are concerned. We must keep railroading right up until the close of navigation because I am confident that we can do more than 400 million bushels next year, even if Russia does not enter the market. We try to keep the railways closely posted regarding the problem and our requirements.

In addition to this, on a weekly basis, we furnish the railways with sufficient copies of a document they can distribute to all their dispatchers, showing the individual quota, the stocks in store and the number of cars and the shipping order of every individual shipping station so that they can keep track of what is required at each individual shipping point, to try to equalize quotas.

Mr. KORCHINSKI: Have you any idea what kind of a backlog is developing as a result of the strike? Have you a daily or an over-all picture of the situation to date?

Mr. McNAMARA: In so far as the railways are concerned, the problem is just now becoming acute. We have, today, I would estimate, about 63 million bushels of grain in the lakehead terminals.

During the winter we built that up to about 85 million but when you reach the 63 to 65 million bushel level, some of the terminals become congested. With the lake fleet now tied up mostly at Montreal with grain that cannot be unloaded because the terminals are filled, there are only a limited number of vessels coming into Fort William and these stocks will increase rapidly.

I am very, very concerned that unless the Montreal strike is settled immediately—and I do not mean tomorrow or the next day, because we are already in trouble which, I am sure, will mean we will not be able to meet our

commitments this year—I do not think it will be possible for us to equalize the quotas at the ten bushel level, which we were confident we could do two or three weeks ago.

But if the terminal at Fort William becomes congested, it will mean the railways will have to pull cars out of the grain movement. Once they are out and the railways start returning some of the borrowed equipment to the United States, we will be in very, very serious difficulties.

Mr. KORCHINSKI: Have the railways given you any indication that they will be doing that shortly?

Mr. MCNAMARA: They have not said they will be doing it but they have advised us of their problem.

The CPR have about sixty-five hundred cars with a load for Fort William of about 13 million bushels en route to Fort William. The CNR have about 2300. And they cannot keep up a movement of this nature unless we can unload these cars. So that I would say that within the next week or ten days, the railways will be forced to cut down on the loading in the country unless we can provide relief at the terminals and, in order to do that, we must get the grain out of Montreal and we must get these lake boats back to Fort William so that we can empty the terminals again.

Mr. KORCHINSKI: Were your orders going out up until the strike developed?

Mr. MCNAMARA: Yes, yes, we still have orders. We have orders now, at practically every shipping station in western Canada which would provide sufficient space to take the ten bushel quota.

Mr. KORCHINSKI: Now I understand that you have an order out that if any farmer has tough grain or any grain that may go out of condition, over and above the ten bushels, an exchange program can be worked out. Is this an indication that the Wheat Board does not expect to take delivery of anything beyond that point?

Mr. MCNAMARA: Yes. That is our policy. I have a statement here on the quota situation which I might read now, if you wish, and file with the Committee. Our expectation was, and we were confident of this, as a result of a recent questionnaire which had been completed, that we could equalize and give all producers in western Canada, at every shipping point, the opportunity of delivering the equivalent of a ten bushel per specified acreage quota. But this is now going by the boards because of the very fact that the movement is going to and has slowed down. I do not think this will be possible, so that instead of accomplishing this objective, I am afraid there will be a number of points in western Canada, particularly on the CPR, which will probably still be at eight at the end of the season. We will still try for the ten.

With regard to this tough grain, we went to the ten bushels level early in the winter and allowed producers, regardless of their regular quota, to deliver up to ten bushels in order to get this grain and try to salvage it. But due to the fact that we cannot go over ten bushels, and I doubt now that we can even go to ten, we have originated a policy where producers who have tough or damp grain, in excess of the ten bushels, will be allowed to exchange it by just paying the spread between the straight grade price and the tough grade price.

They can deliver their tough or damp grain, get it conditioned and take back dry grain. This is expensive for them, it costs them some money but at least it does provide a policy under which they can salvage grain and not have it spoil on the farm on account of the moist condition.

The CHAIRMAN: I think, Mr. Korchinski, that the delivery quotas come later on in this report and we are way off our track right now. Whether we need to double track here right now, Mr. Commissioner, I do not know, but if you could wait until we reach that point, I think it would be more appropriate. We hope to deal with that later this afternoon.

Now Mr. McLelland has been patiently waiting. He told me he had one question, is that right, Mr. McLelland?

Mr. MCLELLAND: Yes, I just have the one. I would like to ask this: demurrage charges were explained earlier, as far as ships were concerned. Now, under any special arrangements or conditions, is any railway in Canada ever paid demurrage charges at any port or place, in connection with transportation of wheat?

Mr. MCNAMARA: Yes, the railways normally collect demurrage on the movement of other commodities when the cars are not unloaded. A few years ago, I am not sure of my date, the Board of Transport Commissioners authorized the railways to assess demurrage on cars of grain which were not being unloaded and which were being held on track at terminal position. But the government of the day and the current government, I believe, have not allowed that policy to be implemented. At the present time the railways do not collect demurrage on cars of grain which are in terminal position and are not being unloaded.

Mr. MCLELLAND: This strike at Montreal will not—

Mr. MCNAMARA: Very little of the grain which goes to Montreal now goes by rail; most of it goes down by water.

Mr. MUIR (*Lisgar*): Mr. Chairman, we have been talking about the distribution system and I would like to have Mr. McNamara's ideas on our collection system but, first, I would like to clear up this matter of demurrage.

During the strike as he has said, there are no demurrage charges back to the wheat board. But supposing the strike is over and the boats start to come and dock at your elevators, do you then pay demurrage on the ones that are sitting waiting out in the channel?

Mr. MCNAMARA: Yes, as Mr. Vogel explained, if, under the terms of our sales contract, we are in default, which means that we have not got the grain in the elevators to deliver to the boat when it arrives and gets a berth, in accordance with the terms of our contract, then we become responsible for the demurrage which is incurred after lay days have expired.

Mr. MUIR (*Lisgar*): My other question on demurrage is this: there is no possibility of having these ships re-routed to, say, Baie Comeau or the Atlantic ports and then get them unloaded and back to Fort William?

Mr. MCNAMARA: We have been very fortunate that we have been able to program a fairly consistent movement of grain through Baie Comeau and Sorel

which, fortunately, are not strikebound. In fact, our exports from those two outlets have been very satisfactory. If we divert a boat to Baie Comeau which was originally destined for Montreal, it is a hot cargo and we are just encouraging the longshoremen at these other ports to go on strike. So that whereas in loading our lake boats for the St. Lawrence, we can put them into a port, we cannot do this with ocean boats which are billed to Three Rivers, Quebec or Montreal, because if we divert them into these other ports, the longshoremen will immediately go on strike, as these will become hot cargoes.

I think that Mr. Rowan has been very tactful in trying to keep these ports open and we have been doing very satisfactory business out of these two minor outlets as compared with the whole St. Lawrence. But it is something which must be handled with a great deal of care because we do not want to incite a strike at these ports as well. Then we would be completely in trouble.

Mr. MUIR (*Lisgar*): The railways are asking for a great deal of abandonment of their branch lines across western Canada. Do you not think that some of the branch lines which are scheduled to be eliminated contributed a great deal to the facilitating of the export of our grain in the past two or three years? I mean in the collection of the grain?

Mr. MCNAMARA: I would really like to duck this question because I cannot find anything in our act which gives us any responsibility in this but, to be honest with you, there is no doubt that these lines have proved valuable in the past. However, in the method of speeding up transportation and calculating requirements along the lines of the suggestions made earlier regarding special trains from concentrated points, I can see a development in the future whereby we could speed up our transportation if we had larger units on main lines. If terminals, say, instead of a country elevator capacity of 40,000 or 50,000, consisted of half a million bushel houses, which they are now building in the United States, where a whole trainload can be unloaded into an elevator and moved off, then such a development could be advantageous to the movement of grain for export. But, as I say, this is not my field, so do not get me involved in the controversial question of branch line abandonment.

Mr. MUIR (*Lisgar*): Well, I will try not to do that, but I think the fact that you are going to have large central elevators, is going to mean that most of the farmers will not be able to make any deliveries during harvest, because the local elevator, of course, is convenient; they can take their grain over to it and dump it, and that is it. Central elevators mean more storage on the farm. Perhaps a farmer would be able to get his grain delivered to these central elevators later, but I do not see how they are going to improve the collection of grain because even one large elevator is not going to dump grain much faster than 25 small ones.

Mr. MCNAMARA: I think there would be some advantages, Mr. Muir, for example in cleaning grain. If we could be utilizing the government terminal at Moose Jaw and the other terminal at Saskatoon as a delivery point for producers, the wheat could be taken there and cleaned to export standards in those terminals. Then it could be routed to Vancouver and just have to go right through the terminal onto a boat. This would accelerate the movement, as far as we are concerned. There are some advantages in so far as transportation is concerned.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

Mr. HORNER (*Acadia*): Mr. McNamara, with regard to port facilities at Vancouver, on which you touched on earlier, people in my riding are assuming that the harbour there is partly privately owned or mostly privately owned.

Mr. MCNAMARA: The National Harbours Board owns it.

Mr. HORNER (*Acadia*): But the National Harbours Board does not own it all. Am I right?

Mr. MCNAMARA: No, the Alberta Pool and some of the Pacific terminals are privately owned.

Mr. HORNER (*Acadia*): Would it facilitate the over-all planning of the Vancouver port—you suggested it needed overhauling and modernizing to quite an extent—if the entire port was taken under the control of the National Harbours Board?

Mr. MCNAMARA: I would say not. I would feel that if the entire port was controlled by the pools and by the united grain growers in the country who have the country elevators, and if they owned these elevators and they were spending their own money to modernize and put in more cleaning equipment, then the operation would be more efficient than it is on the lease basis, as it is at the present time. People who are leasing for filling seem to be very reluctant to modernize and to put in new equipment.

If I was a Czar, and could have things all my own way, I would like to see all these facilities owned by the company which originates the grain and they would direct it and be responsible for the upkeep of their elevators.

Mr. HORNER (*Acadia*): But how would this aid in the complete over-all planning of a modern port as at Vancouver, if part and parcel of it was individually owned.

Mr. MCNAMARA: I was hoping that this would be given some consideration and that some kind of a consortium could be arranged between the pools, the grain growers and the farmers companies whereby they would operate a group of terminals and would put all their Durum in one elevator and all their other grades in others. This would certainly facilitate matters from our point of view.

Mr. HORNER (*Acadia*): In other words, you are suggesting that the elevator companies should get together on their terminal operations?

Mr. MCNAMARA: Particularly the co-operative elevators should do that. The situation in Vancouver is that the private companies are operating as a consortium now. The Pacific terminals are handling for all their line companies. They are directing their supplies into certain elevators and this certainly facilitates shipping, so far as we are concerned.

Mr. HORNER (*Acadia*): I have been told, with regard to port handling facilities, that there is a backlog of screenings out at Vancouver and this is tying up considerable elevator space.

Mr. MCNAMARA: I do not think this is the situation right now, Mr. Horner. In the past, we have dumped screenings into Lake Superior and we have

dumped them into the Pacific Ocean when there was not a market for them. However, in recent years pelleting of screenings has become a very large and profitable business and the dockage which is screened out of grain along with dust and other commodities is put in the form of pellets. There has been no problem of accumulation of screenings at these ports. This is no longer the headache it used to be a number of years ago.

Mr. HORNER: I have a question concerning the strike at Montreal and the ports on the St. Lawrence. You suggest that it should be settled immediately, or else Canada's position in the world wheat market may not be quite so favourable in years to come. Do you think that compulsory arbitration should be brought in and boats should be loaded?

Mr. MCNAMARA: Well this is a question which is really beyond my scope of knowledge. However, as the Board responsible for merchandizing western Canadian grain, we feel the strike should never have occurred, because we are falling down on our commitments. As I say, Russia, Germany and other countries want out wheat *now*, not when their own harvest comes in. The government has devoted a very generous aid program to India, where the grain is desperately needed to avert starvation, and we have a program of about 25 or 26 million bushels of wheat destined for India scheduled for July shipment. This grain is not yet in position at Fort William and, if we cannot get it down there, it is going to be delayed and I think this would be a tragedy in the eyes of the world. It is going to mean that producers will not have an opportunity of merchandizing their grain. So that I cannot sufficiently emphasize the seriousness of the situation so far as the Board is concerned. I am satisfied—and I regret very much having to say this to you—that it is going to mean we are going to fall down on our commitments.

We had sales in excess of 600 million bushels which we could have delivered. We will not meet this objective. Customers are going to have wait for their wheat. It is going to be costly for them. We will probably not be able to deliver under the agreements we have made to meet commitments and it is going to be impossible for us to equalize delivery quotas. Every hour this strike goes on, it is worsening our position.

As I said before, we must remember that it is not just a question of the current position but the effects of it on our reputation. We have always enjoyed a very favourable reputation as compared with any other exporting country in the world, for meeting our commitments. But this year we are going to fall down. There is no doubt in my mind that this strike is going to have a long lasting effect. It will again require a number of years of excellent performance before the confidence of the buyer in Canada's ability to deliver grain is restored.

Mr. HORNER (*Acadia*): Thank you, Mr. McNamara, for being so fair and giving such a full explanation on that. Just one more question with regard to over-all pricing of our grain. Does the grain exchange still operate or act as a pricing indicator? Am I right in assuming this particularly, with wheat, oats and barley?

Mr. MCNAMARA: No, not in so far as wheat is concerned. The term "grain exchange" which you are using, is really a misnomer. The grain exchange is a

group of firms, including representatives of the Board, that provides a meeting space where we negotiate our transactions on freight and we arrange our shipments and things like this.

But in so far as wheat is concerned, no operation of a futures market affects the Canadian price of wheat. We, as a Board, determine our price of wheat and we set our price of wheat daily at the close of the market at the Winnipeg Grain Exchange.

This is not true in the case of oats and barley because we have elected to sell our oats and barley based on shore at the lakehead, Fort William or Vancouver. We use the futures market when we think it is advantageous to do so and at other times we sell flat and disregard the futures market. There is no market factor involved with wheat.

Mr. HORNER (*Acadia*): What remarks have you with regard to the pricing of flax, rye and rapeseed under the Wheat Board? How would this affect the pricing and marketing of these commodities?

Mr. MCNAMARA: Well, Mr. Chairman, again I anticipated such a question and, for the records, I would like to make a statement on behalf of the Wheat Board because I know this is something which is being considered at the time.

Statement on rye, flaxseed and rapeseed

For the Board to assume marketing responsibility for rye, flaxseed and rapeseed would, of course, require an amendment to the Canadian Wheat Board Act. The decision therefore becomes one for Parliament to decide. Speaking for the Board, I would say that, if our Act were amended and if we were thereby instructed and authorized to market rye, flaxseed, and rapeseed, I am confident that we could carry out the responsibility.

There are, however, some comments I should make. Firstly with respect to rye, the problem would be comparatively simple because the marketing conditions for rye are similar to the conditions which prevail for the grains which we now market. The quantity of rye marketed by Western producers is so small that I might question whether it is in fact worthwhile to set up Board marketing for such a limited volume.

I would like to deal in greater detail with the question of flaxseed and rapeseed. Both of these are, of course, oilseeds. Rapeseed in particular appears to be of great interest to our producers and could possibly occupy a more important position in western Canada in the future. Even anticipating a major increase in acreage, however, our production of these oilseeds would still represent an insignificant proportion of the world production of oilseeds, some of which are soybeans, peanuts, copra and others, most of which are substitutable, the one for the other. Producers who are advocating that the Board should market oilseeds should be very much aware that, in so doing—and this applies more to rapeseed than it does to flaxseed—the Board would in fact be a very small factor in the world marketing picture and would have little or no effect on marketing and pricing to the degree which we often had with our

other grains. The fact that Canadian oilseeds would be such a small factor would necessitate a very different type of marketing operation. Instead of being a price leader we would in effect only be trying to follow international oilseed prices and achieve an average for the producer. It would also probably mean the Government would have to be extremely careful in establishing the level of initial payment.

An oilseed operation would be a much different problem from our usual grain operation. The problems would be of a different nature. Internationally the world of oilseeds is entirely different from the world of grain. The customers are different. The conditions and the contractual responsibilities are entirely different. It would therefore involve the establishment of a completely new operation within the Board. Oilseeds internationally tend to be subject to sudden and extreme changes in price and in marketing conditions.

Having stated the problems as we see them, I can only repeat what I have said before—that this is a decision which Parliament must take. If it is the decision of Parliament that the Board should be responsible for the marketing of rye, flaxseed and rapeseed, we would of course do our utmost to carry out the new responsibility.

Mr. HORNER (*Acadia*): One more question concerning pricing of oats and barley. Would the setting up of an eastern feed grain board conflict—

Mr. JORGENSON: We seem to be getting ahead of ourselves because this comes under a different section.

The CHAIRMAN: Mr. Jorgenson is right because barley comes under another section.

Mr. HORNER (*Acadia*): There is not a special section for barley.

The CHAIRMAN: Could we try, Mr. Horner, to stick to the subject which, at present, is the international wheat agreements and general accounts.

Mr. HORNER (*Acadia*): Well, I want a general comment from the Chairman of the Wheat Board with regard to the setting up of another board to handle feed grains in eastern Canada.

The CHAIRMAN: This is not international is it?

Mr. HORNER (*Acadia*): Not necessarily international, no, but it has an effect on international sales. All grain has to move through the Seaway. If you want to rule the question out now, I will ask it later on.

The CHAIRMAN: Well I think it would be better. I do not want to be too strict but I think it would be better if we waited until later on in the day to discuss this policy or suggestion, whatever you may call it. Have you any other questions at this time, Mr. Horner?

Mr. HORNER (*Acadia*): I have no further questions at this time.

The CHAIRMAN: Mr. Clermont has a supplementary.

Mr. CLERMONT: What is happening to shipments to Great Britain, because of the strike there?

Mr. McNAMARA: Most of the grain which has been moving from Canada since the strike originated in the United Kingdom, has been on foreign flag vessels which can be unloaded. That is right Mr. Rowan is it not?

Mr. ROWAN: That is correct.

Mr. McNAMARA: As a result, so far the strike in the U.K. has not affected us except that of course, with our present strike in Montreal, we cannot even load foreign flag ships. But most of the grain which we have been able to clear to the U.K. out of Baie Comeau and the other ports which are not strikebound, have been foreign flag and not U.K. vessels, and they have been unloaded.

Mr. CLERMONT: But if that strike continues, can our shipments be delayed?

Mr. McNAMARA: Well, any strike which ties up ocean vessels, reduces the availability of freight and makes it much more difficult and expensive to charter freight and it will have an effect on our program.

For example the Indians have now chartered freight in large volume for July and, to the extent that these boats are strikebound and not available, it is going to retard the shipments.

Mr. CLERMONT: Will it take long to regain the lost time if the strike continues—as has been mentioned—for three weeks or a month?

Mr. McNAMARA: I just cannot visualize the situation we will be in, if it keeps on for another week, much less for two or three.

The CHAIRMAN: Could I clarify this Mr. Clermont? Do you mean in Britain?

Mr. CLERMONT: Yes.

Mr. McNAMARA: Well, as I understand it and I am not as conversant with this as I probably should be, but in Britain they are allowing foreign flag vessels containing foodstuffs to be unloaded, so it is just the British marine which is being tied up.

(Translation)

Mr. GODIN: Thank you Mr. Chairman. Mr. McNamara, to what should we attribute the high quality of Canadian wheat? Is it to the types we grow, to our climate, to the storage to screening or what? Could France improve to such an extent that she would be an important competitor for us on the European market?

(English)

Mr. McNAMARA: Mr. Rowan could answer this in your own language but if you do not mind our answering your question in English, I would prefer Mr. Treleaven, who is an agronomist and is much more capable of answering this question than any of us. Mr. Treleaven would you like to deal with this question?

Mr. D. H. TRELEAVEN (*Commissioner, Canadian Wheat Board*): Well, Mr. Chairman, as I understand the question, it refers to the particular quality of Canadian wheat and the factors responsible for this quality.

There are three basic factors responsible for our particular quality in Canada. The first is the climatic conditions under which it is produced in

western Canada. The second is the particular fertility of the soil which we have in western Canada and the third is the breeding program for specific varieties which have been developed in western Canada.

Of these, perhaps the third is at least as important as the other two. In Canada scientists have specifically been breeding very high quality wheat in terms of their milling and baking qualities. We have the climatic advantage of producing spring wheat which has a very high protein content. Now these are the two factors—protein content and milling and baking qualities—which are of particular interest in most markets of the world and particularly those which are producing low-protein wheat, as in Europe.

The European wheat production is largely a winter wheat. The yields are larger but the quality is very much inferior to that of Canadian wheat and the protein contents range from 9 to 10 per cent or 8 to 10 per cent, whereas the protein content of Canadian wheat averages about 13.5 per cent and can range up to 15 or 15.5 per cent.

In answer to the second part of the question all of the European countries such as France and western Germany, and the United Kingdom in particular, have endeavoured to breed new varieties which would give them the same milling and baking qualities and corresponding protein content to the Canadian varieties. However, they have not been able to achieve this because of the influence of climate in these particular areas. Where there is a much higher moisture efficiency and where yields are very much higher, the quality of the wheat tends to be lower. Although they have made limited progress in this area, they do not begin to meet the quality of western Canadian varieties.

The CHAIRMAN: Is that all, Mr. Godin?

Mr. GODIN: Yes, thank you.

The CHAIRMAN: I think we will discontinue our line of questioning at this time and adjourn until 3.30 p.m., or when orders of the day are done, and we will meet in Room 371. Not this room, but 371, which is the other caucus room on the other side of the building. Mr. Clermont?

Mr. CLERMONT: I believe you are calling a meeting for eight o'clock tonight but the Finance Committee is meeting also at eight o'clock tonight.

The CHAIRMAN: Well, they should not be meeting, because we arranged this meeting a week ago. Somebody is slipping their gears.

Mr. CLERMONT: I do not know if they will go ahead, but before I left that committee there were questions that this committee will meet at eight o'clock tonight. Is that so?

The CHAIRMAN: There is no question about whether or not we will meet. We are going to meet at eight o'clock tonight.

Mr. CLERMONT: I am not speaking about this committee, which will meet at eight o'clock, but maybe you can discuss it with the other chairman?

The CHAIRMAN: Regarding whether or not they should meet? I will do that.

The committee adjourned.

AFTERNOON SITTING

• (3.50 p.m.)

The CHAIRMAN: We will start the meeting. I do not know what the wish of the Committee is. We have ranged all over the field. Do you want these items completely read in detail or summarized by Mr. McNamara as we go along? We will continue with the procedure which we followed this morning.

Mr. MCNAMARA: *2. International Wheat Agreement*

The fifth International Wheat Agreement, negotiated in 1962 and due to expire on July 31, 1965, was extended by protocol without amendment for a one year period. The extension rather than a renegotiation was agreed to because negotiations were underway for the development of a more comprehensive cereals agreement in conjuction with the "Kennedy Round" of the General Agreement on Tariffs and Trade.

Numbered among the members adhering to the International Wheat Agreement during 1964-65 were 39 importing and 10 exporting countries. One of the exporting countries, the U.S.S.R., applied for relief from its export obligations for the crop year. In view of the general supply position the Council approved the application.

The following is a statement of commercial sales of wheat and wheat flour by member exporting countries to member importing countries in 1964-65:

Exporting Member	Quantities (thousand bushels)	% of Total
Argentina	116,424	19.5
Australia	66,201	11.1
Canada	207,603	34.8
France	39,847	6.7
Italy	6,967	1.2
Mexico	—	—
Spain	2,406	.4
Sweden	7,407	1.2
U.S.S.R.	2,572	.4
United States	147,550	24.7
Total	596,977	100.0

Source: International Wheat Council, Record of Operations, 1964-65, November 3, 1965.

The total commercial exports under the I.W.A. declined by more than 73 million bushels from its 1963-64 level. There were also some shifts in the percentage shares of the total held by the various exporting countries. Argentina's share rose by 10.8 per cent, while the percentage share held by the U.S.A. fell by 7.5 per cent. Although Canada's share declined by 1.8 per cent, she was still able to maintain her position as the largest commercial wheat exporter under the I.W.A.

The CHAIRMAN: Are there any questions concerning this?

Mr. JORGENSON: The last paragraph states that our share declined by 1.8 per cent. Although I do not want to belittle the efforts of the board in reaching the point of 34.8 per cent of the total commercial market because I think this is a record that the board can be very proud of, I was just wondering what the reason was for this decline in our share of the total commercial market?

Mr. MCNAMARA: I think, Mr. Chairman, if Mr. Jorgenson will refer to the earlier paragraphs in Part I where we have referred to the improved crops in western Europe and in some of the traditional markets such as West Germany where their imports were down, he will see that that accounted mainly for the lower quantity and quality of wheat which they purchased from Canada.

Mr. PUGH: In reference to GATT and the International Wheat Agreement, I do not quite understand this business of subsidy. We heard of heavily subsidized grain from France this morning, and I take it the United States and others do subsidize fairly heavily off shore. Is there not a general restriction under GATT that there will not be subsidies in order to be more competitive price-wise?

Mr. MCNAMARA: Yes, I think this is correct. If my explanation is not completely accurate, I will ask one of my colleagues to supplement for me. That was the case of the United States, they had an exemption on their grain under GATT at the time it was approved, so that their export subsidies relating to wheat and flour have not been in contravention of the GATT regulations. In the case of the common market, the provisions allow for subsidies and it is not in contravention of the GATT provisions.

Mr. PUGH: This is by general agreement with those members subscribing to the International Wheat Agreement?

Mr. MCNAMARA: No, the International Wheat Agreement has nothing to do with GATT. It was another independent international body, but in view of the fact that they subsidize under GATT, they must keep within the maximum and minimum price level as provided for in the International Wheat Agreement.

Mr. PUGH: Apart from direct subsidies, are there subsidies by various countries on for instance, shipping? The United States generally likes to ship in her own bottoms.

Mr. MCNAMARA: Yes, but this is the reverse of a subsidy. They have to ship in 50 per cent of United States bottoms where the cost of that freight is higher. But there are indirect subsidies. For example, some of our friends in the United States accused us of subsidizing because of the Crowsnest Pass rates, because of T.F.R.A. crop insurance, because the government saves a portion of the carrying charges of the surplus wheat stock, and because we are also subsidizing since we have some policies of that nature. We do not regard them as subsidies, but it is an argument which has been advanced, that to a minor degree Canada also subsidizes because of some of these special Canadian policies.

Mr. PUGH: How are these disputes settled in regard to subsidies?

Mr. MCNAMARA: So far they have not been settled.

Mr. KORCHINSKI: There is no danger of a further subsidy, then?

Mr. McNAMARA: The danger is, of course, that some of our people will widen the subsidies and if they do, our only recourse is to lower prices to meet their competition. It is the net delivered price, including the subsidy, that we have to compete with.

Mr. KORCHINSKI: Yes, but some of these countries have already subsidized. We have a long way to catch up with them.

Mr. McNAMARA: If we want to subsidize.

Mr. KORCHINSKI: Yes, that is what I mean.

Mr. PUGH: I have a short question. On page seven of the report the statement is made that one of the exporting countries, the U.S.S.R., applied for relief from its export obligations for the crop year. What were those export obligations?

Mr. McNAMARA: Under the international obligation we, as exporters, undertake commitments to provide wheat to member importing countries in accordance with the volume of business they bought from us during the period of the agreement. Russia signed as an exporter, but then when she became an importer in 1963, and again this year, she was not in a position to meet export commitments to anybody until she requested release of that obligation and it was granted by the other members of the Council.

Mr. PUGH: Thank you, sir.

The CHAIRMAN: Are there any further questions?

Mr. MUIR (*Lisgar*): This 24.7 per cent that the United States supplied to the export market, does that include the giveaway grain to India?

Mr. McNAMARA: No, the Indian giveaway is not included.

Mr. MUIR (*Lisgar*): They have a small quantity?

Mr. McNAMARA: Yes, the commercial end of it.

Mr. MUIR (*Lisgar*): This is just the commercial stocks in this total?

Mr. McNAMARA: Yes.

Mr. WATSON (*Assiniboia*): My question is supplementary to the answer to Mr. Pugh's question regarding Russia when she asked to be relieved of her obligation. What method is there of any of the other members picking up the obligation that she had, or is it divided equally between them?

Mr. McNAMARA: Would you care to answer that, Mr. Lawrie?

Mr. LAWRIE: Under the International Wheat Agreement there is a joint undertaking by the exporting countries to supply certain percentages of wheat, and if one country fails, as Russia did due to a poor crop and being a net importer, then the obligation falls on the other exporters. There is also provision—I do not have the agreement with me—that that can be allocated, but in the case of Russia, in 1963 and 1964, and this came up at the November meeting, there was some pressure to allocate these. However, we took the position in Canada that there are ample stocks in the world and it was not

necessary, at that time, to divide up the U.S.S.R.'s obligation. So we avoided it that way, and I do not think it arose last November at all when the U.S.S.R. asked for relief again.

Mr. McNAMARA: Mr. Chairman, I would just like to make a further comment on this International Wheat Agreement. I think the committee members would be interested in knowing that by protocol, that is by government agreement, the wheat agreement was extended again; it was due to expire on July 31, but it has now been extended for another year. However, its future is not too rosy for another extension because the United States, in agreeing to the extension of this protocol, made it very clear, by direct communication to the Secretary of the International Wheat Council, that they did not intend to continue to extend the International Wheat Agreement. They are putting much more faith in negotiations which will develop as a result of the Kennedy Round and GATT proceedings. Therefore, it appears to me, at least, that unless something unusual develops within the next few months, the International Wheat Agreement will expire on July 31, 1967.

Mr. JORGENSON: Will it not be open for renegotiation?

Mr. McNAMARA: Yes, we hope, in the course of the result of the GATT discussions and the Kennedy Round, that there will be a new commodity agreement embracing not only wheat, but probably feed grains. Speaking unofficially, I am not too hopeful of success for these negotiations, and I am very worried that we might run into a void period where we will have no international wheat agreement at all if we allow the International Wheat Agreement to expire on July 31, 1967.

Mr. JORGENSON: Do you regard this as a serious development so far as Canada is concerned?

Mr. McFARLANE: I do regard this as a very serious development. I have always been a very strong believer in the International Wheat Agreement. It is very difficult to outline the actual tangible results which have been achieved, but it has provided a form for buyers and sellers and I am sure, as the result of that form, the apportunities for the exporters—the United States and ourselves —to work together and work with the importers, we have been able to create an atmosphere or a club effect that has given a much better understanding to pricing the wheat and it has gone a long way to stabilizing and removing price fluctuations.

• (4.00 p.m.)

Mr. JORGENSON: Would you not say that for the immediate future, at least, that the market is somewhat bullish, that there are good prospects for market at increased prices?

Mr. McNAMARA: Yes, I will have a statement to make on the future of the prices when the committee is ready to hear our views on prices.

Mr. JORGENSON: We will wait until we get to that stage then.

The CHAIRMAN: Are there any further questions?

Mr. MUIR (*Lisgar*): All I want to say with respect to this is, I hope the Canadian negotiating team do a better job on GATT than they did the last time.

The CHAIRMAN: Are there any further questions on the International Wheat Agreement? If not, we will move on to government assisted exports.

Mr. EARL (*Executive Director, Canadian Wheat Board*): *3. Government Assisted Exports*

Canadian wheat and flour exports in 1964-65 were assisted to a total of 143.3 million bushels by the government's food air programmes, its export credits insurance programme and its guarantee of special credit arragements.

(a) FOOD AID PROGRAMMES

Recipients of Canadian wheat or flour under the Colombo Plan were Burma, Ceylon, India, Pakistan and Viet Nam. Burma, India and Pakistan were given additional quantities under the Special Food Aid Programme. British Guiana and Jordan received small amounts of Canadian flour through the World Food Programme. The United Nations Relief and Works Agency continued to obtain an annual donation of Canadian flour. The following table shows the quantities exported to each country under these programmes:

Programme and Country	*Thousand Bushels*	
Colombo Plan:		
Burma	159.0	
Ceylon	586.5	
India	6,885.7	
Pakistan	1,836.8	
Viet Nam	116.0	9,584.0
Special Food Aid Programme:		
Burma	171.5	
India	380.5	
Pakistan	1,362.7	1,914.7
World Food Programme:		
British Guiana	4.6	
Jordan	9.9	14.5
United Nations Relief and Works Agency		173.6
Total		11,686.8

(b) EXPORT CREDITS INSURANCE ACT

The Government of Canada through the Export Credits Insurance Corporation facilitated wheat sales to Bulgaria, Czechoslovakia, Hungary and Poland by making it possible for exporting companies to extend large amounts of credit to these countries for periods of up to three years. Wheat exports covered by the Export Credits Insurance Corporation were 29.9 million bushels to Czechoslovakia, 18.9 million bushels to Poland and 5.8 million bushels to Bulgaria. Of the 29.9 million bushels shipped to Czechoslovakia, 3.6 million bushels were originally purchased by Hungary.

(c) SPECIAL CREDIT

Deferred payment sales to the German Democratic Republic and the People's Republic of China were facilitated by credit guarantees extended to the Board by the Government of Canada. Deferred payment arrangements of 18 months were made available to these buyers. Under this special financing 9.7 million bushels were exported to East Germany, while exports to China, including diversions to Albania, amounted to 67.4 million bushels.

(d) SUMMARY

The following table shows the quantities of wheat and flour shipped during each of the past five crop years under designated Government programmes:

		Export Credits		
Crop Year	*Food Aid Programmes*	*Insurance Act*	*Special Credit*	*Total*
		(million bushels)		
1960-61	11.0	16.9	7.9	35.8
1961-62	7.1	12.3	81.5	100.9
1962-63	1.7	22.5	56.4	80.6
1963-64	2.7	30.5	44.6	77.8
1964-65	11.7	54.5	77.1	143.3

Mr. KORCHINSKI: My question is, have there been any cases where the Export Credits Insurance Corporation have refused to underwrite certain sales?

Mr. MCNAMARA: Not to my knowledge. So far as grain sales are concerned they get special authority from the federal government relating to the transactions which have been negotiated in grain. However, in cases where the government has approved a trade agreement, which incorporated a quantity of wheat to be delivered and financed under Export Credits, there has been no problem at all and there has been no loss at all.

Mr. FORBES: In other words, these countries receive special credit from the government for fulfilling their commitments?

Mr. MCNAMARA: That is right. I think in one case, one of the countries applied to the government for an extension and the terms were rewritten with agreement between the two countries, but they are meeting their obligations.

Mr. RAPP: I take it for granted that this country is South Viet Nam?

Mr. MCNAMARA: Yes.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, under the Colombo Plan, and under the special program how do exports for 1963-64 compare with 1964-65?

(*English*)

Mr. MCNAMARA: We will have to look that up; we will have the answer in a minute.

(*Translation*)

Mr. CLERMONT: Do you not have the figures?

(*English*)

Mr. Chairman, if somebody else would like to ask a question, I will wait.

(*Translation*)

Mr. ROWAN: In the 1963-64 crop year, we shipped 2,747,000 bushels under the Colombo plan.

Mr. CLERMONT: As compared to 9,000,000 in 1964-65.

Mr. ROWAN: 9,584,000.

Mr. CLERMONT: And under the special program?

Mr. ROWAN: 44,625,000 bushels.

Mr. CLERMONT: 44?

Mr. ROWAN: Now, under special programs, you'll find the table on page 8 for the years 1963-64.

Mr. CLERMONT: For 1964-65, there are 1,900,000 bushels under the special program.

Mr. ROWAN: The trouble is this. Between the 1963-64 and 1964-65 crop years the different programs changed names so we don't have the figures by agencies but by destinations.

Mr. CLERMONT: That's all right.

(*English*)

The CHAIRMAN: Are there any further questions?

Mr. PUGH: Mr. Chairman, with regard to changing dietary habits, the countries which are said to be rice eaters, is this firm now?

The CHAIRMAN: You mean changing to wheat.

Mr. PUGH: Yes. Is wheat generally accepted there? If rice crops came back and were more plentiful, would we be the losers?

Mr. MCNAMARA: In many countries in the world, I think the change from rice to wheat has become permanent. For example, in Japan, the Japanese government, as a matter of policy, recognizes the additional virtues of wheat as compared to rice and are actively promoting wheat consumption. To a degree this is taking place in India and some of the other countries. The other reason, and probably one of the more basic reasons, is that the price of rice is much more expensive than the price of wheat, and I think all of this is influencing them in switching to rice as compared to wheat, except where they grow it themselves.

Mr. PUGH: Would this lower price be accounted for by the various aid programs which are listed here?

Mr. MCNAMARA: No. For example, in the case of China, sir, the Chinese are exporting rice in large volume and using the purchase price to import Canadian wheat because they get about two bushels of wheat for the price of one bushel of rice.

Mr. PUGH: So that we can take it that this market is fairly well established now.

Mr. McNAMARA: Yes, I think so.

Mr. KORCHINSKI: With regard to China, can you give any indication that it is the desire of the Chinese Government to go into that policy, that is grow their own rice, sell it and buy Canadian wheat?

Mr. McNAMARA: Yes, they make this very clear. It is not only a question of price economics, but rice is grown generally in the southern part of China, the wheat consumption area is in the north and their transportation is all east and west. Therefore, on the basis of transportation it is much better for them to export rice out of the Canton area and import wheat into the Peking area from Vancouver; it is just good transportation, and they recognize this in addition to the price factor.

Mr. KORCHINSKI: So then they would like to take out the land for wheat production and put it into rice production?

Mr. McNAMARA: No. The area in southern China is more adaptable to rice; whereas the area in the northern part of China is more adaptable to the production of wheat. They are very large wheat producers, you know; they produce much more wheat than Canada does.

Mr. MUIR (*Lisgar*): Does the same situation apply to Russia where it is cheaper to import Canadian wheat than it is to transport the wheat across the country?

Mr. McNAMARA: It does in the Vladivostok area, yes.

The CHAIRMAN: Are there any further questions on this item? We will proceed to section 4 "United States Export Programmes".

Mr. EARL: *4. United States Export Programmes*

The following table shows total United States wheat and flour exports for 1964-65, 1963-64 and the ten year average for 1954-55 to 1963-64, with a breakdown between dollar-earning and non-commercial or concessional exports:

	Average 1954-55 to 1963-64	1963-64	1964-65
		(million bushels)	
Total exports	540.1	858.7	728.1
For dollars:			
Quantity	176.2	355.3	162.2
Percentage of total ..	(32.6)	(41.4)	(22.3)
Under Government programmes:			
Quantity	363.9	503.4	565.9
Percentage of total ..	(67.4)	(58.6)	(77.7)

Source: U.S.D.A., Wheat Situation, October, 1965, p. 28.

The bulk of United States wheat and flour exports in recent years has been made under the provisions of Public Law 480—the Agricultural Trade and Development Act of 1954. These concessional exports have grown at a rather steady rate since the inception of this programme. This is in contrast with the situation for their commercial or dollar exports of wheat, sales of which also generally involve the payment of a sizeable export subsidy by the United States Government. Of serious concern in the United States was the fact that export sales for dollars accounted for only 22.3 per cent of the total United States wheat and flour exports in 1964-65 as compared with 41.4 per cent in 1963-64, a very exceptional year, and the ten year average of 32.6 per cent.

One reflection of this concern was a shift in emphasis within the Public Law 480 programme from Title I to Title IV. Sales made under Title I are for local currency, while sales under Title IV are for U.S. dollars but on a long term credit basis. Title IV sales rose from 12.2 million bushels in 1963-64, the previous high, to 59.8 million bushels in 1964-65.

Another reflection of this concern was the sharp increase in subsidies paid on wheat exports during the latter half of the crop year.

Mr. RAPP: Under Public Law 480 of the United States, is this not a subsidized wheat sale? Does a country import from the country it sells to; for instance, in the case of India? I suppose some countries accept something else instead of money all the time?

Mr. MCNAMARA: Generally, all export sales of wheat and flour in recent years have been subsidized because the price paid to their producers is higher than the international trading price of wheat. What they have been doing under Public Law 480 is too well, for what they call local currency. For example, wheat that goes to India under Title I, they have been taking Indian rupees in exchange and then the United States uses the money they secure in India for their own various government operations or projects to help develop these underdeveloped countries. They take the money and spend it within the country where the wheat is growing.

Under Title IV, as we point out here, there now appears to be a switch in their policy and instead of spending local currency, because my information is that they have a large volume of local currency throughout the world and they just cannot find any place to spend it, they now appear to be switching more to long term credit sales rather than take the local currencies.

Mr. PUGH: That is very much like our Export Insurance Credits Act.

Mr. MCNAMARA: No, it is entirely different again. Our Export Credits Insurance Act is just a type of insurance where the Canadian Government says to an exporter, through one of our agents, Bungi, Continental, Richardson, "You make a deal with Czechoslovakia and for a premium of half a cent per bushel we will insure you against loss in case of default." Ours is just an insurance policy to the exporter. The exporter finds the money, pays out the cash, and carries the risk, but if the country makes default he can go back and claim under the Export Credits Insurance Act. For that purpose he pays a premium of one half of one per cent which is paid to the Export Credits Association.

Mr. PUGH: What I meant was that it is rather the equivalent to Title IV where they are looking for United States dollars and our export credits are dealing in hard dollars?

Mr. MCNAMARA: Yes, but there is also a major difference because so far we have only extended credit under export credits for a three year period. Some of these credit sales by our friends to the south have been for a much longer period than three years.

Mr. FORBES: When the International Wheat Agreement sits down to negotiate this price range do they exercise any authority on this type of financing or barter or whatever you call it?

Mr. MCNAMARA: No.

Mr. FORBES: It is absolutely clear. What kind of a committee is this? Could you give us a little information on the International Wheat Agreement Committee?

Mr. MCNAMARA: Basically, the exporters and the importers have got together and formed certain rules and regulations. Relating to price, an agreed minimum price has been established under which we all agree that we will not sell below that minimum. A maximum price has been established, that is the ceiling price for Number 1 northern in storage at Fort William which is the basic rate that has been used. Under the currency of the present agreement we have not yet reached the maximum, but in several instances some of our competitors have been at, or we think, slightly below the minimum price.

Mr. FORBES: Do they have a permanent committee that check all the time on the various matters?

Mr. MCNAMARA: Yes. We have an organization with a secretary general and an executive committee on which Canada has always been represented, and on which the major exporters and importers are also represented. They do not meet on a regular basis, but they do meet about five times a year, and then they have two regular sessions of the full council, one in July and one in November of each year.

Mr. MUIR (*Lisgar*): I have one other question, Mr. Chairman. Has the United States government advised their farmers to increase their wheat acreage?

Mr. MCNAMARA: There has been a recent decision in that regard.

Mr. MUIR (*Lisgar*): Can you give us the reason for that?

Mr. MCNAMARA: Mr. Chairman, we are getting very close to the subject of price trend. I have a statement here dealing with this matter and the recent action taken by the United States Government with regard to prices. Do you think it might facilitate the discussion if I were to make this statement now?

The CHAIRMAN: I would like to be fair to Dr. Kindt and ask him if he wants to direct any questions.

Mr. KINDT: I would like to ask about prices, but I am quite willing to wait until Mr. McNamara makes his statement.

Mr. McNAMARA: This is a document we prepared because we anticipated questions dealing with the price trend and our thoughts with regard to the future of prices. In recent months, the Canadian Wheat Board has operated in the belief that the surplus era, which we experienced during the fifties and early sixties, is behind us. During the next few years, the overall problem will be one of having sufficient supplies of wheat available in the world to meet the ever increasing needs of an expanding world population. This does not mean that the board believes that we may not run into surpluses temporarily, but rather that we think over the next five or ten years demands will tend to exceed supplies. No one, of course, can foresee the future, but we believe that developments in the past few months have tended to verify our belief of impending shortages rather than unuseable surpluses.

On the supply side, the United States and Canada are currently the only two countries in the world with marketable supplies. In the case of the United States, according to their most recent projections, the carry-over by the end of June will be around 550 million bushels or less than one year's domestic requirements. Their projection to 1967 indicates supplies of 350 million bushels, less than about half of one year's domestic requirements.

Canadian exports this year will reach a level of approximately 600 million bushels or, I should say, they would have if it had not been for this strike or if we get it settled soon. This will result in a carry-over of around 440 million bushels. If the crop in western Canada is only an average one this year, and with the expected strong demands for Canadian wheat during the next crop year, the year-end carry-over will likely decline further.

On the other hand, demands for wheat continue strong in India, China, eastern Europe, Japan and it is fairly constant in western Europe. Russia's future requirements are, of course, unknown at the present time. For some months the Canadian Wheat Board and the Canadian Government have made our views known to United States authorities with respect to the changed supply and demand situation and stressed our conviction that some increase in international wheat prices was justified. We have, in fact, made substantial increases in our asking prices over the period of the last six months. These increases were not, in general, followed by corresponding increases in the price of the competing grades of United States wheat. On the contrary, the spreads between Canadian f.o.b. prices and the United States f.o.b. prices for the major grades of wheat have widened significantly. I might just add that in the case of flour for export, the disparity is even greater due to the fact that the United States have a double subsidy for flour for export.

The magnitude of the existing spreads has been a matter of major concern to our Board in terms of maintaining our traditional position in commercial markets, even though we consider our price levels fully justified by the world's supply demand situation. Just a few days ago the United States Department of Agriculture, at least implicitly, recognized the changing supply position by increasing the amount of wheat American farmers are allowed to plant for the next crop year by 15 per cent. Within the past week they have responded in terms of export pricing as well and have increased their asking prices by five or six cents per bushel for the major grades of wheat available for sale in commercial markets. I might say that we, as a Board, are extremely pleased

with this price action by the United States since, in our view, it reflects to some degree the changed international wheat situation and permits some optimism for more realistic international wheat pricing in the future.

The CHAIRMAN: Before we proceed with questions, do you think, Mr. McNamara, it would be proper now to read the "Sales and Pricing of Canadian Wheat" under Part II before we have any questions? I think this would probably be better.

Mr. EARL:

5. *Sales—Wheat*

(a) Policy

The 1964-65 international wheat market was dominated by the all-time record wheat production of 9.3 billion bushels. The sales policy of the Board was directed to obtaining the largest possible share of the reduced world import requirements. This policy was aided by the availability in volume of a broad range of grades in the Canadian inventory.

As world supplies of Durum wheat were once again in excess of effective demand the Board had to focus special attention on the marketing of this type of wheat. The Board attempted not only to maximize Durum wheat sales to the regular markets but also to encourage the inclusion of this wheat in contracts negotiated under long term agreements.

The major developments with respect to wheat exports are described in the following paragraphs.

(b) Exports by Continental Areas and Countries

The export of 220.4 million bushels of wheat and flour to European destinations was less than half of the amount shipped in 1963-64 when the exceptional sale to the Soviet Union was made. In 1964-65 shipments to the U.S.S.R. amounted to 10.2 million bushels as compared with 234.4 million bushels the previous year. Canadian exports to the United Kingdom were down by more than 10.0 million bushels from a year earlier due to a large domestic wheat crop of exceptionally high quality. Nevertheless, the 80.1 million bushels exported to the United Kingdom made that country Canada's largest customer for wheat and wheat flour in 1964-65. Czechoslovakia emerged as Canada's second largest European customer, taking 29.9 million bushels as compared with 6.6 million bushels in 1963-64. Of this 29.9 million bushels, Czechoslovakia purchased 26.3 million bushels directly and acquired an additional 3.6 million bushels originally purchased by Hungary. Other countries which substantially increased their imports of Canadian wheat were Poland and Albania. Hungary and East Germany were important buyers under new long term agreements but, as mentioned, Hungary's purchases were diverted to Czechoslovakia. Exports to France were also higher as that country increased its purchases of Durum wheat. West Germany, Switzerland and Bulgaria took substantially less Canadian wheat in 1964-65 than in 1963-64. Yugoslavia did not buy any Canadian wheat in 1964-65.

Exports to Africa decreased in 1964-65 as the decline in exports to the Republic of South Africa more than offset the general, but small, increases to other African destinations. The South African wheat crop in 1964-65 was exceptionally good.

Exports to Asia increased to 136.4 million bushels from 108.0 million bushels in 1963-64. The People's Republic of China was the leading Asian importer of Canadian wheat, taking 62.4 million bushels which included 12.0 million bushels of Durum wheat. Japanese imports at 50.2 million bushels were slightly higher than in the previous year. Exports to India and Pakistan were larger because of increased Government food aid programmes. Exports to other Asian countries were generally maintained, with increases to some countries largely balanced by decreases to others. A particularly disappointing fact was the reduced amount of Canadian wheat going into the Philippines.

Canadian wheat exports to South America expanded slightly in 1964-65. The growing Venezuelan market was the principal South American destination, while shipments to Ecuador, Peru and Colombia wer moderately higher.

Exports to the Caribbean and Central American areas were almost the same in total as in 1963-64. Purchases of wheat and flour by the U.S.S.R. for Cuba again accounted for over half of the total Canadian exports to these areas.

Exports to the United States declined from 2.0 million bushels to 1.0 million bushels and were composed entirely of flour shipments. Imports of wheat as grain into the United States are now virtually barred as a result of their new domestic wheat programme.

Bagged seed wheat exports to all destinations amounted to 1.3 million bushels as compared with 2.9 million bushels in 1963-64.

The following three pages are details of these exports.

EXPORTS OF WHEAT AND WHEAT FLOUR[1]

Crop Years 1964-65 and 1963-64
Continental Areas and Countries

	Crop Year 1964-65			Crop Year
	Wheat	Flour (Wheat Equivalent) (bushels)	Total	1963-64 Total
EUROPE:				
United Kingdom	70,390,834	9,756,809	80,147,643	90,832,222
Germany	20,508,768	—	20,508,768	37,276,899
Belgium-Luxembourg	15,528,016	142,501	15,670,517	15,708,958
France	5,552,755	—	5,552,755	4,883,596
Italy	3,914,715	7,245	3,921,960	3,875,315
Switzerland	3,919,093	27	3,919,120	8,071,937
Netherlands	3,409,851	8,073	3,417,924	3,199,532
Ireland	2,223,831	—	2,223,831	2,235,333
Austria	1,660,293	1,150	1,661,443	1,191,031
Norway	1,601,120	161	1,601,281	1,702,785
Malta	979,885	—	979,885	1,545,560
Finland	343,467	—	343,467	726,133
Portugal	—	126,808	126,808	520,359
Sweden	67,200	1,771	68,971	23,665
Greece	—	16,277	16,277	16,100
Iceland	—	3,220	3,220	4,995
Denmark	—	2,760	2,760	25,479
Gibraltar	—	2,622	2,622	31,944
Total Western Europe	130,099,828	10,069,424	140,169,252	171,871,843
Czechoslovakia	29,859,271[2]	—	29,859,271[2]	6,570,483
Poland	18,899,240	—	18,899,240	14,937,653
U.S.S.R.	8,843,789	1,355,378	10,199,167	234,378,150
Germany, East	10,522,197	—	10,522,197	—
Bulgaria	5,752,853	—	5,752,853	7,586,165
Albania	5,025,011	—	5,025,011	3,696,468
Yugoslavia	—	—	—	3,501,866
Total Eastern Europe	78,902,361	1,355,378	80,257,739	270,670,785
Total Europe	209,002,189	11,424,802	220,426,991	442,542,628
AFRICA				
Ghana	—	1,741,028	1,741,028	1,060,459
Republic of South Africa	944,533	—	944,533	3,038,286
Nigeria	603,113	8,202	611,315	668,933
Sierra Leone	—	539,615	539,615	453,123
Togo	—	162,472	162,472	150,850
Congo	—	150,137	150,137	56,925
Portuguese Africa	—	121,371	121,371	76,038
Liberia	—	85,234	85,234	61,447
Mozambique	35,230	42,829	78,059	135,635
Gambia	—	63,144	63,144	8,381

	Crop Year 1964-65			Crop Year
	Wheat	Flour (Wheat Equivalent) (bushels)	Total	1963-64 Total
AFRICA—continued				
Rhodesia	48,210	2,300	50,510	42,164
Cameroon Republic	—	48,132	48,132	—
French Africa	—	25,378	25,378	—
Malawi	—	20,647	20,647	—
Angola	—	7,406	7,406	5,750
Nyasaland	—	11,197	11,197	25,725
Ivory Coast Republic	—	4,025	4,025	2,990
Tanzania	—	2,300	2,300	—
Guinea Republic	—	920	920	—
Ethiopia	—	230	230	253
British Africa	—	—	—	25,185
Tanganyika	—	—	—	10,925
Total Africa	1,631,086	3,036,567	4,667,653	5,823,069
ASIA AND OCEANIA:				
People's Republic of China	62,370,202	—	62,370,202	41,286,001
Japan	50,125,210	46,984	50,172,194	49,811,603
India	7,266,240	—	7,266,240	721,373
Philippines	6,481,954	977	6,482,931	7,308,411
Pakistan	3,199,467	—	3,199,467	354,984
Hong Kong	905,147	695,563	1,600,710	1,514,550
Malaysia	929,041	369,672	1,298,713	1,073,112
Taiwan	735,441	—	735,441	411,061
Saudi Arabia	590,299	1,346	591,645	788,804
Ceylon	—	586,553	586,553	1,068,596
Israel	529,200	—	529,200	1,603,056
Thailand	—	383,465	383,465	363,943
Kuwait	350,000	10,210	360,210	31,407
Burma	171,464	159,043	330,507	155,335
Viet Nam	—	115,800	115,800	43,776
U.S. Oceania	75,898	13,570	89,468	463,395
Lebanon	—	209,137	209,137	274,834
Aden	—	27,775	27,775	—
British Middle East	—	20,222	20,222	38,419
Indonesia	—	16,694	16,694	126,224
Portuguese Asia	—	14,177	14,177	21,344
Jordan	—	10,143	10,143	1,122
Fiji	—	7,739	7,739	6,394
Iran	—	2,463	2,463	4,198
French Oceania	—	1,161	1,161	1,426
Syria	—	709	709	1,410
Qatar	—	230	230	1,068
South Korea	—	—	—	511,467
Australia	—	14	14	28
Total Asia and Oceania	133,729,563	2,693,647	136,423,210	107,987,341

	Crop Year 1964-65			Crop Year 1963-64
	Wheat	Flour (Wheat Equivalent) (bushels)	Total	Total
SOUTH AMERICA:				
Venezuela	9,121,671	1,150	9,122,821	7,903,780
Ecuador	1,370,128	—	1,370,128	1,087,114
Peru	937,813	75,095	1,012,908	794,490
Colombia	367,454	—	367,454	1,164
Surinam	—	79,872	79,872	73,648
British Guiana	—	56,746	56,746	38,932
Chile	—	920	920	5,778
Argentina	—	690	690	—
Total South America	11,797,066	214,473	12,011,539	9,904,906
CENTRAL AMERICA AND CARIBBEAN:				
Cuba	8,120,779	6,624,667	14,745,446	14,810,055
Jamaica	6,646	1,662,479	1,669,125	1,688,049
Trinidad and Tobago	—	1,516,461	1,516,461	1,466,475
Leeward and Windward Islands	—	1,010,898	1,010,898	1,052,606
Dominican Republic	704,386	231,879	936,265	916,513
Costa Rica	—	909,763	909,763	653,591
El Salvador	776,516	2,422	778,938	1,030,871
Nicaragua	504,746	1,849	506,595	276,851
Guatemala	408,366	46,338	454,704	290,879
Bahamas	—	308,364	308,364	306,171
Netherlands Antilles	—	267,743	267,743	152,488
Barbados	5,119	193,352	198,471	165,847
Bermuda	—	123,915	123,915	121,346
Honduras Republic	53,200	50,437	103,637	64,540
Panama	—	79,591	79,591	233,795
British Honduras	—	42,952	42,952	39,678
Haiti Republic	—	22,421	22,421	110,290
French West Indies	—	7,857	7,857	2,185
French Guiana	—	460	460	—
Total Central America and Caribbean	10,579,758	13,103,848	23,683,606	23,382,230
NORTH AMERICA:				
United States	—	1,048,106	1,048,106	1,974,691
St. Pierre and Miquelon	—	20,916	20,916	20,803
Total North America	—	1,069,022	1,069,022	1,995,494
Bagged Seed Wheat	1,312,295	—	1,312,295	2,911,963
GRAND TOTAL	368,051,957	31,542,359	399,594,316	594,547,631

[1] Source: D.B.S., The Wheat Review, December, 1965, pp. 16-18. Includes exports of Ontario Winter Wheat.

[2] Includes 3,614,420 bushels diverted from Hungary.

I will continue and deal with Durum wheat under subsection (c). For the second consecutive year Canada had a potential Durum wheat supply of slightly over 100.0 million bushels. Inward carryover at August 1, 1964 amounted to 68.0 million bushels, while the 1964 crop added another 34.0 million bushels. With an average domestic commercial disappearance of only 2.8 million bushels in the five preceding years, the situation called for a continuing effort to obtain the largest possible share of the existing international market and to open new markets wherever possible. In this latter regard the Board was pleased to get Durum wheat included in the Chinese and Polish contracts covering 12.5 and 5.3 million bushels, respectively, during 1964-65.

Other principal destinations for Canadian Durum wheat exports during the crop year were: West Germany, 7.7 million bushels; France, 3.1 million bushels; Switzerland, 2.6 million bushels and Belgium-Luxembourg 1.2 million bushels.

Altogether Canada exported 34.1 million bushels of Durum wheat in 1964-65 which when added to domestic utilization resulted in a small reduction in carryover stocks.

• (4.30 p.m.)

(d) Long Term Agreements

In 1964-65 almost 40 per cent of the total wheat and flour exports were sold to countries with which the Government of Canada or the Canadian Wheat Board had long term agreements. These agreements have become important instruments for assuring markets for Canadian wheat.

The following table shows some basic facts relevant to the agreements in 1964-65:

Country	Agreement Expiry Date	Open Commitments August 1, 1964	1964-65 Shipments against Commitments	Open Commitments July 31, 1965
		(million bushels)		
Government Agreements:				
Bulgaria	Oct. 7, 1966	9.2	5.7	3.5
Czechoslovakia	Oct. 28, 1968	39.7	23.1	16.6
Hungary	June 10, 1967	9.2[1]	3.6[2]	5.6[1]
Poland	Nov. 4, 1966	36.8	18.9	17.9
U.S.S.R.	Apr. 17, 1966	18.7	13.9[3]	4.8
Wheat Board Agreements:				
China	July 31, 1966	142.0[4]	64.2[5]	77.8[4]
East Germany	July 31, 1967	27.6	9.6	18.0
Total		283.2	139.0	144.2

[1] Buyer has option of taking 125,000 metric tons in the form of feed barley on a cash basis.

[2] This purchase was subsequently diverted to Czechoslovakia.

[3] Includes shipments to Cuba.

[4] Maximum quantity under agreement.

[5] Includes shipments to Albania.

(e) EXPORTS BY MONTHS

Exports for the first half of the crop year amounted to 217.8 million bushels as compared with 181.8 million bushels for the February-July period. The following table shows exports of wheat (including flour), by month, for the 1964-65 crop year:

Month	Million	Bushels
August 1964	46.0	
September	45.2	
October	42.6	
November	33.6	
December	30.0	
January, 1965	20.4	217.8
February	21.1	
March	25.9	
April	36.1	
May	38.5	
June	32.9	
July	27.3	181.8
Total		399.6

SOURCE: D.B.S., The Wheat Review, December, 1965, p. 14. Includes exports of Ontario Winter Wheat and Bagged Seed Wheat.

(f) EXPORTS BY PORT AREAS

The 1964-65 exports of wheat, by port area, were as follows:

Port Area	Million	Bushels
Eastern Canadian Ports:		
St. Lawrence	150.3	
Atlantic	33.9	184.2
Pacific Coast ports		155.1
Churchill		22.1
Lake ports direct		5.3
Total		366.7

SOURCE: Board of Grain Commissioners for Canada. Includes Ontario Winter Wheat but excludes flour and Bagged Seed Wheat.

Mr. KINDT: I wanted to clear up a point by asking Mr. McNamara a question following his introduction of prices. I should know the answer myself since I know something about the International Wheat Agreement, but my question is this. With respect to the question of location concerning the committee set up by the International Wheat Agreement to check prices of various countries, is the place where that is checked in the respective country regardless of the distance from the market, where it is to be eventually marketed, or the cost to get it there, or where does that price prevail? Is this set forth in the agreement? I do not recall it.

Mr. MCNAMARA: Yes, the maximum price in the agreement is basis No. 1 Northern wheat, which is recognized as the top grade of wheat in the world, basis in store Fort William. At the present time, under the current agreement, that price is $2.02½ in United States currency. The minimum price is a formula which is slightly different. The minimum price is determined by taking No. 1 Northern Wheat in store Fort William, moving it to the country of destination and then going back to the f.o.b. position of the originating country, in the case of the United States to the Gulf. Whatever the equivalent is of Fort William to Europe back to the Gulf, that becomes their minimum price. It is quite an intricate formula, but that is the basic concept of it.

Mr. KINDT: It is all based on Fort William?

Mr. MCNAMARA: It is technically, but also in Duluth, for example, the ceiling price for their spring wheat is also the same price as our No. 1 Northern in store Duluth.

Mr. KINDT: How are the prices consummated out of Vancouver?

Mr. MCNAMARA: The Vancouver maximum price is the same as the maximum price at Fort William. We tried to have a premium on Vancouver, but we were unsuccessful in selling it to the Japanese and some of these other Asiatic requirement people. They figured we were trying to take advantage of their position by charging a higher price at Vancouver than we do at Fort William. But the minimum price at Vancouver is related to what we call the c.i.f. formula from Fort William to the United Kingdom and back which means that the minimum price at Vancouver is higher than the minimum price at Fort William.

Mr. KINDT: Then, in other words, there is a formula in existence which other countries should use in arriving at their minimum wheat price when they contract with foreign countries?

Mr. MCNAMARA: In theory, yes. The weakness in the agreement, and it is one that no one has ever been able to solve to date, is quality discount. For example, when wheat is trading at the maximum, we find that all our competitors feel that their wheat is just as good as No. 1 Northern and that they are entitled to the No. 1 Northern price. When you get down to the minimum, in which case it is hard to see wheat if you are looking for markets, we find that many of our competitors feel that the quality, on account of the lower price, is much wider spread under No. 1 Northern than it used to be. This has presented the Council with a great deal of difficulty in determining whether

member exporting countries are living up to the minimum price because they have a tendency to widen their discounts under No. 1 Northern.

Mr. KINDT: That would be a very important aspect when it comes to competition in marketing.

Mr. MCNAMARA: That is right. The Council do make a conscientious effort to protect this. They keep an average of the spreads that prevail at all times and then when a country starts widening out its spread and it appears that they are giving below the minimum by widening the spread, it is drawn to their attention. I think in most cases the nations have responded by tightening up a little bit, but most of our competitors recently have been very close, in my opinion, sometimes below what should be a normal minimum.

Mr. KINDT: Now, then, I have one other question. Within the spread, it is a question of bargaining?

Mr. MCNAMARA: There is no control within the spread; you can move freely within the maximum and minimum.

Mr. KINDT: In order to make the sale?

Mr. MCNAMARA: That is right.

Mr. FORBES: On the bottom of page nine you make reference to bagged seed wheat. When you issue a permit for export of this wheat, is it called class 2 wheat?

Mr. MCNAMARA: No. This is really registered and certified seed. We have had no particular problem. The demand for it has been decreasing recently, although at one time when the prices were more attractive than they are now, and there was a surplus production of registered and certified in Canada, we had to put in some controls because people started buying registered wheat and selling it at prices below our normal commercial wheat and we were competing with ourselves. So now we only allow registered seed to go provided it is packed and sealed by the Plant Products Division, and we are assured that it is going to a country where we know it will not be used for human consumption.

Mr. FORBES: Do you have any requests for shipments of grain on a protein content?

Mr. MCNAMARA: We have had some suggestions that we should change our system, but I think I am speaking for all my colleagues when I say we feel this would be detrimental to Canada's interests. You might, in certain markets, get a cent or so more for protein, but I am quite satisfied in my own mind that the large commercial buyers of the world, such as Rank and Spillers, would just pay us the same price for the top protein and then we would be left with trying to find markets at lower prices for the lower qualities of protein.

Mr. FORBES: Are the newer varieties of grain which we have still maintaining our protein content?

Mr. MCNAMARA: Yes, I understand so. This is one of the things which our research people are watching very closely because they realize the virtue of our ability to sell wheat in competition is its strength, as Mr. Treleaven referred to

this morning. They are very conscious of the necessity of plant breeding to maintain not only the protein, but the base in strength of the wheat we produce.

Mr. FORBES: I was told a few years ago we made some shipments of wheat on a protein content at a little extra money. I understand from what you say that this has been discontinued?

Mr. MCNAMARA: Yes, the year you are referring to, I think, Mr. Forbes, was one of the very unfortunate years when we produced a very, very low protein crop in western Canada. In order to enable our mills to try to compete with foreign flour and other markets and to maintain the quality of the flour they had been putting in, we did allow them to make some special protein selections, but that boomeranged against us.

Mr. FORBES: Do other countries, signatories to the International Wheat Agreement, produce a higher protein content of wheat than Canada?

Mr. MCNAMARA: Generally, no. The United States, of course, in some of the areas adjacent to the Canadian border, do produce a lot of high protein spring wheat.

Mr. FORBES: How close is it to ours?

Mr. MCNAMARA: Some of it is higher than ours in the Dakotas, but the thing to keep in mind is that in the United States system they use about 650 million bushels of wheat for their domestic requirements and the local mills buy this themselves. They buy and select the high protein for their domestic consumption, with the result that the average wheat the Americans export, in order to compete with us in certain markets like the Philippines and Venezuela they have been segregating protein and trying to get wheat which will match ours. But, generally speaking, the protein content of their wheat is lower than ours.

The same applies in Russia. They have areas where they can produce high protein wheat. Some of the Argentine wheat is high protein wheat. The Australians are making some progress in developing higher protein wheat. Generally speaking, the average quality of our wheat, protein and base in quality, is much higher than any other country in the world, that is in quantities for export because we export such a large percentage of our production and utilize such a small percentage at home; it is only about ten per cent.

Mr. KINDT: Is it not customary for buyers, if there is any shadow of doubt, or if the quantity being purchased is rather large, and they wish to mix it, to require a baking test indicating the protein?

Mr. MCNAMARA: Yes, but fortunately for Canada, our standards are so well defined under the Canada Grain Act and the statutory definitions of the grades that we find the large commercial buyers can buy with confidence, on the basis of certificates filed, and they know exactly what they are going to get. While the protein does vary, efforts are being made by the Board of Grain Commissioners to maintain a more even continuity of protein to satisfy them. I think a protein of 13½ or 14 is as high as these commercial buyers want. The fact is that in the

last few years we have had cases where our own local mills have been looking for a lower protein to mix in because some of the wheat they have been getting is too high in protein.

Mr. KINDT: On the low protein year that you spoke of, is it true that foreign buyers were not more exacting in their demands for protein?

Mr. MCNAMARA: No. This special selection, if my memory is correct, was only allowed on flour shipments. We did get some criticism from wheat buyers that we were taking the cream off and shipping it to some of these flour markets, and as a result they were getting a lower quality of Canadian wheat.

Mr. FORBES: I have one more question. Would it necessarily follow that Grade 4 wheat had a lower protein content than No. 1?

Mr. MCNAMARA: No. It depends on the climatical conditions.

Mr. RAPP: Mr. McNamara, you made a statement that the International Wheat Agreement will be renegotiated this year.

Mr. MCNAMARA: No. I said it was extended by protocol to July 31, 1967. I expressed the opinion that it would not be renegotiated.

Mr. RAPP: You said it is the third time it has been extended?

Mr. MCNAMARA: This is the second year. The original agreement was for three years in 1962 and it would have expired in 1965.

Mr. RAPP: So this is the second time that it has been extended?

Mr. MCNAMARA: That is right, sir.

Mr. RAPP: What is the procedure? Every year when it is extended are the prices renegotiated too?

Mr. MCNAMARA: No. When it is renegotiated the prices are renegotiated. When it is extended by protocol, as it has been in the last two years, all the terms and conditions are just agreed to for another year; they just extended the expiry date with no change in the form or content of the agreement which was negotiated in 1962.

Mr. RAPP: Would the importers not benefit from it, because you made the statement that the prices might be higher? Is that not right?

Mr. MCNAMARA: Up to date we have not been in a position to charge the maximum price as the agreement was negotiated in 1962. Our concern recently is that our other exporting friends have not only been coming close to the maximum but have been lowering their prices quite consistently and have been approaching the minimum.

Mr. RAPP: For instance, the United States?

Mr. MCNAMARA: Other countries as well.

Mr. KORCHINSKI: Recently there has been some talk that the United States Government may switch its exporting policy so that some exports may go into Red China, for example. I do not know how emanate this may be, but should that materialize would the effect of the United States shipping wheat to China, for example, have an effect on lowering the world price of wheat?

Mr. McNAMARA: No, not necessarily. As a matter of fact, if the situation were as I envisage it, where the problem in the future is going to be of supplying the world with sufficient food, there would be a lot of advantages for some of the types of wheat produced in the United States being merchandised in countries like China and India where quality is not so important. It is almost tragic, at times, to see our No. 2 Northern and some of our higher grade strong wheat going into countries like China and India where it is not needed for bread use, it is used for chapatti or other purposes.

Mr. KORCHINSKI: Several months ago there was some sort of a move underfoot to lower the price of wheat and the president of the Saskatchewan Wheat Pool, Mr. Gibbings, on one occasion made a speech in the United States defending the pricing policy of the Wheat Board and he felt that the price should be maintained at a higher level. What was the reason for this movement? I am sure the Wheat Board must be concerned over the possibility that other countries will continue lowering their prices and put us in a very awkward position.

Mr. McNAMARA: We were very greatly concerned, you see. I think the first reduction in prices occurred in November, 1964. At that time Durum wheat was in very excess supply and Canada and the United States were carrying substantial quantities of Durum in excess of world demand. Although we rejected some bids by one of our important customers at a price substantially below the then current market, our American friends, for reasons of their own, decided that this was a special circumstance, that their Durum wheat was in such urgent supply they took advantage of that situation. We had to meet their competition and this resulted in a breach in the Durum price. A little later in the report we make reference to this.

The next major break in prices was after we negotiated a sale of low grade wheat to China. In that particular crop year, we produced a lot of low grade wheat. Our top grades of wheat, namely Nos. 1, 2, 3, and even 4 Northern, will command a premium, but when you get into No. 5 wheat and some of the other off grades of wheat, there is no quality virtue which cannot be duplicated by many other countries of the world.

When we found that China was interested in a large quantity of low grade wheat, we decided it would be helpful not only to our own position, but to the overall supply of low quality wheat that had been produced that year, to make a sale of it even though it meant a reduction in price. We made this sale and, of course, lowered our price automatically as we always do to have one price for all customers.

At the same time, the United States administration was very concerned with which prices of Argentine, and other wheat that they compete with more directly in many markets, were being offered and they decided at that time they would have to follow the reduction we made in our low grade wheat. We thought they made a mistake, but it was their judgment. They lowered all the prices of all their wheat, including their spring wheat, not only as much as we lowered our price for China, but to a greater extent which again forced us to lower our high grade wheats.

This was the period where these major price adjustments took place which resulted in a lower final payment, as we will be reporting to you when we come

to the supplementary report this year. Since that time we believe the situation has changed and we have been trying to not only raise our own prices, which it is reported we have done to quite a degree, but we have been trying to encourage the United States and Argentina that the wheat situation in the world is changing, and that they are not going to sell more wheat by lowering prices; the situation should be recognized and prices increased. We have now increased our prices to the level that prevailed prior to the reduction which took place in January, 1964. The United States, as I indicated today, are indicating now that they are also on the move and we hope this will continue because we figure there must be a production incentive for wheat in the world if we are going to feed the world, and we think that our producers are not only entitled to, but they should be commanding higher prices under the circumstances as we see them developing in the future.

Mr. KORCHINSKI: Why was it necessary to almost panic in that situation because a few countries, the United States included, reduced their prices? Canadians, as a rule, set the standard and the price and every other country is guided by the pricing policy of the Canadian Wheat Board. Why was it necessary to panic in that period if perhaps a waiting period might have served the purpose of maintaining the price?

Mr. MCNAMARA: I do not think it is a case of panicing. You must remember that normally we produce and sell to traditional markets such as the United Kingdom, Germany, Japan about 250 or 275 million bushels of wheat. This is our bread and butter business and this is where our wheat, on account of its quality, is appreciated. These people will pay us some premium for quality, but when the price goes down 15 cents to 20 cents per bushel under the price where our wheat is compared to a normal spread, these people are businessmen and they look at their grist and say, "Well, now, I think we can get along with maybe ten or 15 per cent less Canadian wheat". In the last four years out of five we have produced exceptionally large crops, and if we are going to market that grain we must keep our wheat competitive. I just do not think we can say that we are dealing with Russia and China and to hell with Great Britain and our traditional market, and let the United States or anybody else go in and take that business away from us. I think in any merchandising that once your opposition gets their feet in, it is pretty difficult to get back into the market again.

I want to remind you that the Canadian Government, in both cases when we took on these Russian commitments, made it very clear to the Russians that we could only sell them a certain quality based on our capacity, fully protecting our traditional markets. This is a policy which we have followed consistently. Notwithstanding the fact that we have 600 million bushels on our books for this year, we made provision and sold the United Kingdom, Germany, Switzerland and Japan our traditional market wheat, and protected them with supplies of Canadian wheat because, in our judgment, we are in this business permanently producing wheat in Canada and I think it is very, very necessary that we protect our traditional markets. We just cannot afford not to meet price competition. You can have a high price, but the high price is not much good to you if you are not selling in volume what you produce.

Mr. KORCHINSKI: You seem to be arguing against your suggestion that lowering the price does not necessarily sell more wheat?

Mr. MCNAMARA: I am saying that if everybody maintained prices we would not sell any more wheat, but when one or two competitors cut their prices by 22 cents per bushel under the normal spread they are going to sell wheat in preference to our wheat.

Mr. KORCHINSKI: Have there been other cases where these countries have lowered their prices, while Canada has maintained its price, and thereby brought their price up to the Canadian level.

Mr. MCNAMARA: In certain markets, yes. We have been surprised and pleased to the extent that some of our traditional markets have absorbed the additional premium that we are now commanding on our prices compared to our competitors, but there are many other markets in the world and these are the markets that bring up the volume, what we call in and out markets, such as Spain, Portugal, Iran and other countries, where quality is not a factor. When you produce, as we did produce this year, a large quantity of No. 4 wheat and a large quantity of No. 5 wheat, we must be competitive in order to sell that wheat.

Mr. KORCHINSKI: Have we turned down any substantial wheat sales because we could not enter into an agreement due to the price factor? What I am saying is that you cannot foresee what the demands will be for the future and what our price will be for the future?

Mr. MCNAMARA: No, because of the commitment we entered into last fall—we can use last fall as an example—with the Russians, taking our normally traditional market, which we want to protect, plus the Chinese contract we previously entered into, brought us up to a total of 600 million bushels which we, the railway and the people in the grain business all conceded was the maximum which Canada could transport and move during a crop year. We did lose other people who are not traditional buyers, but since approached us and would have liked to have bought some extra wheat that we could have sold. However, because we could not move or transport any more than our facilities would permit, we had to turn down that business. To a great extent, the United States and other competitors snapped up this business, and it became available to them because we could not take on the commitment. This will result this year in the United States sales for dollars, their percentage of commercial sales being more in line with what they sold in 1963 and 1964. In other words, their commercial business will show the benefit of this. I still think they would have got this business without reducing their prices to the extent that they did because we were not in a position to supply; Argentine was not in a position to supply, and Australia was sold out.

Mr. KORCHINSKI: So it all goes back to what you were saying this morning, that unless we revamp our entire transportation system and facilities and so on we may be in line to lose or not negotiate further agreements in the future?

Mr. MCNAMARA: Subject to production. Whether or not we, as Canadians, can count on producing crops with 660 and 700 million bushels a year, I do not know. We have been very fortunate. In the last five years out of six we have

had better than average crops. I am very concerned about what our position would be if we went back to a 1961 or a 1962 crops when we produced 287 million bushels. Fortunately, this year we have a good reserve; we have 400 to 425 million bushels.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if Mr. McNamara could give us any indication with regard to how many bushels he feels we would have lost in sales had we maintained our price and not dropped it to 20 cents a bushel a year ago in January?

Mr. MCNAMARA: It is very difficult to make an estimate of that, Mr. Watson. I think the reduction would have been very, very serious. I know for a fact this year that our percentage of export into the United Kingdom and West Germany are lower than they have been for a number of years. There is no doubt that the United States has secured business in the United Kingdom, in Holland, in Germany and in many other countries because of the fact that their wheat, in relation to ours, is cheaper than it was before. We are suffering and have been suffering for the last six months because our prices were really out of line with the price of our competitors, and it was just a question of to what extent we can continue to raise prices if our competitors do not. That is why we are so pleased that the United States people at last seem to be getting their head out of the sand and starting to set prices more in line with dollars.

Mr. WATSON: (*Assiniboia*): Did I understand you to say that the asking price now is equivalent to what it was at the time of the reduction?

Mr. MCNAMARA: Yes. I think it is slightly over what it was at the time of the reduction in January, 1965.

Mr. WATSON (*Assiniboia*): Would it be reasonable to assume then that the final wheat payment for the present crop year will possibly be equal to what it was in the crop year of 1963-64?

Mr. MCNAMARA: I have no crystal ball, Mr. Watson, and I do not make assumptions. An awful lot will depend on what our competitors do. If we can maintain these prices, I would say yes. But if we find that our competitors do not increase their prices or if they drop them again, we will be forced to reduce prices to keep our share of the world's market. I am hopeful that people, other than ourselves, are recognizing a change in the world situation. The situation warrants higher prices and if we can maintain current prices our final payment will be higher, but what will happen over the next 12 months is very difficult to ascertain.

Mr. FORBES: May I ask a supplementary question?

Mr. CHAIRMAN: Mr. Forbes, I do not think Mr. Watson is finished yet.

Mr. WATSON: (*Assiniboia*): I was just going to say that actually if the asking price is up at the present time, but the wheat we are shipping are on agreements made previously, theoretically then the price we are asking does not enter into the final returns at the present time. Is this right?

Mr. MCNAMARA: That is not quite right. We sold a substantial quantity for prices at about current price level. We went up a cent the other day and we have sold very little since that time, but we have sold substantial quantities of

wheat to China at levels very close to those prevailing at the present time. We have sold substantial quantities to Japan and we have sold to our traditional markets. We should reach substantial quantities of wheat, including wheat out of Churchill that has been priced at the current level. In other words, we have a fairly good backlog of business at these present levels which encourages us to think we can continue to merchandise at least at these levels if our competitors will not cut our throats and go down too low.

Mr. WATSON: (*Assiniboia*): There are customers coming along quite often who are buying wheat that is not negotiated. It is just like a customer going into a store and buying goods over the counter. They are buying, at today's prices, new sales which you had not anticipated?

Mr. MCNAMARA: We anticipated them and we expected them, but this is right. In markets such as the United Kingdom and Germany, Holland and Belgium, the most of their buying is not done by government agencies, but is done through the trade who act as agents at our price. We have been encouraged in recent weeks at the amount of business which has been coming from these European countries, and not on the deferred price which gives them an opportunity of waiting until they think the price is right, but they have been fixing their prices which, again, we think their thinking is somewhat like ours in that the situation warrants higher prices and they have to fix the price now because it might be higher later on.

Mr. MOORE: (*Wetaskiwin*): I was wondering if our competitors buy enough of the top grade hard milling wheat. This comes into the question of raising or lowering the prices. What is the situation in that regard?

Mr. MCNAMARA: I would say that they would have difficulty, but it is a case of the percentage in the grist. Up until recently the United Kingdom, which is the largest importing country of wheat in the world, has been purchasing maybe 55 per cent or 60 per cent Canadian wheat but with the price discrepancy, such as has existed recently, their scientists and chemists are actively exploring to see if they cannot use only 35 per cent Canadian wheat and increase the volume of cheaper wheat in the grist. New methods of grist making are being introduced to offset some of the advantages we enjoyed by a straight blending of our strong wheat.

• (5.00 p.m.)

Mr. MOORE (*Wetaskiwin*): The competitive positions change from crop year to crop year, depending on the crop; anything can happen.

Mr. MCNAMARA: That is right; particularly in the indigenous crops. When they have a good crop in Europe they usually need a larger quantity of strong Canadian wheat to carry it. When they have a smaller crop, they import less Canadian and more wheat from the United States and Argentina.

Mr. STEFANSON: Mr. Chairman, the questions I had in mind have already been asked by Mr. Watson. However, there is one matter which I am not quite clear on, Mr. McNamara. Was the agreement made with Russia for the sale of wheat all negotiated at a set price, or is the wheat that is now moving to Russia at the new price, that is has it gone up again to where it was before?

Mr. McNAMARA: No. The sale to Russia was negotiated at the price in effect at the time of the negotiations last October. It was at a set price for the balance of this year.

Mr. KINDT: Mr. McNamara, I wish to turn now for a moment to the marketing sales of domestic wheat from western Canada within Canada itself. For instance, with regard to the marketing of feed wheat, is it expected that the disposal of wheat to feeders in eastern Canada over the coming years will increase? There seems to be a demand for that. If that is true, I have a couple of questions.

The CHAIRMAN: Dr. Kindt, we have the feed wheat on a separate item, do we not, Mr. McNamara?

Mr. McNAMARA: It is involved in this whole pricing policy.

Mr. KINDT: It is involved in marketing and supply. What grades are shipped now and are likely to be shipped in the future? What will the picture of the demand be like?

Mr. McNAMARA: Of course, these grades that are used for feeding purposes in the domestic market and to a large extent in eastern Canada, are used for poultry food and things like that and they prefer the lower grades. What we have been doing is making special mixtures, as we call it, consolidated grades, which works out to the price of No. 5 wheat. In the last two or three years we have been supplying a special mixture of these lower grades of wheat and it works out at the No. 5 wheat price.

Mr. KINDT: In other words, you mix to a No. five grade; that is the demand?

Mr. McNAMARA: That is right.

Mr. KINDT: There would be some better grades than that and some poorer grades?

Mr. McNAMARA: Most of them do not want to pay the premium over the No. 5 wheat price; they are quite satisfied with the mixture at the No. 5 wheat price.

Mr. KINDT: Frosted wheat would be in that?

Mr. McNAMARA: That is right.

Mr. KINDT: Up to now, have you any rough estimates with respect to the approximate movement of wheat to Ontario and Quebec for feeding purposes?

The CHAIRMAN: You mean eastern Canada, Dr. Kindt?

Mr. KINDT: Yes, to eastern Canada.

Mr. McNAMARA: Dr. Kristjanson tells me it has been working out to about 14 million bushels a year to eastern Canada.

Mr. KINDT: For feeding purposes?

Mr. McNAMARA: Yes.

Mr. FORBES: Mr. McNamara, will the European Common Market have any effect on the volume of our sales and the price?

Mr. McNAMARA: It will have some effect. Generally speaking, we have not suffered demand-wise in so far as the common market is concerned because countries such as Germany, Holland, Belgium, and to a degree Italy, prefer strong Canadian wheat to blends of their indigenous wheat. The French, of course, are not using our strong wheat. They are producing a lot of wheat for export themselves and they have different baking methods and different types of bread, which I think is lovely bread, by the way, that they utilize themselves. However, there will be a decline this year in our shipments to the common market due to the pricing factor which I referred to previously where our competitors are offering wheat to that market at prices substantially below normal relationship to Canadian wheat.

Mr. FORBES: I am thinking in terms of the subsidy that they are offering their own producers to produce wheat.

Mr. McNAMARA: As Mr. Lawrie indicated this morning, there has been no marked increase in production in the five of the common market countries, but there has been a very substantial increase in French production on account of the subsidy. Of course, as you know, they set a levy against the imported wheat so that when our wheat arrives, regardless of the price at which we sell it, they add on a levy which brings it up to the value at which their own domestic wheat is guaranteed to their producers. This levy is used by them as a re-export subsidy for flour and other commodities. This is one of the reasons why we have been very critical of some of the exporters lowering prices because it just means that the subsidy goes up that much more and the consuming country is getting the benefit of the lower prices which we are receiving. We could just as well be getting those prices and the levy would be reduced.

Mr. JORGENSON: I was wondering if Mr. McNamara could tell us of the major exporting countries, how many have subsidized their sales of wheat?

Mr. McNAMARA: I think that, other than Canada, Australia has a small subsidy on flour, Argentina will have a subsidy, but certainly the United States and France and the European countries that are exporting have a subsidy policy.

Mr. JORGENSON: They all have subsidies. What about the major importing countries?

Mr. McNAMARA: All the common market countries have levies and, of course, they subsidize wheat above the world level.

Mr. JORGENSON: Including Great Britain?

Mr. McNAMARA: Including Great Britain, yes.

Mr. JORGENSON: What about Japan?

Mr. McNAMARA: Japan, yes, very notably. The Japanese buy our wheat and then they add onto the price, and they use the profit at which they sell to their own millers to encourage production within their own country.

Mr. JORGENSON: I see. So it really does not make an awful lot of difference what the fluctuation in price is as far as the consumer is concerned. The consumer still has to pay the shot, either through taxes or through the subsidy

or in some form, the same as the exporting country. In effect what you have then are political prices. I was wondering to what extent these prices affect your ability to negotiate, and what influence does the government have in determining what the prices will be?

Mr. MACNAMARA: It depends on the country you are dealing with, Mr. Jorgenson. In the case of Japan, all the imports are governed by the Japanese food agency. In the case of the United Kingdom it is free trade; the millers themselves buy. In the case of the common market, they also are free to buy but they have to pay the levy on what they import which brings it up to the domestic price. In the case of South Africa, they have a government agency that negotiates all their purchases. China, of course, has a government agency and everything will have to go through the government agency.

Mr. JORGENSON: The consumers in those countries really never benefited from the drop in the price about a year ago, and the exporting countries, in particular the United States, never suffered as a result of these, at least the producers never suffered because the national taxpayer took up the tab.

Mr. MCNAMARA: That is right.

Mr. JORGENSON: You have a situation then where the only people who really benefited from this were the Chinese who do not have an import subsidy, and the people who lost were the Canadian, the Australian and the Argentina farmers who do not have any subsidy of any kind to protect them?

Mr. MCNAMARA: Would you like to comment on this, Dr. Kristjanson?

Mr. KRISTJANSON: I think that is right, that the only ones to suffer on this were the farmers in three of the five major exporting countries. If the United States received a larger share of the commercial markets through lower prices, which we think they did, the nation would benefit to the extent of the increased sales, but the American farmer is protected against these fluctuating prices.

Mr. CLERMONT: Mr. Chairman, I understand that our wheat is sold through brokers or directly with the country?

Mr. MCNAMARA: Yes. Under the system which we have, sir, we have agents of the Board who we enter into a contract with to arrange to represent us, and this includes not only the major Canadian export houses, but most of the international houses. They act as agents of the Board under an agreement that we complete with them and a large percentage, in fact the largest volume, of the commercial business is originated by the international houses. We negotiate directly with these Chinese and some of the other countries such as Russia, but even when we make such negotiations we turn the transaction over to our agents and they complete the details of these transactions, the collections and payments for us. We fully utilize the Canadian trade which includes international houses and the agents of the Board.

Mr. CLERMONT: Are these agents or officers of the government on a percentage?

Mr. MCNAMARA: No. It is purely a competitive business; we do not allow them any percentage at all. They compete with each other for the business, and any profit they make they secure in the price they receive from the buyer.

Mr. CLERMONT: Mr. Chairman, according to the table here our sales to South America in 1964-65 were in the amount of 12 million bushels compared with nearly ten million bushels. I would like to know the reason why we are not selling more to South America. Is it a question of competition from Argentina or a question of currency from this country?

Mr. MCNAMARA: It is mostly price competition in these countries, but also in some of these countries special concessional aid has been given by the United States. I would like to say that I am not critical of the United States action in giving aid to some of these countries because they have made a tremendous contribution to the development of some of these countries by the aid they have provided.

Mr. MUIR (*Lisgar*): I am rather surprised, in reading the exports by port areas, that the foreign importers did not take advantage of the price of wheat in store at Fort William and have their ships pick it up at Fort William.

Mr. MCNAMARA: We had anticipated that after the opening of the Seaway there would be a larger movement out of the Lakehead direction than has developed. However, with the construction of larger lakeboats, which are more designed to the Seaway, experience has proven to them that that grain can be moved cheaper to Montreal and then loaded into ocean vessels, with the result that the business originating in the Lakehead is declining except in the case of special cargoes, such as selected cargoes of malting barley or barley for a distiller where they want the identity of the grain maintained throughout. It is more profitable, and this is showing up even on the United States side where the use of the Seaway is very heavy. A lot of these ocean boats that go in, the draft is such that they cannot take a full load at Fort William or at Duluth or the other ports, and they top off in the Saint Lawrence and take on an extra four thousand or five thousand tons.

Mr. MUIR (*Lisgar*): In other words, it is cheaper to trans-ship.

Mr. MCNAMARA: That is right.

Mr. MUIR (*Lisgar*): The other question I had was, do you still have 100 million bushels of Durum surplus?

Mr. MCNAMARA: No. We were fortunate that we were able to persuade the Chinese, the Poles and the Russians to accept, under the contracts with us, substantial quantities of the Durum with the result that our Durum position is now much more manageable than it was before. Our visible supply of Durum that we are carrying at the present time is about 21 million bushels in commercial position in Canada and this compares with 37 million bushels a year ago.

It has been rather surprising to us that Durum deliveries in the country are not as large as we had anticipated. The agents had indicated that there would be a total of about 30 million bushels of Durum delivered to the Board this year, but so far there has been only 12 million bushels or abour 43 per cent of the Durum delivered. Just why this is, I am not sure. I think one of the reasons is that the Durum is harvested in dry condition and it is wheat which they feel they can safely carry over. Also, some of them may feel that the Durum situation is changing and there is a possibility of premiums again on Durum in

the future. However, I would think that this is somewhat remote, to any great extent, as long as the Americans have 100 million bushels of Durum and are not curtailing their production of Durum or utilizing it in some other special program. I believe some United States Durum was designed to India where I think it could be used very successfully for chapatti, but only a limited volume has been moved out. There is more reason for optimism in Durum prices now than there was a year ago, particularly in so far as the Canadian position is concened.

Mr. MUIR (*Lisgar*): Do you know if there is any reduction in the acreages sown to Durum this year?

Mr. MCNAMARA: Yes, the indications are that there is a slight reduction. I think Mr. Lawrie has some figures which he is anxious to give you with regard to Durum. He might be called a Durum expert.

Mr. LAWRIE: There are no grain experts. However, I think the number one factor in the Durum situation at present is the large volume that has been produced in the United States in recent years, and that country has become a very substantial exporter. For many years their average exports were about six million bushels a year. I think the change came when the United States sold wheat to Russia and, in view of the 50-50 clause, they gave one of the companies a very substantial subsidy to help offset this. The Durums were called in, as I recollect, and I assume the United States farmers said, "Well, this is very good" and they planted a substantial acreage and have continued to do so.

Our own western producers have been very sensitive to market conditions and prices in Durums and they have gradually come down until we have got, as Mr. McNamara said, a manageable stock and, it would appear, manageable production.

The present situation, and I have the latest United States publication on the wheat situation, indicates that the carryover will be 64 million bushels at the end of this month. I believe, subject to correction, that their acreage is about the same which could mean, perhaps, another 60 or 70 million bushels yield which gives you probably a total of 125 million bushels at the beginning of the new crop year. So what I want to say is that the Durum situation and the surplus is almost entirely in the United States.

There has been an attempt in Europe, again on the common market, to increase production. I understand that France will produce current estimates, about 80 thousand tons this year, which, I should think, is the largest production they have had. There again the quality is not very good. Whether they are forced to use it or not within the communities, I could not say, but I did think that I would like to explain where the difficulties lie in the Durum situation—It is in the United States and their sales. Their pricing in Durums has been much more severe because it is on a bid basis and they have taken and sold Durums at very low prices throughout the year, and are still accepting very low prices compared with Canadian or Argentine Durums.

Mr. MUIR (*Lisgar*): What do you think our disappearance of Durum would be for this crop year at domestic and export?

Mr. McNAMARA: I believe the exports to date are about 25 million bushels and we use about 3 million bushels at home. I would think that we will come close to the 30 million bushels. In other words, we will dispose of more Durum this year than we will produce.

Mr. MUIR (*Lisgar*): Thank you very much.

Mr. KINDT: May I ask just one other question on this table? Take the small markets, say, to Africa. I see it runs about 4.7 million bushels. There was a reduction in 1964-65 of about 4.7 million bushels. In other words, the demand from African countries is small. The thought, as I understand it, is to have this small consumption in the African countries for the purpose of getting them used to the consumption of wheat. Is there any great outlet or possible outlet to many of these African countries to step it up beyond the 4.7 million bushels as it was in 1964-65 for a greater outlet for Canadian wheat?

Mr. McNAMARA: Mainly the market in Africa, as far as wheat is concerned, is related to South Africa. This is a country where the production varies with droughts and other conditions. One year they will be in for substantial quantities and another year they will buy practically no Canadian wheat. It is an in and out market, as we call it, but our relationship with them is particularly satisfactory and they prefer and like our wheat. There has been some barter transactions for some of the ores they produce that has afforded the Americans to supply them in some years with substantial quantities of wheat.

However, the other markets in Africa, I mean the flour markets, and the competition for flour has been particularly vicious. I use that word advisedly because not only have the United States a double subsidy on flour, but the French, the Italians and the Germans, by using the benefits of their levy, are subsidizing flour. Our mills are having very great difficulty. In the first stage these countries get into bread, in the second stage they get into meat, and I think that before long there will be a substantial increase in the demands for wheat and flour in these African countries.

Mr. KINDT: Is there any aggressive policy being conducted by the Wheat Board or the government to work out ways and means of marketing more wheat to these African countries?

Mr. McNAMARA: I do not know whether you would call our policy exactly aggressive. We have a special technical marketing service with trained men who are linguists who visit these countries and point out the virtues of Canadian wheat. Unfortunately, though, with the subsidy policies that other countries are employing to sell their flour, the reaction is that—and Mr. Earl ran into this very recently in the Caribbean—they love our wheat but at a price, and our mills are under very, very severe competition as far as subsidizing flour is concerned.

Mr. McLELLAND: Mr. Chairman, I would like to ask Mr. McNamara if the Wheat Board has contemplated changing the closing date of the crop year having to do with the exporting or importing countries?

Mr. McNAMARA: The crop year varies in different countries. For example, the United States crop year is July 1 to June 30. The International Wheat Agreement though after surveying the majority of countries throughout the

world and the growing conditions, had their crop year coincide with ours. There has been representation made by producers from time to time that due to quota problems it would be better to have our crop year on a calendar year basis. However, this is related to having a poor crop this year and not being able to deliver the full quota and then having a good crop in the fall, and they could pick up the difference. But it would be very, very difficult to administer on other than a crop year basis.

Mr. McLELLAND: July 31 is a realistic date as far as the Wheat Board is concerned?

Mr. McNAMARA: I think so.

Mr. WATSON (*Assiniboia*): Mr. Lawrie was dealing with Durum just a few minutes ago. I believe Mr. McNamara said that they had not delivered as much Durum as they anticipated. Is there a limit now at eight bushels? Is it right that you cannot deliver over eight bushels of Durum, or can you still go up to your ten bushels on a ten bushel quota?

Mr. McNAMARA: Durum is deliverable on the specified acreage. They can deliver a full ten bushels of Durum if they so desire.

Mr. WATSON (*Assiniboia*): You just mentioned a minute ago about boats on the lake. Are there any ocean boats at the present time going into the head of the lake to pick up wheat that can bypass the strike area? Is there a complete stop from lakeheads?

Mr. McNAMARA: There has been a moderate number of ocean boats come into Fort William.

Mr. WATSON (*Assiniboia*): So there is still a dribble going out of the lakeheads?

Mr. McNAMARA: Not only to ocean boats, but we have been fortunate in the fact that the Port of Baie Comeau and Sorel has not been strikebound, and we are continuing to move wheat into these ports and exporting wheat from these ports. However, we have to be very careful of diverting boats that were designed to another port into these ports, or else they will become hot grain and the longshoremen will go on strike at these ports. I think over the last weekend we moved about five million bushels out of the lakehead to these other ports. So we are making some progress with our exports, but it has slowed down to a walk.

Mr. WATSON (*Assiniboia*): The large volume then goes by laker to, say, Montreal and then is unloaded and loaded into ships?

Mr. McNAMARA: It is clean grain and it is transshipped through those elevators into ocean going vessels—Montreal, Three Rivers, Quebec, Sorel, Baie Comeau.

Mr. WATSON (*Assiniboia*): I have one more question. I believe Mr. McNamara mentioned this morning that they were putting some No. 6 wheat into the terminal elevator in Moose Jaw. Is this going to be restricted to No. 6 wheat? Can you tell us how much No. 6 wheat or low grade wheat, let us say No. 5 or No. 6 or feed wheat, is in the area that you would be putting in there.

Mr. McNAMARA: We estimate that we should move about half a million bushels or 600 thousand bushels. There are two reasons for this decision. The main one is related to the Montreal strike because we want to keep the railroads operating, to keep using their equipment rather than drawing it out of grain, and Fort William is getting tight on us.

The other reason was that in some points in Alberta particularly, where No. 6 wheat predominated we had to move stocks out of those elevators. While we do not have at the present time, any export demand for No. 6 wheat, there is enough low grade wheat at Fort William to take care of the eastern market. It looked like a good opportunity to move this wheat while we had the equipment and put it into surplus storage for the time being. In addition to the No. 6 wheat we are moving to Moose Jaw, we are moving some No. 2 Northern into Calgary for the same reason, because we want to utilize the railway surplus equipment, you might say, that is currently available.

Mr. WATSON (*Assiniboia*): Do I understand you are moving No. 6 wheat from Alberta into Moose Jaw?

Mr. McNAMARA: That is right.

Mr. WATSON (*Assiniboia*): And the No. 2 wheat could be coming out of Saskatchewan into Calgary, or is it out of Alberta?

Mr. McNAMARA: Most of it is coming out of Saskatchewan but it is all taken on lines that are direct haul to these destinations. We do not move back haul into either point. The No. 6 wheat will be wheat which can be moved on to Fort William because there is no export demand for No. 6 wheat. It is a domestic market consumption; it will have to be funnelled through the lakehead.

Mr. WATSON (*Assiniboia*): We hope it does not happen but if the strike does continue and the situation becomes serious, would the Board consider possibly filling Moose Jaw in order to try to equalize quotas or not?

Mr. McNAMARA: I think we would have to give very, very careful consideration to that because, as I indicated before, it is an extra six cents per bushel and this is paid for by the farmers. For example, we have been under pressure to fill Lethbridge. Well, Lethbridge is a million bushel elevator and in three days we would fill it up and it would cost us six cents a bushel. If it comes to the point of how close we are to meeting our objective I would say that if, by utilizing these government elevators, we can accomplish the ten bushel quota, we will certainly give it serious consideration. But if the strike continues to deteriorate and we are faced with a large volume of grain that we have to leave on the farms below the ten bushel level, I think it would be penny wise and pound foolish to spend an extra six cents on a few million bushels just to try to give ten per cent to a limited number of stations.

Mr. WATSON (*Assiniboia*): I think I would have to agree with you there. Let us talk about late July now, that is up to the point where the farmer realizes he is not going to get his ten bushels delivered on an equalized basis. Once he misses delivering his ten bushel quota this year, he has the same problem to face next year and it boils down to the fact that he has just lost X amount of dollars because he cannot deliver these bushels.

Mr. McNAMARA: That depends on his next year's production.

Mr. WATSON (*Assiniboia*): We all hope for another year like last year.

Mr. MCNAMARA: I am a westerner too and I live on next year, but when you get five big ones out of six, the law of average starts rolling around on me again. One of the most difficult problems we have in this connection, and I am certainly not criticizing any farmers, is that so many of them watch the new crop with the result that July becomes a heavy delivery month and we get estimates as to whether it should be delivered. In the last two weeks of July, when you see a bumper crop coming along, you decide to sweep your bins out and deliver every bushel possible. This has been a lot of our difficulty in recent years. I think these statistics in the table will show that last year during July it was the heaviest delivery month during the crop year. No doubt it is influenced by the fact that an excellent crop is being produced.

• (5.30 p.m.)

Mr. WATSON (*Assiniboia*): I doubt whether I can completely agree with you there, Mr. McNamara. I think the big reason is that in the last few years it has been lack of boxcars, and it was just the fact that there were boxcars put in under pressure the last couple of weeks that they delivered.

Mr. MCNAMARA: This may be the case, but I can give you figures where station agents, after consulting with each other and their customers around the middle of June, told us how many bushels would be delivered under the quota that was in effect. In the last two weeks in July they raised that by 100 thousand bushels at some individual shipping points which made it impossible for the railroads to get an extra 50 cars in in the last five days in July.

Mr. KINDT: I have one or two more questions on this question of farmers' delivery. When you go out among the farmers, of course, that is the question one is confronted with, namely they see a picture, with this strike on, of the possibility of a big carryover on farms. If that were true, then there will not be any extension of the August 1 cut-off date between the crop years, whether it is delivered or not? That is item number one.

Mr. MCNAMARA: No.

Mr. KINDT: The second question is, would wheat delivered, say, on July 30, in terms of averaging for price, be in this year's crop? Wheat delivered, say, on August 2, would be in the next year's crop?

Mr. MCNAMARA: Not necessarily, no. A producer could deliver grain under his current quota on July 30 and keep it on storage ticket, and then elect to sell it on August 3 and get the next year's price.

Mr. KINDT: I see.

Mr. WATSON (*Assiniboia*): They never announce the price that soon though.

Mr. MCNAMARA: The initial price has been pretty constant. We do not announce the final price though. It is a gamble you must take.

Mr. RAPP: Mr. Chairman, is the Canadian Wheat Board only going to be here today and tonight?

The CHAIRMAN: Yes.

Mr. RAPP: Then we should not dwell too much on some items and pass up others which are on our books. I think we should take that into consideration. It is almost 5:30 o'clock already, and then we only have from eight until ten o'clock tonight.

The CHAIRMAN: You have no questions at this time?

Mr. RAPP: Yes.

Mr. JORGENSON: I am inclined to agree with Mr. Rapp. I was just going to suggest that perhaps we should consider that we have completed Part II and move on to Part III. I think Mr. McNamara has covered this pricing situation very thoroughly.

The CHAIRMAN: Mr. Pugh has a question. We decided we would go through this report item by item; this is what was suggested to me by the committee, and I think specifically by you, Mr. Jorgenson. I am not going to stop questioning on any of these items, if any one has any questions.

Mr. RAPP: It is not a question of stopping people from asking questions.

The CHAIRMAN: You are suggesting this by what you are saying now.

Mr. PUGH: Mr. Chairman, I will try to be brief, and I will try to move further along in the book because I want to refer to a table. I am a little worried, actually, Mr. McNamara, about the total percentage sales which Canada is making in the whole wheat area. It seems to me that by price cutting we have lost a fair amount of the European market, certainly as compared to last year. I am wondering if the price cutting may be extended into the Russian and the Chinese markets. I said I was going to refer to a table. The one I want to refer to is on page 15, where it shows exports of wheat and wheat flour by principal exporters, distribution by quantity and percentage of world trade. It shows Canada as a fairly consistent exporter, although we are dropping gradually when you go right back to 1945 and 1946.

The CHAIRMAN: What page is that, Mr. Pugh?

Mr. PUGH: Page 15. Table XVII in the statistical tables at the back of the annual report of the Canadian Wheat Board. Now, in your preamble you say that there is a fair amount of price cutting and that we lost out heavily this year in our European market. Our percentage of sales has also dropped as against last year. We have had large sales to Russia and China, and we are losing out on the European market now. Is there any indication that any of these other world exporters are going to enter the Russian and Chinese markets and thereby, unless we come well down in our price, will be cutting into Canada's percentage of the total world export trade of wheat and flour?

Mr. MCNAMARA: Yes. I tried to explain this before. This is one of the things which concerns us because the wheat we refer to as our traditional market, of about 250 or 245 million bushels, this is where there are really competitive markets. For example, take a year like this year, as I say, we now have sales in our books of 600 million bushels which is the capacity to deliver, and for which we are getting current prices. If this situation continues, sooner or later we will be faced with the question, are we going to be only communist suppliers instead of these other markets, and forget our traditional markets, or are we going to

have to meet the competition of other exporters in the traditional markets? This has been causing us a lot of concern in recent weeks because we have been putting our price up and securing this price for these other buyers, and yet losing out in our traditional markets.

Mr. PUGH: Just following along what Mr. Jorgenson said, that in actual fact the Canadian wheat producer is subsidizing programs in the various foreign countries to which we export, and European countries were mentioned. Surely, the major members who form the International Wheat Agreement should get together on this price fixing. If you do not call it that, those who undercut then subsidize those European markets. We mentioned specific ones before.

Mr. MCNAMARA: I think, sir, this is one of the hopes of the GATT and the Kennedy Round of negotiations namely that commodity agreements will be reached as a result of these negotiations which will tend to offset the discrepancies.

Mr. PUGH: In other words, subsidy by exporters will not only come under it, but also the prices which are given by the countries who are importing, and how they treat our wheat or what extra money they make off it for their own purposes.

Mr. MCNAMARA: And their contribution to foreign aid will be part of it as well as the exporting company.

Mr. PUGH: I believe the situation in European markets should be a matter of very great concern for us at the present time; that is our percentage sales to those countries as against the other exporters in the world.

Mr. KRISTJANSON: It is of concern, but the hard choice you have to make is do you maintain your prices when you can sell at the maximum of the transportation capacity of the country, or do you say, "Well, we have just got to, at all cost, maintain our traditional markets in western Europe and lower the price". Now, lowering the price for us means lowering it to the farmers in western Canada.

Mr. PUGH: Regarding this price of sale, is there a balancing point as against overhold on wheat in storage, balancing prices against sale now or sale next spring?

Mr. KRISTJANSON: Yes. These things all come in and there is no magic formula which you can apply to determine when you should hold. This is a matter of market judgment.

Mr. PUGH: Because of the price cuts, do you think we have—just going along with what Mr. McNamara said—possibly lost some of the traditional European markets?

Mr. KRISTJANSON: Yes, and I would hope temporarily. When you say "because of the price cut", because of the fact that we did not go down as low as our competitors did, we have undoubtedly lost some share of our traditional markets. However, when we can export 600 million bushels, which is all that can be transported, to say our prices are too high, is a little bit difficult.

Mr. PUGH: Yes, but it is a changing market. I started my remarks on Russia and China.

Mr. KRISTJANSON: Yes. The destinations are changing. The Chinese market is certainly expanding; the Japanese one has been expanding over the years. Russia, of course, is brand new in this volume. Eastern Europe has been growing.

Mr. MUIR (*Lisgar*): Mr. Chairman, may I propose a motion at this time, namely that we take Item 6 as having been read?

The CHAIRMAN: I do not think it is necessary to propose a motion as long as the committee are agreeable to this.

6. *Pricing of Wheat and Flour*

(a) POLICY

Pursuant to its obligation to promote the sale of grain produced in Canada in world markets the Board endeavoured to keep its prices for export wheat competitive at all times. Wheat was provided to Canadian mills for grinding into export flour at the same prices as it was available to overseas buyers.

As in previous years the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold export wheat for registration under the International Wheat Agreement. The official directive for this policy was Order in Council P.C. 1964-890, June 18, 1964.

The Board quoted separate daily asking prices for wheat (a) in store Pacific ports, (b) in store Fort William/Port Arthur and (c) in store Churchill. Export selling prices c.i.f. St. Lawrence ports, c.i.f. Atlantic ports and, as required, in store at intermediate Seaway ports were also announced by the Board. The purpose of regional pricing was to maintain the competitive position of export wheat in major commercial markets irrespective of the port of shipment.

Mr. CLERMONT: Mr. Chairman, under what title or number does the domestic sales of wheat, oats and barley come?

Mr. MCNAMARA: On page 23, under General Comments on the Marketing of Oats. However, I might suggest, if you want to get into the details of the marketing of oats as well as the realized prices of wheat, oats and barley, that the information, in the final accomplishment of the closing out of the pool and the actual realized prices, is contained in the supplementary report. This is where you get the final results of the year's operations. The same applies to the financial statements which we have in this report. These are only as of July 31 and really do not reflect at all the actual closing off ration of the pool. It would be much better to deal with these items under the supplementary report.

Mr. CLERMONT: Mr. Chairman, I would like to ask a few questions on these matters.

The CHAIRMAN: I think other members would like to ask questions on this topic too, but I think it was agreed that we would proceed, for the time being, with the items as they appear, and at the evening meeting probably go on to the oats, barley and feed grains. We are accepting then Clause 6, Pricing of Wheat and Flour, as read. Does the committee agree to this?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: We now go to the Canadian grain position. What is the wish of the committee with regard to this item?

Mr. McNAMARA: I think we have covered it fairly thoroughly by general comments.

The CHAIRMAN: I think someone had a question this morning on delivery quotas.

Mr. JORGENSON: I would like to ask a question on delivery quotas. I have been waiting to ask it, as a matter of fact.

The CHAIRMAN: I think several members mentioned this subject this morning. I think, Mr. Jorgenson, that Mr. McNamara said this morning he had a statement on delivery quotas, so is it all right if he reads this statement?

Mr. JORGENSON: Yes.

Mr. McNAMARA: May I inquire, Mr. Jorgenson, if your question is related to quotas in 1964 or 1965, or the current position this year?

Mr. JORGENSON: It is really not either of them. It is something else I would like to raise in connection with quotas.

Mr. McNAMARA: The statement which I wanted to make and which I might as well file now is with regard to the quota policy which the Board envisages for this year.

THE CANADIAN WHEAT BOARD
QUOTA OBJECTIVE—1965-66 CROP YEAR

In mid-May country elevator agents at all shipping points in Western Canada submitted estimates to the Board of the quantities of grain remaining on farms and which producers wished to deliver by the end of the current crop year, July 31st next. An analysis of these estimates indicated that the Board could equalize quotas at the 10 bushel per specified acreage level, taking into consideration the sales commitments we had entered into and the volume of transportation which could be provided by the railways.

A 10 bushel quota was, therefore, tentatively established as a target figure for all delivery points, and this objective appeared attainable until the past few days. The continuation of the longshoremen's strike at St. Lawrence River ports, and the resultant interruption in export shipments, will restrict the flow of grain from farm to terminal positions.

At the present time, and particularly if the strike should continue for even a very brief period longer, it appears that some stations may not attain the objective by the end of next month. Most producers will have an opportunity to deliver a full 10 bushel quota; indeed most stations are already at this quota level; but there are areas in Western Canada, where heavy concentrations of grain may result in somewhat lower quotas.

I can assure the committee that every effort will be made by the Board to equalize quotas at the 10 bushel level, and we are sure the railways will co-operate to the maximum extent to achieve this objective. It may be, however, that congestion in terminal positions as a result of a prolonged strike will preclude complete equalization at all shipping points. This is related to the current crop year.

Mr. JORGENSON: Mr. Chairman, I should like to preface my remarks, first of all, by expressing on behalf of the people of the Red River Valley our sincere gratitude to the Board for their co-operation during the flood. We had a dry run last year and we learned a little of how this could operate. I must say that this year the co-operation of the Board, the railways and all the people concerned was excellent in moving the grain out. It indicates to me that when unusual situations do arise there is enough flexibility in the Board's makeup that they are able to cope with it.

That brings me to the situation that I wanted to discuss. It relates to the deliveries of flax a few years ago in the Red River Valley area where a number of farmers were charged under certain sections of the Act in violation of the delivery of flax. I am not critical of the Board for taking that action because it was necessary to do by virtue of the Act.

However, there was a peculiar situation which existed in the area at that time due to the lateness of the—and again you might have a comparable situation this year—seeding. Most farmers in the area were able to get in very little wheat. Most of them turned to flax for the crop that year. When the fall arrived and the harvesting began, I think it is generally known that the elevator situation in the area was, as far as capacity was concerned, excellent; there was a lot of room. A good many farmers decided they would deliver their flax to the elevators. I do not blame the farmers for doing this because, as you know, flax is a difficult crop to store. I think there were some mistakes in allowing some of that flax to be shipped to the Lakehead, and I think it was at the Lakehead that actually the over deliveries were noted. However, I was wondering, under circumstances such as this where there was a lot of room for flax to be stored in those elevators, and it would not have hurt anybody to have flax in there; it was not taking the place of wheat because there was no wheat in that area, or very little, if some special provision could not be made. What would you consider to be desirable in order to take care of a situation like that so that there would be no unused capacity so far as the elevator is concerned, and yet would not interfere with the very desirable movement of grain to port facilities? It seems to me that because of that peculiar situation—it was a rather limited area—that if an application could have been made, and an investigation made into the situation, that perhaps the Board could have granted deliveries of flax in that area, provided no shipping orders were given in order to make sure that the flax did not interfere with the movement of wheat to the Lakehead. In view of the experience we had during the flood and the ability to do that very thing, could it not be done under special circumstances such as this?

Mr. MCNAMARA: In dealing with your first reference, Mr. Jorgenson, to the Red River flood, we felt, and I am sure we were right, that under the conditions that were developing in the Red River and the certain knowledge this grain would be destroyed if it were not put into commercial facilities, that we had no alternative. I am pleased with your reaction, and I might say we have had similar reactions from practically all producers.

But, let me remind you, that some of our friends in western Saskatchewan and in Alberta, who have not had the opportunity of delivering their eight bushel quota yet, are paying for that delivery because cars and equipment were

used to move that grain out of that area in a terrible condition. So that when you make an exception to your quota policy, or when you recognize that Manitoba producers who, probably through no fault of their own, harvested their grain in a tough and damp condition, and you give preference to them on delivery, that you are penalizing deliveries of other people who harvested dry grain.

I think that this problem is getting a little beyond the scope of the Canadian Wheat Board because I do not think we can continue the movement of out of condition or slightly tough grain at the expense of dry grain, or we will soon be influencing producers to take their crop off a little too soon because they get better delivery for their produce. I think the Manitoba or the federal government or someone, even the farmers themselves, must learn that if they are in an area where moisture predominates and the normal crop is harvested, there has got to be farm drying, as there is in most countries of the world, or steps must be taken by the producers themselves to protect their commodity and not have it delivered at the expense of other people who harvest dry grain. But, as I say, I am perfectly happy and my conscience is clear, and I am sure that of the repercussions or letters which have come from other producers in western Canada, there has been no criticism of the Board's action in dealing with this special problem.

With regard to allowing producers to exceed their quota because there is local country space, this would apply to other grades as well as flax. The principle of the quota is to give all farmers, regardless of the fact that there are other opportunities, equal marketing opportunities to the extent that grain can be merchandized and taken into commercial facilities. Due to circumstances, sales of certain grades of many kinds, we find that there is unused space in certain country elevators, and if you allow those farmers then to deliver, regardless of the quota, into that space, you would eventually create a situation where the pipeline would be blocked and grain would be delivered and be shipped which would impede our ability to deliver the grades that we had sold to customers who wanted to buy at that time.

As you say, if we could rigidly police the situation where we could allow the flax to be delivered regardless of the quota, and regardless of the regulations and not ship it, this, to some extent, might correct this situation. But flax is a very volatile crop and to the extent that you take deliveries into commercial positions and load the market with flax, you have a great tendency to depress the market and the consequent level of the flax price might work to the disadvantage of other farmers who were delivering within the quota. Our policy in controlling rye that we do not market, or flax or rapeseed, is that there is no reason why wheat producers should have more than a fair share of the basis in commercial facilities that become available. At the same time, we are very conscious of trying to keep an adequate supply of these grains in position to service to market requirements, but not to depress the market.

Mr. JORGENSON: I appreciate very much what you have said, Mr. McNamara. There is one other problem in connection with flax. As you know, the Board does not take possession of the flax; it is still sold on the free market. Yet by virtue of the application of your quota system, farmers are pretty well told when they can sell their flax. I do not think this is a policy decision which

the Board has to make, but it does seem to me that it is a policy decision which the government is going to have to make very shortly. If they are going to be placing farmers in the position where they are going to tell them when they can deliver, or when they can sell their flax, and it might be at a very depressed price when they could have been selling it at a good price, then they must take some responsibility for price as well. You cannot allow this situation and have the Board responsible for it, where farmers are being told when they must sell and at what price. In fact, this is what you do; you are telling farmers at what price they can sell their flax. So I was glad, this morning, when you made the statement that you were quite prepared to accept the responsibility of administering sales of flax and other grain under the Canadian Wheat Board Act, and that you could manage it if you were given that responsibility.

Mr. McNAMARA: I think this is the strongest argument advanced for Board marketing of these coarse grains, namely the fact that we have to control the delivery and the transportation of them. However, on the other hand, I hope, in stating that we are capable of handling it, I also left it clear in your mind that an operation in flax and rapeseed, particularly rapeseed, is entirely different in so far as an operation in wheat, oats and barley is concerned. You cannot expect that we would have the same marketing influence to handle these crops, when we produce such a very small percentage of the world requirements, as we would have for oats and barley. I think all that we could hope to do would be to average prices for the producers during the year. We would not have the influence that we have in wheat where we can sit back and sell our wheat at a premium, and know that the demand is such that people have to buy our wheat. Of course, our flax is no better than soy meal and probably not as good as many in the world, and would have to be sold in competition.

The CHAIRMAN: Have you finished, Mr. Jorgenson?

Mr. JORGENSON: Yes, thank you.

Mr. FORBES: With respect to the farmers taking their grain off tough in order to get in on the quotas, do you not think that this spread in price is a sufficient deterrent to prevent them from doing this, and especially in view of the fact that you have reduced the moisture content of wheat by one half of one per cent?

Mr. McNAMARA: Yes, but this is a decision of the Board of Grain Commissioners with regard to the moisture. There is a difference in the reading of the calibration of the moisture tester. But it is difficult to criticize a producer because when it gets late in the season and that crop is out in the field, he is afraid he might lose it all if he does not get it harvested. In certain areas of the west, and this is mostly confined to the Red River Valley, although there are parts of Alberta too and remote areas in Saskatchewan, normally the grain that is being delivered is out of condition, and this is expensive. In our final payment this year you will notice that we had to widen the credit on tough and damp grain because of the additional costs that were involved in conditioning it. However, I would say this year that if the situation in Alberta had been like Manitoba, where 80 per cent of the grain that has been delivered has been out of condition grain, that has to be conditioned before it can be exported, that the situation which developed in Vancouver, which was

serious this year, would have been impossible because we just have not got the drying facilities in those terminals to condition that volume of grain. Even now, part of our problem at the Lakehead is that 80 per cent of the grain originating from Manitoba elevators arrived in tough and damp condition. Some of those terminals have more tough and damp grain than they can dry in the next six months. This grain is useless to us at the present time to meet export commitments.

Mr. FORBES: Just to refresh my memory, what is the spread now between dry and tough and tough and damp?

Mr. MCNAMARA: Four cents, I believe, and the tough and initial payment price is for the top grade. Damp is 16.

Mr. FORBES: From four to 16?

Mr. MCNAMARA: Yes. A tough grain goes up to 17; anything over 17 is damp. There is a lot of consideration being given, and I think it is something that should be studied, that instead of having such a wide spread between the tough and damp the price should be determined on the actual moisture content of the grain. People who are just over the line have been penalized heavily, whereas people who deliver 18 and 19 per cent water in their grain profit.

• (6.00 p.m.)

Mr. FORBES: With respect to reducing the moisture content, do you think that we actually gained anything in doing that on a competitive basis, or was this the principle behind it?

Mr. MCNAMARA: It is difficult to say. Certainly, in so far as we are concerned, the Americans have taken steps to reduce the moisture content in their grain. The Australian and the Argentine grain has been delivered in a drier condition than Canadian grain. In some countries, South Africa in particular comes to mind, they complain about the moisture quantity in Canadian grain. Buyers do not like to pay for water, and to pay freight for water.

The CHAIRMAN: I think we should adjourn. It is six o'clock, and we will meet back here at eight o'clock this evening.

Mr. MUIR (*Lisgar*): Before we adjourn, can we finish this item on over quota delivery for flax. This happens in an area in the Red River Valley.

The CHAIRMAN: Can this not wait until eight o'clock, Mr. Muir?

Mr. MUIR (*Lisgar*): I think that perhaps a big mistake was made when some of the elevator agents purchased this over-delivery and paid for it. There was no chance that the elevators would be filled with wheat, but had there been a specified over-delivery without payment in order to let the farmers get the flax in the elevator, would that not have been better?

Mr. MCNAMARA: Of course, if it is not paid for and if it is storage, then the farmer has to pay storage.

Mr. MUIR (*Lisgar*): He would have to be prepared to pay the storage.

Mr. McNAMARA: The whole secret of the quota system is that it is something like liquor regulations. You must have the support of the producers and the co-operation of the producers, and we feel that unless we adhere to the Act and regulate our quotas in accordance with it, if we start allowing people to deliver when they want to deliver, then the whole system will eventually crumble.

The CHAIRMAN: We will adjourn until eight o'clock.

EVENING SITTING

• (8.00 p.m.)

The CHAIRMAN: Order.

Mr. KORCHINSKI: The Board is usually quite aware that when you go into a new year all farmers expect to deliver an initial quota at some sort of a price and usually there is a waiting period of a month to a month and a half sometimes. Why is it necessary to have this waiting period? After all, in most cases we end up with just the same price as we had the year before anyway.

Mr. McNAMARA: As far as the initial payment prices are determined, there is really no excuse for any delay, and there has not been any excuse in recent years.

The delay which has occurred is subject to two things; one concerning the negotiations with the elevator companies with regard to the allowances, or the handling charges that will be agreed to. If we started buying on the basis of the handling margins—and some year I hope we will not and I do not expect we will be—we would be forced to increase the margins and that, of course, would affect the price of producing them, and there would have to be refunds.

So far as the grades other than No. 1 Northern, and the lower grades of oats and barley are concerned, the spreads do vary from year to year on these grades, depending on the production. For example, if you get an enormous crop of No. 5 wheat, and you are going to have to widen the discount in order to dispose of it, then each pool stands on its own merit. However, if we had a loss in No. 5 wheat, it would come out of the producers of the higher grades. Therefore, some care has to be exercised until you know what the grade pattern of the crop is going to be. Mind you, this does not cost the producers anything, because they can deliver the grain; we pay the storage, and they can get an advance interest free from the elevator companies during the period until these wheat spreads are determined.

Mr. KORCHINSKI: Do you pay any of the storage?

Mr. McNAMARA: Yes, we do. We pay the storage in the regular way.

Mr. KORCHINSKI: In the end, the farmers do.

Mr. McNAMARA: Oh, yes. We have no money of our own, including me. I mean, the producer would be in the same position if he sold it, because we would be paying the storage if he sold it.

I am conscious that these delays should be avoided, but in recent years it seems to me that harvesting has been delayed. It has been a very difficult question to decide, much before September 1, what the grade pattern is going to be.

Mr. McLELLAND: Has the Board ever considered changing the unit system, for instance, to raise it right off the bat automatically to 1,000 bushels?

Mr. McNAMARA: We have considered this, but under the unit system at the present time it allows the delivery of about 100 million bushels of grain. Now, in years when we have a good export movement early in the fall, as we did the last few years and I expect we will next year, it does not take so long to get off the unit system. However, in years of sluggish marketing, it is sometimes January or February before we can provide enough space at some points to require the unit system. If you raise the units from about three hundred bushels to a thousand, this would probably mean 200 or 250 million bushels of grain would have to be delivered before you could take the unit system. I do think that we are giving consideration to whether it would not be advisable to slightly increase the amount of grain that should be delivered under the unit system. The original idea of the unit system was to give all producers, regardless of the size of their farm, a marketing opportunity to deliver a reasonable percentage to get some immediate cash. Of course, it works to the advantage of the small producer as compared to the large producer. But due to the increased cost and things of this sort, I think a case can be made for modestly increasing the quantity that should be delivered under the unit. With 230,000 farmers, 1,000 bushels would take in a very large percentage of grain if you put it on the unit system.

Mr. McLELLAND: Yes, but it is known that in a lot of cases the elevators have room available until a quota has been announced. Now, there are a great many farmers who will not take advantage of delivering one truckload of wheat, which is 300 bushels. Now, if it were 1,000 bushels, the space in the elevators would fill up in the fall, would it not, and the wheat would be hauled in a little bit more orderly?

Mr. McNAMARA: I do not think so, because at many points, if you allowed all the producers to give 1,000 bushels, perhaps 10 per cent of the farmers would deliver it and congest the elevators, and the other 90 per cent might have to wait many weeks before they could deliver anything at all. Generally, the space situation is that you can accommodate the 300 bushels within the first couple of months of a marketing season. However, with regard to 1,000 bushels per producer, I am satisfied that many points would become congested with a limited number of producers getting the benefit of the 1,000, and many producers not getting any delivery opportunities at all.

Mr. McLELLAND: But 300 bushels is not really of any benefit to, I would say, 75 per cent of the producers, is it?

Mr. McNAMARA: Well, in my days it used to be that $600 or $450 was worthwhile.

Mr. HORNER (*Acadia*): A supplementary question: Could it not be enlarged, though? A 300 bushel quota is an arbitrary figure. In the light of increased costs to farming and improved handling facilities and improved marketing conditions generally, could it not be enlarged? Perhaps 1,000 is too much, but could it not go to 500?

Mr. McNAMARA: I think there is a good case for enlarging it over the present situation, because of the increased cost of living factor. For example, last year the Albertans went in with practically complete congestion in elevators, and it took us a long time before we could even accommodate the unit quota at many points.

Mr. HORNER (*Acadia*): But I am thinking of the irrigated farmer, for example, who has a very limited acreage, and a pretty high yield. He is at quite a disadvantage to a dry-land farmer like myself who has lots of acres and a lower yield, and an initial quota means a lot to him. He has a great deal more expenses than perhaps a dry-land farmer.

Mr. McNAMARA: I think this point is well taken, and we have in mind giving consideration, depending on the situation at the end of July, as to whether it might be possible to increase the unit quota. I would not want to leave the impression that I think 1,000 is a realistic figure.

Mr. McLELLAND: Whether it is 1,000 or whatever it is, the wheat all goes in that point anyway, does it not?

Mr. McNAMARA: It is a case of timing, sir, though. Say you have 1,000 signatory farmers to some of these big points; that means that 100,000 bushels of grain have to be delivered before you can increase the quota. If you only have a 25,000 or 30,000 bushel space to start with, a lot of farmers are not going to be able to deliver even one bushel for some time.

Mr. McLELLAND: But the unit system is 800 bushels of oats, is it not?

Mr. McNAMARA: That is right.

Mr. McLELLAND: 500 bushels of barley?

Mr. McNAMARA: Yes.

Mr. McLELLAND: Well, 800 bushels of barley goes in exactly the same space as 800 bushels of wheat, actually, so the quota for wheat could be raised as far as space is concerned.

Mr. McNAMARA: Well, of course, if you raised it to 1,000 bushels of wheat, the wheat would be predominating then because they get that much more cash out of the wheat than they do out of the oats.

Mr. HORNER (*Acadia*): I am satisfied with the answer, Mr. McNamara, as long as you are considering it in the light of bargaining conditions next fall, provided they are as optimistic as they can be, and the strike is settled, and so on.

Mr. McNAMARA: We will keep this in mind, Mr. Horner, and I think that if conditions warrant it, that we should do it.

Mr. HORNER (*Acadia*): If I might, Mr. Chairman, I would like to go on and ask some more questions on quotas. Mr. McNamara, there was quite a bit of discussion in the House concerning delivery quotas, and the question as to whether they were actuarially appropriated to various parts of western Canada during the last fall. I do not know if someone has brought this up already or not, but with regard to the constituency of Assiniboia, the charge was made that they had a five bushel quota practically immediately.

The CHAIRMAN: No, they did not bring up this specific case, Mr. Horner.

Mr. HORNER (*Acadia*): But I think that he should have an opportunity to reply to the charge which was made, and the thing should be aired. This is why I am bringing it up now, and I know that in many areas in my constituency quotas were very low and farmers were greatly concerned. I was surprised to hear that any constituency, or any part of western Canada, was on a five bushel quota when there is only a unit quota in many parts of my constituency, and in many parts of western Canada.

Mr. MCNAMARA: Well, of course, gentlemen, space varies at the individual points at the beginning of the crop year. There are certainly going to be some points particularly on the Canadian National Railways right now, where there is more than enough space for a ten bushel quota, and we are still going to have to draw certain grains. We will be going into the crop year with these points practically empty; it varies from time to time.

However, with regard to the specific charge, I was informed by the newspaper, and was advised that a charge had been made that we had tried to raise quotas on the basis of political interference from the government. This is not the case at all. We work from reports from the agents and from our statistical information, and when the situation warrants an increase in that quota, we automatically do it. I want to say this, that I have been with the Board now for 22 years, I have been a commissioner for 23 years, and never in the history of my association with the Board has any minister of any of the governments that I have had the pleasure and the privilege to work under, interfered with regard to the administration of quotas, and no pressure has ever been brought on us at any time by any of the ministers to whom I have been responsible regarding quotas. I can say that we are far too busy; we do not know the constituencies, we do not know the candidates, and we are not trying to operate a quota system with any political bias whatsoever.

Mr. HORNER (*Acadia*): Well, I thought perhaps that would be the answer, but I still felt that there was a discrepancy, and perhaps it was because of different grades, or something, I really do not know. I realize the actual allotment of quotas depends on the space, the demand and the grade. I just know that at that same time most of my constituency was on a unit quota, and farmers were greatly concerned.

Mr. MCNAMARA: Well, there was certainly much more space in that area in Saskatchewan, going into the crop year than there was in Alberta because, as I mentioned earlier, the Vancouver strike and the shipments being retarded in July and August created a lot of congestion in Alberta. I think, for the first time, to use an expression, you were kind of at the tail end of the dog in so far as quotas were concerned in Alberta.

But, certainly, gentlemen, and I say this with all sincerity, in the operation of the quota system we are using machines, computers, the figures come out, we act on the basis of these figures, on the reports and receipts from the elevator agents recommending quota increases, and we do not take time to try to study what the political aspects of a particular situation are in any way. I am very pleased to report to you that no government, and I include all the administra-

tions with which I have had the privilege to work, has ever in any way tried to influence quotas at any station in this area.

Mr. KORCHINSKI: Do you, in certain cases where you have—

The CHAIRMAN: Have you finished, Mr. Horner?

Mr. HORNER (*Acadia*): Not quite.

The CHAIRMAN: Order. I would like to keep a little order here, so we know where we are at. I wish you would address the Chair so I know who you are talking to.

Mr. KORCHINSKI: Yes, sir. In certain cases where your computer would indicate that there is space available, and that, for all intents and purposes, the quota should be raised, but you do not have a recommendation from the agency, would you still raise the quota in that area?

Mr. MCNAMARA: In some years we do. This year we have been following the practice of trying to get recommendations. Now, we do not always get the recommendations. One particular elevator might be a little bit congested; his competition has lots of space, but he does not want the quota raised so he will not sign it. Well, in those cases, if our figures indicate that the quota should be raised, we will not try to protect anybody's particular business on the market; if there is space for producers to deliver a fair share of the new quota, we automatically raise it. We are not committed to be guided by the agents at all. It is surprising how many of these agents try to use the quota system to protect their own particular interests in the market. I would have done the same if I were working for them, I suppose, too.

• (8.30 p.m.)

Mr. HORNER (*Acadia*): What do you mean by that remark, "to protect their own particular interests"?

Mr. MCNAMARA: Well, you will find at some houses probably packing is congested, the opposition has lots of space, the quota has been delivered, but there is not enough space for him to take in his share of the new quota; he will not petition for the quota to be increased until he gets more cars, and he would like to see the other farmers have to wait until he gets space so he can protect his share of the business from the market.

Mr. HORNER (*Acadia*): In allocating quotas, in other words, you use your own judgment with regard to grades and delivery routes. You, no doubt, experience a great deal of difficulty with regard to quotas on CPR lines earlier on in the fall, am I right?

Mr. MCNAMARA: This is right.

Mr. HORNER (*Acadia*): Has the Wheat Board any influence over delivery of box cars from some of the railways to different lines?

Mr. MCNAMARA: I think we have some influence. We have no direct control, but we keep the railway management conversant with the problem, and where the cars are needed. We cannot force them to put cars into certain areas, but, as I reported this morning, in all my years in the grain trade we have never had

better co-operation than we have had this year from the railways and the elevator companies. There have been discrepancies, but they have been caused to a great extent by policies which we had to adopt. We are receiving, and particularly in the last few months, excellent co-operation from the railways.

The CHAIRMAN: I think, if I may interrupt, Mr. Horner, if you will check the proceedings when they are printed you will find that this question about the influence they have on the railroads has been asked at least four times.

Mr. HORNER (*Acadia*): Then I am sure you will bear with me if I ask it a fifth time.

The CHAIRMAN: Not necessarily so. I may put up with it, but I do not bear with it.

Mr. HORNER (*Acadia*): As long as you put up with it, I do not care whether you bear with it.

Mr. MCLELLAND: May I ask one more question, Mr. Chairman?

The CHAIRMAN: Mr. Horner, have you finished?

Mr. HORNER (*Acadia*): Not quite. I was going to carry on with one more question, if you will allow it, Mr. Chairman.

The CHAIRMAN: If it is not a repetition of something that has already taken place, it is all right.

Mr. HORNER (*Acadia*): I find that the committees in this particular year, Mr. Chairman, are in repetition with a lot in the manner in which they are carried on, by not allowing supplementary questions on a given subject. I find this committee and other committees operating in the same way; they are planned for repetition.

The CHAIRMAN: This may be your opinion.

Mr. HORNER (*Acadia*): That is my opinion, and let us have no buts or mays about it.

The CHAIRMAN: But I have taken the time myself as Chairman to go and visit these other committees when they are in session, and most of the chairmen that I have witnessed correct the person who is questioning the people who are appearing before the committee. He has always, in every instance that I have witnessed, told them that a question has already been asked, and they have not proceeded with the question.

Mr. HORNER (*Acadia*): By not allowing—

Mr. STAFFORD: Mr. Chairman, if you fellows want to fight, why not go outside and do it? Why not get on with the questioning, and get this over with?

Mr. HORNER (*Acadia*): Well, I just want to make my point.

Mr. STAFFORD: I think you have said it three times already; we understand what you mean. Why not ask your question? You could have had it over with by now.

The CHAIRMAN: Order, please.

Mr. HORNER (*Acadia*): Well, fine, I hope that I am boring you to death. You are on the opposite side, and—

Mr. STAFFORD: You sure are.

Mr. HORNER (*Acadia*): It does not bother me one bit. I want to make this point, Mr. Chairman. By not allowing supplementary questions in committee this particular year, there is a great deal of repetition. I have sat on two committees all day, railways and this one. Maybe I have not been at both of them all the time, but I have tried to be at each committee a fair amount of time; it is rather difficult when they sit at the same time. I shall carry on with my last question with regard to delivery quotas on the CPR lines. In exercising your influence over the CPR, apparently you found them co-operative in all regards, and they did try to meet your wishes. However, did they prefer any specific area in western Canada, and in Alberta particularly.

Mr. MCNAMARA: No, and if I may be a little repetitious too, Mr. Chairman—

The CHAIRMAN: I do not see how you can be anything else in view of the questions.

Mr. MCNAMARA: I think this is very important because a lot of the trouble that developed with regard to the CPR was policies of the Wheat Board. We asked them to concentrate on the short haul; we asked them to concentrate on the tough and damp grain, with the result that quota disparity did exist in western Saskatchewan and in Alberta.

The other factor, Mr. Horner, is that although the crop is normally about 55 per cent CPR and 45 per cent CNR, this year it is about 60-40, so there is a heavier load of grain to move on the CPR than normal. We did have trouble and difficulties, and they were subject to a lot of criticism. I thought they were a little slow in getting into operation, but they are now in operation. Both railroads have now moved 12,000 more cars of grain out of country elevators than were moved in the record year of 1963-64. They have moved 25 per cent more grain out of country elevators than they moved last year at this time. There is every indication that if it had not been for this important strike they would have met their full commitment; in fact, both lines would have moved more grain out of western Canada than ever had been moved in the history of the past. So I must report that we have had excellent co-operation. A great deal of this trouble, I know, which was raised in the House—and I can understand it being raised—was due to policies instituted by the Board; it was really not a fair criticism of the railways.

Mr. HORNER (*Acadia*): Actually, it was the Wheat Board's instruction that they move the short haul grain first.

Mr. MCNAMARA: That is right, sir.

Mr. HORNER (*Acadia*): Particularly the northern part of my constituency suffered because of this, and we had a great deal of difficulty.

Mr. MCNAMARA: That is right, yes.

Mr. HORNER (*Acadia*): The CPR has been before the railway committee with us today and Mr. Sinclair, of course, informed me, just as you did, that

they are away ahead of their quota at the present time, and they will move more wheat than ever before, and he was quite proud of that fact.

Mr. McNAMARA: I hope he lives up to it; I think he will.

Mr. HORNER (*Acadia*): He seems sure about it.

The CHAIRMAN: Did you have a question, Mr. McLelland?

Mr. McLELLAND: I have one more question, Mr. Chairman. I was wondering, Mr. McNamara, if the Wheat Board has considered changing the quota on specified acres. I am thinking primarily of the fact that today seeded grassland is taken in its ordinary cultivated acreage; although you grow grass seeds or special forage crops, you are allowed to deliver grain on it. If they have no relationship with mustard, I am wondering why the Board is reluctant to classify that acreage the same as forage crops or seeded grass seed?

Mr. McNAMARA: In determining a specified acreage, we were very conscious of the fact, particularly in the years of surplus, that we should do what we could to improve better farming methods, and not deny the producers of delivery privileges because they were summer-fallowing or they were putting their crops into forage crop seeds.

But then when you get into the field of other cash crops; for instance, people suggest that we should have peas, that we should have sugar beets, and other cash crops, this brings in a lot of inequities. The policy we are following is under continuous study and review. It is found that if we brought in mustard—and on the Portage plains a lot of people who are now growing peas think their peas should be in; that the sugar beets should be in—it would be pretty hard to draw the line if you get away from the regular cereals. Rape is in because rape was declared a cereal. I think Mr. Rapp had something to do with this a number of years ago. I think in some way you have to draw the line on this.

Mr. McLELLAND: Rape and flaxseed are actually the only specified crops at the present time, are they not?

Mr. McNAMARA: That is right.

Mr. McLELLAND: I do not suppose the Wheat Board will change their attitude in this respect. These crops are no different, actually, as far as the Wheat Board is concerned, than ordinary forage crops; they never see them anyway.

Mr. McNAMARA: Well, of course, mustard seed is really grown for a cash crop, and not as a soil improvement crop. If it were declared a grain, of course, then it would be taken into consideration, but so far it has not been changed in our act to be a grain.

Mr. CLERMONT: Mr. Chairman, on what basis are the initial payments made?

Mr. McNAMARA: The basic initial prices on the top grades of wheat No. 1 Northern, oats and barley are determined by the governor in council. This is really a floor price, because once the government decides what is going to be paid it is paid out. If we cannot sell the grain then it becomes the loss to the

treasury. The spreads between grades other than No. 1 Northern are determined by the Board with the approval of the governor in council.

Mr. CLERMONT: On your recommendation?

Mr. MCNAMARA: On my recommendation, yes.

The CHAIRMAN: Are there any further questions on quotas? Now, it has been suggested by Mr. Muir that we deviate from this 1964-65 annual report and go to the supplementary report. Is there any line of thought on this?

Mr. JORGENSON: I am perfectly in agreement to let this happen, providing we do not cover the same ground again that we have covered three times. There are areas on which I know a number of members would like to question the commissioner, and I have a few questions myself, but we will never reach them if we are going to pursue them the way we have.

The CHAIRMAN: I would think , as Chairman, it is not necessary to read all these, but we should proceed with the reports that we are on. We never told the committee that we would finish this today. We said we were going to have the Wheat Board before the committee later on this year, probably this fall, and there would be a lot of new questions that members would probably want to ask at that time. I think that Mr. McNamara is in agreement with this.

Mr. MCNAMARA: We are at your service, sir.

The CHAIRMAN: I would suggest that we just proceed and see how far we can get.

Mr. KORCHINSKI: It is not the intention to have it completed then?

The CHAIRMAN: Not now, not unless something different happens.

Mr. CLERMONT: I hope they will have a chance tonight, anyhow to think about the feed grains for the east.

The CHAIRMAN: I think several hon. members have intimated that they want to speak on feed grains now. I hope we can proceed in an orderly fashion, and go from page to page here, and if any specific questions on any item come up, I would ask the members to direct their questions to the commissioner. We are on page 19 right now, as far as I am concerned, and the handling agreement is the next item.

Mr. HORNER (*Acadia*): When would you suggest that the feed grain situation should be taken up?

Mr. MCNAMARA: It will come under pages 22 and 23 when we get into oats and barley.

Mr. HORNER (*Acadia*): I thought you were going to drop that report and go to the other one.

The CHAIRMAN: No. I think as far as the committee is concerned, we will proceed right on with this report and get as far as we can with it tonight. Are there any discussions on the handling of grains?

Mr. JORGENSON: Applications for an increase in the tariff are not heard before your Board, are they, Mr. McNamara? They go before the Board of Grain Commissioners?

Mr. McNAMARA: Yes, applications for an increase in the maximum tariff are under the jurisdiction of the Board of Grain Commissioners. We negotiate a separate agreement with the elevator companies covering the handling of board grains in the elevators and the rate of storage that we pay to them, which does not have to be at the maximum as provided. For a considerable number of years, we have been able to negotiate the same rate with no increase in the last few years.

The CHAIRMAN: If there are no further questions on this item, the next subject is allocation of shipping orders. Are there any questions concerning this?

We will move on to Item No. 11 which is headed Western Grain Movement.

Then we come to Item No. 12, Eastern Movement of Export Wheat. There do not appear to be any questions concerning this item.

We will move on to Part 4, 1964-65 Pool Accounts, Payment Policy, Grade Pattern. Item No. 14, 1964-65 Pool Account—Oats.

Mr. JORGENSON: I think we will arrive at the appropriate occasion where we can discuss this question in which Mr. Clermont was interested, namely the matter of feed grains.

The CHAIRMAN: Mr. Jorgenson, Mr. McNamara has a statement on feed grains. I think we should have this before we proceed any further.

Mr. McNAMARA: Well, gentlemen, we anticipated that we would be asked for our views with regard to the marketing of feed grains in the domestic market. With that in mind, we prepared a statement which I hope is clear and clarifies the position of the Board with regard to this position.

On many occasions, the Canadian Wheat Board has stated that we regard the eastern Canadian and British Columbia domestic market as our most important outlet, and most valued customer for feeding wheat, oats and barley produced in western Canada. We have therefore watched with interest the various proposals which have been made, and which might result in a changed method of buying.

In carrying out our responsibilities to marketing feed wheat, oats and barley, and particularly in servicing the eastern Canadian market, we have always considered that our responsibility is to have ample supplies of these grains in position at Fort William and Port Arthur. In recent years, with the exception of 1961-62 when we had a short crop, we have always succeeded in maintaining adequate supplies at the Lakehead. Regardless of what method of buying is utilized in eastern Canada, it would be our intention to continue this policy of maintaining adequate stocks at the Lakehead.

It has also been our policy over the years not to move unsold stocks of wheat, oats and barley into any forward position. This policy, which is applied equally to the export movement as well as the domestic, has been followed by the Board pursuant to our marketing responsibilities on behalf of western producers. We have therefore not been prepared to move unsold stocks of feeding wheat, oats or barley into positions east of the Lakehead, except under very unusual circumstances. This, also, will continue to be our policy.

Having stated these two basic policies, I want to say that throughout the world, in our export sales, we have always done our utmost to co-operate with our buyers and to make our sale methods conform to the buying methods selected by the individual customers. We would follow the same principle in our domestic sales.

Consistent with the principles which I have outlined, we are willing and ready to conform to the wishes of our eastern Canadian and British Columbian buyers in making sales in a way which will conform to the buying method of their choice. We would, however, continue our policy of having the same price for both domestic and export markets.

I think, gentlemen, that, in general, outlines the policies we have been following, and the policies that we would propose to continue to follow, depending on the decision of how they decide they want oats and barley marketed in British Columbia and in eastern Canada.

Mr. MUIR (*Lisgar*): I would like to comment on that, Mr. Chairman.

The CHAIRMAN: Well, several people have intimated already that they want to speak. Mr. Clermont is first.

Mr. CLERMONT: Mr. Chairman, it is the responsibility of the Board to handle sales and prices of wheat, barley and oats produced in the west. You said that you would not go further than to deliver wheat, oats and barley to either Port Arthur or Fort William.

Mr. MCNAMARA: Let me just enlarge on this slightly, sir. Under our act it is our responsibility to market wheat, oats and barley delivered into commercial channels by the producers to the Board, to the best possible advantage in the interests of the western producers. In other words, our job is to sell the grain, the merchandise, at the best possible price in their interests.

Now, in merchandising wheat, we have found from experience that if we are selling to Holland, and they want to buy in a particular way, it is in our interest to co-operate with the buyer. When we sell to Japan, they have a food agency; they will only deal through the food agency, and we will only sell through the food agency. The South Africans have a wheat board which controls all the imports, and we deal solely with the South African Wheat Board.

As a matter of marketing policy, we have discovered, through bitter experience in the past, that it does not pay to put a seller's grain in the consumer area until it has been previously bought by somebody, because it becomes a sitting target, and you just cut your throat on it.

But what I try to say in this document is that in marketing for the domestic marketing in eastern Canada, we feel that we have a responsibility to the eastern consumer to have at the Lakehead, in a position for them to buy in any way that they so choose, ample stocks of grains. In other words, we see that the movement of oats and barley into position is a fair share of the movement as compared to wheat for export.

It has been suggested to us that we should move and carry unsold stock in position in Montreal. First of all, we think this would be detrimental to our marketing efforts, and we think it would completely disrupt the normal trade.

None of the trade would take a chance of financing and putting stocks into position if the Canadian Wheat Board had large stocks of unsold stock that we could pull the plug out of every time and demoralize the market.

What I have been trying to say in this statement is that this is our major market. The United Kingdom is our number one market for wheat. We will not put unsold wheat in England. We will sell it the way the buyer wants to buy it. Regardless of what parliament decides with regard to the marketing board, or how they want to handle it in eastern Canada, we will co-operate, we will keep ample supplies at the Lakehead. We will make that grain available to the eastern consumer at exactly the same price that we can receive from the foreign buyers, no more, no less, but we do not think it would be good business for us to put it down and retain title to it.

Now, a policy was adopted a few years ago that we would continue under any circumstances, and I think it has been proven quite beneficial to the eastern consumer. You may remember the gentlemen a few years ago instituted a policy of paying storage on grain that was moved early to encourage the eastern consumer to move larger stocks into position. Coupled with that policy, we came out with what we call a deferred price policy, somewhat similar to what we have in wheat, whereby a representative of the trade could buy the grain from us, pay us the provisional price, but we leave it to his discretion to fix the actual market price at any date he chooses, as long as it is still in commercial storage at the time the price is fixed.

Speaking for the Board, and I am sure my colleagues will agree, that although there has been a lot of discussion, we have had very, very few complaints regarding the stock position that has been maintained at the Lakehead, and the manner in which we have been able to service this very important market.

Mr. CLERMONT: Mr. McNamara no doubt you have heard a lot of complaints about the fluctuation of prices during some period of the season. We heard about those complaints during February and March. You say that it is your responsibility to represent the western farmers. I have noticed that because on a few occasions you have used the term "we westerners". This is the report of the Canadian Wheat Board.

Mr. MCNAMARA: That is right.

Mr. CLERMONT: I have noticed in a few instances that in your language, speaking of yourself, you have said "we westerners."

Mr. MCNAMARA: I am a westerner, and my responsibility is to market the grain grown by the western Canadian farmers to their best interests.

Mr. CLERMONT: I agree with that, and I have no criticism with respect to it. However, I see that according to the act of 1935, that if there is a shortage in the initial payment, the government has to pay for it.

Mr. MADILL: Mr. Chairman, I think we have possibly missed the point here, and I think that Mr. McNamara should clarify this. If I were in my home town, or if I deliver barley or oats into a local elevator, and my neighbour wants to go and buy that grain, he has to pay the Canadian Wheat Board price.

Mr. McNAMARA: That is right.

Mr. MADILL: If my next door neighbour is buying grain out of my local elevator, he is in exactly the same position as a man in Vancouver or any place else in Canada; we have no preference.

Mr. CLERMONT: But if your neighbour buys his wheat or oats from you, is he paying the Wheat Board price?

Mr. WATSON (*Assiniboia*): That is a deal between you and I; if you want to sit down and buy some grains, wheat, or oats, we can make a deal.

The CHAIRMAN: Order, Mr. Watson. The questioning is between Mr. Clermont and Mr. McNamara. I would appreciate it if you would let Mr. McNamara answer the question. If you have any questions to bring up I am sure that we will hear them; you are on the list here. I would like the committee to be conducted in proper fashion, namely the procedure at this time should be between the witness and the member who is asking the questions.

Mr. CLERMONT: Mr. Chairman, all through the day when western members asked questions of Mr. McNamara or his colleagues, we listened very carefully because we knew they were representing western Canada, and they had the interests of their electors at heart. I think it is only fair for an eastern representative to try to find out what is wrong when we hear complaints from our eastern farmers that during certain periods of the year they have to pay $0.75 and $1 more. Mr. McNamara explained that the policy of the Board is not to go further than Fort William and Port Arthur, then it is up to the easterner to get his supply from there.

Mr. McNAMARA: I think this is very important. We should appreciate what our act says, what parliament has told us. Our job is to merchandise the western grains to the best possible advantage of the western producer. In doing that we must be very careful that we do not discriminate against our most important customer of coarse grains which is the eastern market, so that we have only one price. As Mr. Watson says, if they buy grains in Assiniboia out of the country elevator, they pay the same price that they charge you less freight from Fort William.

I would like to clarify this because I think it is very important to you. We have a policy that if the Co-op Federee wants to buy grain at any time at Fort William and take it down, they can buy it, they can price it at today's price, they can move it into eastern Canada without pricing it. As long as they keep it in light commercial storage, they have the opportunity, under our policy, of selecting the day that they want to fix the price, that they think is the most advantageous to them. Of course, we do not let it go to hogs before they price it—as long as it is in a commercial position.

Mr. CLERMONT: Mr. McNamara, I do not want to give you the impression that the eastern farmers are against the Canadian Wheat Board.

Mr. McNAMARA: I know that.

Mr. CLERMONT: But I do know that the eastern farmers are not pleased to pay more money at certain times of the year. They claim that the difference between what the miners are paying to the Canadian Wheat Board in Fort

William and Port Arthur and in Montreal is too high. In one case, I think in 1964, the miners had to pay $0.24 or $0.25 more, but the farmers paid $0.75 or $1 more. They want to find out the reason for this. I do not know much about oats and so on, but it seems that the feeding grain agency should be remedied, so that the eastern farmers may pay a settled price between what they have to pay to the Wheat Board in Fort William or Port Arthur and Montreal, Quebec, Sorel, or anywhere in eastern Canada.

• (9.00 p.m.)

Mr. McNAMARA: I think you will find on investigation that when these prices go up it is because ample supplies were not moved into a cerain area during the period of open navigation. Policies were originated a few years ago by the government whereby they encouraged the eastern buyer to move his grain by water, which is certainly the cheapest way, put it into commercial storage, get the benefit of the storage, and take advantage of their deferred pricing. I am not contradicting you, sir; I just want to give you the other side of the story.

Mr. CLERMONT: That is why I ask these questions.

Mr. McNAMARA: Generally, we have found in recent years that larger quantities of western grain are moved east than are actually consumed in the eastern market during the winter. Grain has been carried over, and some of it has had to be re-exported in the spring because more than sufficient supplies had been moved east to service the area.

Of course, competition is what we are up against in so far as corn is concerned. When many of the eastern consumers find that corn is cheaper—and I am not blaming them for this—they switch to corn and leave the western grain that has been moved down. We receive a lot of letters, we have our Montreal office watching the situation closely, but, generally speaking, in very rare exceptions have we found deficiency areas. It seems to me that a lot of the problem in eastern Canada is that with this rapeseed improved, and the very important feeding industry that is developing, that there are not adequate facilities, there is not the organization amongst the feeders themselves to handle the volume of grain.

We were up against this problem in the twenties in western Canada, and the producers themselves organized and set up a system of marketing that proved that together they could handle their problem. I have always felt that much more could be done by the eastern consumer to protect his own interests. Many of the problems that are developing—and I am not minimizing them—in eastern Canada are due to the fact that the eastern consumer himself has not organized and built or arranged facilities sufficient to carry adequate stocks in position. It can only be exploited by a trader when he has a corner on the market.

Mr. CLERMONT: How does your Board look at the eastern feed grain agency?

Mr. McNAMARA: I have tried to say that if the eastern consumers find that they want an eastern agency, we will co-operate; we will be sure that we have adequate supplies at Fort William at all times. If they can buy, we will sell

them to the individual or to the agency, whatever you get. The government decides on the same price as we will sell to anybody else. We will not discriminate; we will not give them any discount.

Mr. JORGENSON: Mr. McNamara, you mentioned that you regarded the eastern feed market as a very important one, and I quite agree with you. However, in the light of recent developments, I wonder if that market is going to continue to be as important for western feed grains as it has been in the past. The increase in the price of wheat has made oats and barley on the prairies uncompetitive with wheat in so far as an income per acre is concerned. I notice that from 1951 to 1965 the wheat acreages have gone up from 24 million acres to almost 28 million acres. I think they are expected to be in excess of 28 million acres this year. On the other hand, the production of oats has been reduced from a little over 8 million acres to a little better than 5½ million acres. Barley in acreage has been reduced from 7½ to 5½ million acres.

At the same time, from 1951 to 1965, the three prairie provinces increased beef cattle numbers by almost 3½ million head. The total increase during that same period in Canada was 4.3 million head, which means that the prairie provinces were responsible for about 79 per cent of the total increase in beef.

Now, it would seem to me that combined with the increase in cattle numbers in western Canada, as well as the decrease in acreage, the production of coarse grains on the prairies is, pretty largely, going to remain on the prairies. In addition to this, another feature in eastern Canada has been the increase in corn production, which is interchangeable with western feed grains on the eastern market.

In view of all this, and by virtue of a section of the Wheat Board Act which gives you the authority—and I do not know how that authority fell on the shoulders of the Canadian Wheat Board; this has always been a puzzle to me—to issue licences for the import of feed grains into eastern Canada from the United States or any other country for that matter, I was wondering what your views were with regard to whether the authority for the granting of licences to import feed grains into eastern Canada should continue to be vested in the Canadian Wheat Board. It seems to me that you are being asked to do something that the Canadian Wheat Board should not be asked to do. This is a matter of trade, it is a matter of imports into this country, and should rightfully fall on the shoulders of the government. I wonder if you would agree that very soon we should be thinking about transferring this authority from the shoulders of the Canadian Wheat Board to the trade department of the government where it rightfully belongs.

Mr. MCNAMARA: You have asked me to agree to quite a number of things. In general I agree with your first premise regarding the increased demands for feed grains in western Canada, and the desirability, in view of a good movement of wheat in recent years to increase the wheat acreage at the expense of oats and barley. However, long range projects which we have made would indicate that in the not too distant future we may not be self-sufficient in feed grains ourselves, notwithstanding the increased production of corn in Ontario.

Our export market for coarse grain is quite erratic. We find that the American competition on feed grains is very intense, primarily due to hybrid

corn and the volume of feed grains that they are selling. They fight for their share of the dollar market on wheat, but they control the dollar market on feed grains, and it is becoming more and more difficult for us to compete in export markets for coarse grains. I do not know what the future is going to be, but I woud be concerned if a country like Canada is not in a position to produce, in all of Canada, including Quebec and Ontario and our corn production, enough feed grains to satisfy our own demand, and we had to rely on the United States, or one of our neighbouring countries, to import increased volumes of feed grains.

Dealing with this question of import control, originally in our act it was necessary for us to have import control within the designated area. That is, when we were making a guaranteed price in taking delivery, we had to protect Canada from having American oats and barley coming in and getting into our pools, and taking advantage of the prices which were prevailing at that time. I would agree that the responsibility for export control should be taken from the Wheat Board, particularly in view of these domestic markets and the way they are developing. But I respectfully suggest that with the Kennedy Round negotiations being under way now, the government would be well advised to find out what the American policy is going to be with regard to the importation of Canadian oats, barley and wheat. We are now frozen out of that wheat market because of a change in their domestic policy whereby Canadian wheat has to have a certificate for domestic consumption at $0.75 a bushel, and a right which we had under our treaty that was originated in 1939 has now been removed from us. We are losing on exports a potential of 800,000 bushels of wheat a year that we used to enjoy.

So I just suggest, Mr. Jorgenson, that while I would agree that it would be better for the control of imports, particularly of feed grains, to be removed from the Wheat Board and designated to another agency of government, that the approach should be in line with the negotiations that are going on in Geneva. There may be some bargaining power which Canada may want to exercise in those negotiations, rather than remove all these restrictions without getting something back. I never like to give away anything unless I get some of those things back on it.

Mr. JORGENSON: We should have more negotiators like you.

The CHAIRMAN: Mr. Jorgenson, have you finished?

Mr. JORGENSON: Yes, I am.

The CHAIRMAN: Mr. Horner is next.

Mr. HORNER (*Acadia*): I would just like to touch for a minute on the question of pricing of oats and barley, and particularly oats. How is the price of oats arrived at?

Mr. MCNAMARA: To some extent it is controlled by us. As you know, the futures market operates oats and barley, but as we are the predominant seller of the cash grain, we have quite a bearing on the fluctuation of that market. I think the value of a futures market in merchandising coarse grains can be summarized, but practically all our wheat goes for export. Our major markets are the Canadian domestic markets. Under the system which has been employed

in Canada in the past, with the trade and the eastern buyers assuming the responsibility of taking the grains from the Lakehead for their winter requirements, and having to procure their supplies many months prior to the actual consumption of the grain, they have enjoyed the opportunity of being able to hedge against the market fluctuation in the futures market.

The trades tell us, and I believe them, that this, on many occasions, has been very advantageous because it has allowed them to take quite a position and to move considerable stocks into position, and yet hedge them. They cannot hedge against a cash premium, but they can hedge against a major fluctuation in price. If they did not have the opportunity of some kind of a hedge against these feed grains that they have to move into position because we are frozen up in the winter, it might be that there would not be sufficient supplies moved prior to the close of navigation to satisfy the eastern demand.

This is a very debatable point. The value of the futures market in oats and barley has been discussed over the years, but certainly this is the justification for it. It does facilitate the movement of grains into eastern positions where the buyer has a chance of hedging, if he so desires.

Mr. HORNER (*Acadia*): In other words, Mr. McNamara, and I accept wholeheartedly your analogy of the hedging feasibility with the grain exchange, or with the marketing and pricing it over the grain exchange, but the price fluctuation about which we hear so much here in eastern Canada is really brought about by the old law of supply and demand, and the feasibility of delivery, to quite an extent. I mean, you use this in your judgment in pricing the market, do you not?

Mr. MCNAMARA: I do.

Mr. HORNER (*Acadia*): Always bearing in mind that you are working for the producers; you are the producers' board, and you are marketing their goods. Right?

Mr. MCNAMARA: That is right.

Mr. HORNER (*Acadia*): Then, in other words, in the following year when the quantity is, shall I say, relatively large and the supply is relatively handy, the price is perhaps at its lowest?

Mr. MCNAMARA: It could be, but not always.

Mr. HORNER (*Acadia*): Not always, but perhaps?

Mr. MCNAMARA: That is right.

Mr. HORNER (*Acadia*): During the winter months when transportation through the waterways is frozen up, to use your term, the supply is perhaps still there, but the delivery part of it is not nearly as handy so the price moves upwards. Am I right?

Mr. MCNAMARA: To some extent, yes, particularly in areas where they have not taken down sufficient supplies by the water road, and they have to use the rails which costs an extra $0.20 a bushel.

Mr. HORNER (*Acadia*): And this increase in price is mainly derived because of this rail transportation?

Mr. McNAMARA: On account of the fact that in certain areas adequate supplies were not put into position by water, a shortage was developed, and then they started to supplement their supplies by an all rail movement which is very expensive. I understand that some progress has been made—this is not within my scope of authority—with regard to getting special rates from the railways now that will, to a great extent, offset this extra cost of rail movement.

Mr. HORNER (*Acadia*): Special rates?

Mr. McNamara: Arrangements are being worked out whereby in certain areas a rate, which will be more competitive with the water rates, will be granted that will allow supplies in eastern positions to be supplemented by an all rail movement when shortages develop. I think this will go a long way to correct some of the difficulties which have existed in the past.

Mr. HORNER (*Acadia*): This is interesting; it suggests a non-competitive rate which is non-profitable also; just in dealing with passenger services which they claim is non-profitable.

However, what I want to establish before the committee is that the Wheat Board sets the price to the best advantage of the producer and whether or not the commodity is scarce in eastern Canada has no effect on your own judgment in allowing the price to increase. Am I right?

Mr. McNAMARA: I would not quite agree that we set the price because we are not the only factor in the futures market. I say having control of the cash grain we try to keep control of the market, but there are times when the speculative interests or various influences from eastern Canadian buyers depress the market, and then we pull out of it. But we are a major factor in the—

Mr. HORNER (*Acadia*): You are a major factor in the fact that you either price out the sale at such and such a price, or you do not. In this way you have quite a control over the price?

Mr. McNAMARA: Yes, we do.

Mr. HORNER (*Acadia*): And at all times you set the price at whatever you feel the market will bear, and the quantity will move?

Mr. McNAMARA: We are conscious that a major portion of our oats and barley go into the eastern market, but we also export a considerable quantity. We have had a good export movement of oats and barley; our prices therefore, must be kept in line with the price at which competing feed grains are being sold for export. For example, just let me quote you a figure on these exports. To date during the crop year, we have exported 13 million bushels of oats, 26 million bushels of barley, 6 millions bushels of rye, 15 million bushels of flaxseed and 11.4 million bushels of rapeseed. Therefore, our price levels and the level at which we go into the futures market are also determined by the price at which we are being able to sell a similar commodity to overseas buyers.

For example, we sold cargoes of barley today to Israel, and we are selling it to eastern Canada at the same price as we would sell to Israel today. Our price must be a price that is competitive in the international market, or else Israel would not favour Canada with that business.

Mr. HORNER (*Acadia*): In other words, an eastern feed grain board would not be able to depress the prices of oats or barley?

Mr. MCNAMARA: No, I do not think so.

Mr. HORNER (*Acadia*): They would always bear a reasonably close relationship to what you could receive on the export market?

Mr. MCNAMARA: I would consider that it is our duty to the people we represent that if we could sell barley to Israel at today's price, we would not be justified in selling it to an eastern feed board at a cent a bushel below or above that price.

Mr. HORNER (*Acadia*): What if you had a surplus quantity, and Israel would not take all your barley or oats, whatever the case may be?

Mr. MCNAMARA: Oour prices would be lowered because we cannot afford to carry surplus quantities; we eat it up in storage.

Mr. CLERMONT: Mr. McNamara, can a farmer buy directly from the Wheat Board, or does he have to go through a trader?

Mr. MCNAMARA: In theory he can buy directly from the Wheat Board, but that would not be a fair answer. For instance, if you came to me and wanted to buy a car of oats, I would sell you a car of oats in store in Fort William. Then you have to get that car of oats out of Fort William, you have to pay the forwarding charges, you have to arrange for it to be shipped, you have to have the documentation, and you have to arrange for the rail transportation. So that for the cost of using the broker, it is very much more advantageous for you to buy through the trade.

I just want to correct Mr. Watson. I thought you said you would sell him a car of your oats. You will not sell him any of your oats; your oats are going to be delivered to me and I will sell them.

Mr. WATSON (*Assiniboia*): By the same token, Mr. Chairman, what Mr. McNamara said is quite true. I was talking in the terms that if he was a neighbour of mine in Saskatchewan and he wanted to buy some of my oats, I would certainly make a deal with him. However, I realize that I could not sell to somebody in Manitoba or Ontario.

Mr. MCNAMARA: This is quite true.

Mr. WATSON (*Assiniboia*): Mr. McNamara, the question that I wanted to pose was pertaining to barley. I do not know, Mr. Chairman, whether this is the proper time to put the question, but I am referring to a period last fall when they opened up the quota on barley. I did not do any buying so I am not too sure of this. However, as a result of this, I believe it took a lot of barley out of western Canada and put it into the elevators. As a consequence, it left a good many feeders in the position where they were not able to secure barley when they wanted to. I was wondering what transpired in this connection. Was this barley all shipped out of the country or what was the reason behind the opening up of the quota as it was last fall?

Mr. MCNAMARA: We went into the crop year with relatively low stocks of commercial barley and, very unexpectedly, an overseas demand for barley for

immediate shipment developed. We thought we should take advantage of that market, and in order to get the barley into a position to meet our commitments, we had an open quota for a short period in Manitoba and Saskatchewan. Now, the Alberta people did not get the benefit of this because the demand was for a St. Lawrence shipment, and we were trying to use all our equipment for Vancouver to meet wheat commitments.

It was just a case of whether we should pass up an opportunity to sell a sizeable quantity of barley overseas by trying to get it off the farms and get it into position. You might remember that harvesting was late; some of the barley had been threshed early, and we were in a position to take delivery of it, get it to Fort William and get it out of the country before the heavy wheat movement started.

At that time we were not successful in taking and selling all the barley which was delivered, but the farmers certainly responded to that open quota very rapidly. It assured us of having ample stocks of barley in Lakehead position last year, so that at no time was there any question of the eastern consumer not having supplies of barley at Fort William which he could procure at any time. I consider this good business. It caused some discrepancy between producers, but I considered as a merchandiser, that is was good business to take advantage of that market when it developed.

Mr. WATSON (*Assiniboia*): That is quite true, Mr. McNamara, and I think possibly if I had been your position I would have done exactly the same. Is there a possibility that there was an overestimation by the elevator agent as to the amount of barley that was available in the west, and would be left in the west? My feeling is that as a result of this it left a vacuum out there, and there is not nearly as much barley sitting on the farms as possibly the Wheat Board thought. I am thinking in terms that I have two feed mills in my area who have had trouble securing barley through the winter, either from the farmers or not being able to get it out of the elevators. In the particular case to which I am referring, the elevator estimated that there was far more grain on the farms to be delivered than there actually was.

Mr. MCNAMARA: Well, based on the production of barley, there seemed to be ample supplies. In the case of these feed mills who encountered difficulties, it may be that they were trying to buy the barley at a price lower than the producers thought that they would realize by selling it through the Canadian Wheat Board.

Let me quote you some figures on barley. To date we have had 69 million bushels of barley delivered; last year there was a total of 75 million bushels of barley delivered to the Board. But the elevator agents, as at May 27, the last questionnaire, indicated that there were still 36 million bushels of barley on the farms which the farmers wanted to deliver to us. This is broken down into 3.6 million bushels in Manitoba, 16.8 million bushels in Saskatchewan, and 16.2 million bushels in Alberta.

I think these figures now are overestimated, but certainly the statistics we have received from the elevator agents indicate that there will be a quantity of fairly heavy farm carryover of barley at the end of the crop year. I think Mr. Jorgenson has pointed it out right, that it is hard for agents to estimate

the amount of farm feeding that is going on; it is increasing. But certainly the most recent figures we have received from the elevator agents, indicating what farmers wish to deliver before the end of July, would indicate that there is still 36 million bushels of barley—over half of what has been delivered already—that they still want to deliver in the next six weeks of the crop year. Therefore, I cannot buy the general position that there is a shortage of feed barley in western Canada.

Mr. WATSON (*Assiniboia*): This figure of 36 million would be in Manitoba, Saskatchewan, and Alberta?

Mr. MCNAMARA: It is broken down; I can give your the breakdown; 3.6 million in Manitoba, 16.8 million in Saskatchewan, and 16.2 million in Alberta.

Mr. WATSON (*Assiniboia*): Well, again, I cannot argue with your figures. If there is that much, there is still lots there.

Mr. MCNAMARA: I can only go by what they tell me; I hope my figures are right.

Mr. WATSON (*Assiniboia*): Well, all I can go on is by what these various people are telling me, they are trying to buy it, but the question is where is the barley. I was trying to get the answer, and I thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Watson. Mr. Muir is next on the list.

Mr. MUIR (*Lisgar*): Most of my questions have been answered. The one I was mostly interested in was the policy on oats and barley. I note you mentioned that you have something up to 14 million bushels already sold on export, and I expect that this would have to be at competitive prices; you have to be competitive with other exporting countries of the world.

The comment which I wanted to make was that I am very glad, Mr. McNamara, that you fully realize the reason why the Wheat Board was set up in the first place.

The CHAIRMAN: Thank you, Mr. Muir.

Mr. FORBES: Mr. Chairman, my question is related to what Mr. Watson asked regarding what a feeder in western Canada would have to pay, and the Board's policy on pricing. So I pass.

The CHAIRMAN: Mr. Watson, please speak into the microphone.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. McNamara, in your view, are there adequate elevator facilities in the Montreal area for export grain? That is the first part of my question. The second part is, are there adequate facilities for the feed grains which are used in eastern Canada?

Mr. MCNAMARA: I must qualify that question in two ways. I would say that until recently there were adequate facilities for export grains, but recent developments with the increased demand for domestic stocks are utilizing elevators, which were built originally for export grains, for storage of feed grains. We are finding that in some areas, particularly in Montreal and to some

degree in Quebec and Prescott, we have to pull out of these elevators because the total facilities are required for the storage of feed grains.

Now, as you probably know, there are new developments in connection with the construction of elevators in the St. Lawrence. Two of the major companies have already decided to build additional facilities for export, one at Port Cartier, another one at Seven Islands, and the third one is not definite yet.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): What is the increased movement of western grain for export via Vancouver?

Mr. MCNAMARA: I would say we have ample space in the St. Lawrence as compared to what we have in Vancouver to meet our export objectives. However, as a westerner, I hope you will permit me to make a statement. I think a policy of trying to service the eastern domestic market out of export elevators that were not adapted for loading by trucks was wrong. When the eastern feeding industry becomes as efficient as I am sure they will be eventually, a different type of warehouse, or storage facilities, to service these markets will be necessary.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am going to ask you another question which concerns my constituency particularly. I represent the area which contains the Côte Ste. Catherine locks, and there is a 4,000 foot pier just above the Côte Ste. Catherine locks. This pier is presently not used. Now, in the light of your experience, could you give me any indication as to whether an elevator at this site would be feasible from the point of view of the use of the eastern feed grain people?

• (9.30 p.m.)

Mr. MCNAMARA: I am afraid I have not enough knowledge. I would like to ask my colleague, Mr. Rowan, who is conversant with this area, to express an opinion on that.

Mr. F. ROWAN (*Sales Manager, the Canadian Wheat Board*): A great deal of the feed grains in the Montreal area are just across to the south shore, but I believe in an area further east, which starts from Sorel east to past Levis, there is more. However, there are very little feed grains to service in the area where you are located.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): But, as you are probably aware, Mr. Rowan, there is now a six-lane highway running along the south shore. With this new road facility, from your knowledge of this area would you say that it might be feasible?

Mr. ROWAN: It is feasible, but we have had no experience, actually, in merchandising the grain in eastern Canada. To find an answer to this, the best way would be to interview or speak to the various people in Montreal who merchandise this grain, such as members of the Montreal Corn Exchange.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): In your opinion, regardless of where these facilities would be established, there is a need for additional feed grain facilities, elevator facilities, in the Montreal region?

Mr. ROWAN: That is correct, sir.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Thank you.

The CHAIRMAN: Mr. McLelland is next.

Mr. McLELLAND: Mr. Chairman, my question was asked by Mr. Watson with respect to the open quota on barley. I would just like to ask Mr. McNamara if he can give us a hint, possibly, as to whether the sales will show up in the final payment of barley. I believe last year the final payment was roughly $0.29 a bushel. With this open quota, can we look forward to a little higher final payment at the close of this crop year, since you committed those sales?

Mr. McNAMARA: Well, you must remember that in the actual operation of our pools, the pool does not close at the end of the crop year. It is closed when there is sufficient stock sold to make the transfer, and the transfer, of course usually means it is January 31.

These sales to which I am referring will reflect in your last final payment. The final payment which will result from the grain delivered into this pool will be determined by what the market does between now and when we close the pool, probably next January.

Mr. McLELLAND: The drought in eastern Canada actually did not receive too much of that open barley quota then?

Mr. McNAMARA: No. From my point of view the drought in eastern Canada was magnified, and we anticipated a much larger movement of feed grains into eastern Canada than actually took place. At one time we were given estimates by officials of the Department of Agriculture that they were going to require an extra 66 million bushels of western grain on account of the drought, but in actual practice and in sales experience, a very limited quantity over what is taken normally was absorbed in eastern Canada last year. No doubt, the corn accounted for some of it.

Mr. McLELLAND: Thank you.

Mr. KORCHINSKI: Mr. McNamara, my question relates to your replies indicating that feed grains have been placed in storage in the Montreal area. Does this interfere with the movement of grain because you may require a higher quality grain in that area? Do you find, at times, the fact that you have feed grains in that area interferes with the normal movement of grain?

Mr. McNAMARA: Yes, in a normal year it does. It did not affect us so much this year because of the very heavy commitments we had entered into for shipments prior to the close of navigation, but in a normal season, we like to have enough export wheat in position in the St. Lawrence area to take care of the early spring demand before the lakes open. It is quite normal to have navigation in the St. Lawrence open two weeks or three weeks ahead of the opening at the Lakehead, and to the extent that we have stocks available for ready delivery to our customers in the St. Lawrence, it is beneficial from a sales point of view. To the extent that we cannot utilize storage that we used to use for the storage of export wheat to have it in position for the opening, the fact that these bases must now be reserved for domestic feeding grains, which of course helps us because this is another market for us, it does curtail our activities in meeting the early spring demand.

Mr. KORCHINSKI: What do you do in that case? Do you have to wait until later for the ships to come in and pick up the grain?

Mr. McNAMARA: We always have some stocks in store. For example, at Baie Comeau, where there is no domestic business, we try to have ample stocks available; we have some stocks in Sorel and Three Rivers, but we have them in Montreal particularly where the domestic feed grain is concentrated. In Quebec and in Prescott, Mr. Rowan, we have not been able to utilize any of that storage, or what is storage for export wheat.

Therefore, we have to wait until we can move it in volume, until we get openings at the head of the lakes, and can get lake boats to get new supplies into position to take care od this spring demand.

Mr. KORCHINSKI: How much of a waiting period is involved there, two weeks or three weeks?

Mr. McNAMARA: It varies. This year we were quite fortunate. Last year the opening of navigation at Fort William was April 21; this year we had it open on April 4. This is the thing that has saved our bacon; because of the early opening of navigation we were able to move a large volume of stocks into eastern position prior to the oil movement, and prior to the American movement through the St. Lawrence ports. But it varies from year to year.

Mr. KORCHINSKI: So that, in effect, even though the transportation facilities could handle it, if it were delivered in Montreal and if you did have sufficient storage space there, you would be in a position to export more?

Mr. McNAMARA: That is right.

Mr. KORCHINSKI: From our local market.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, Mr. McNamara has mentioned that prices are the same for export and for the domestic market and Mr. Horner, the honourable member for Acadia, indicated that a feed and grade agency for the East would make no difference as your prices are based on supply and demand. But during the month of March, during February, a manager of a cooperative told me that he had feed grain in Montreal, but that he preferred to get some from Fort William because it was cheaper, in view of the great demand during the winter months after the help given by the governments of Quebec and Ottawa to the farmers of 50 ridings in Quebec following the drought, and to 14 or 15 ridings in Eastern Ontario and that is why there has been an increase in prices, but I think that if we had had a feed grain board for the East of Canada, the Quebec farmers or the Eastern Ontario farmers would not have had to pay such as increased price between November and December and the prices which they pay either for February or March.

(*English*)

Mr. FORBES: Mr. Chairman, did Mr. Clermont indicate what price they did pay?

Mr. CLERMONT: I do not know the price, but I know the fluctuation in price was between $0.75 and $1 more than the prices they paid during November and December.

Mr. FORBES: Seventy-five cents to one dollar a bushel more?

The CHAIRMAN: A hundredweight.

Mr. CLERMONT: For 100 pounds.

The CHAIRMAN: This is on mixed feed, is it not, Mr. Clermont?

Mr. CLERMONT: Yes.

Mr. MCNAMARA: If you will pardon me, sir, I do not have the privilege of knowing your langauge, so I hope you will allow me to answer in English.

I think the situation to which you referred could have been corrected if this particular co-operative had properly estimated his requirements for the market, had brought down sufficient supplies which were available by the water route, had the government paid the storage on them, and had not priced them until such time as he wanted to sell them, then he could have protected himself against that.

However, generally speaking, sir, and we work with statistics, there was a surplus of feed grains carried over in the province of Quebec at the end of the crop year. So it is a question of isolated points; it is distribution within the province.

Mr. CLERMONT: But, as I mentioned in French, Mr. McNamara, there was a heavier demand this winter than during the previous winter due to the fact that help was given, and a lot of farmers bought feed grains instead of hay because hay was so expensive.

Mr. MCNAMARA: Yes. Well, I am not arguing, and I hope this is understood, about whether the eastern consumer wants to have a feeding board or not. This is a question, I think, that should be determined by the consumers themselves, and we will co-operate, whatever the decision may be.

I might point out, though, that if there had been a feed board, and they had bought the supplies that they required, say, in October, and then the international market price had dropped $0.20 a bushel, they might have had difficulty in merchandising what they had purchased at the higher price in view of new supplies being available from the Lakehead at a lower price. It could work both ways.

Mr. CLERMONT: I know that it can work both ways. The same applies to your Board.

Mr. MCNAMARA: That is right.

Mr. MUIR *(Lisgar)*: I wonder if I may ask Mr. Clermont if he is talking about mixed grain, that is grain with additives.

The CHAIRMAN: He is talking about mixed feed.

Mr. MUIR *(Lisgar)*: You cannot compare mixed feed with the price of grain because mixed feed does not last; it is expensive, too.

Mr. CLERMONT: Mr. Muir, I cannot make that comparison because I am not a farmer. I do not know whether or not you are a farmer, but if you are I do not have your experience. However, I do know there is a difference in prices between what you pay in November and in February, and that is what happened. It is not only this winter; it did happen in the past, too.

This is not criticism against the Board, but the body representing the Quebec farmers is urging for authority for a feed grain agency. Anyhow, in 1963 your party deposited a bill for such an agency.

• (9.40 p.m.)

Mr. MUIR *(Lisgar)*: I am not against it, but I do not think you are going to be happy with it.

Mr. CLERMONT: Are you happy with your Wheat Board?

Mr. MUIR *(Lisgar)*: Absolutely.

Mr. CLERMONT: Because you know that their work is to protect the western farmer?

Mr. MUIR *(Lisgar)*: That is right.

Mr. CLERMONT: As I mentioned before, the eastern farmers are not against the Wheat Board.

The CHAIRMAN: Is there anything further?

Mr. HORNER *(Acadia)*: With regards to an answer to a question, you made reference to the fact that at some time, in Montreal particularly, you do run into difficulty with the storage of eastern grain with regards to your export shipment. Would you suggest then, in the light of that, Mr. McNamara, that perhaps there should be more storage facilities built in Montreal or in the Montreal area by the marketing agencies of the feed grain?

Mr. MCNAMARA: Yes. I would think that for anything like a normal export movement, there are enough export terminals to cope with the movement of export grain out of eastern Canada. However, as I said earlier, it has always been my opinion that the eastern consumer is trying to service a domestic market, a lot of which is not well located and constructed to service this particular type of business. As my friend pointed out, it is a mixed feed business. Very little whole grain is now being fed, and I think warehouses located in the feeding areas equipped to prepare feeds would be a much more suitable type of construction to be built to service this very important market than to try to utilize elevators that were constructed primarily for the movemen of western export grains.

Mr. HORNER *(Acadia)*: I agree with you, Mr. McNamara, and I would just like to ask one more question on this particular line before I go on. Those same elevators, if they were built, could also be declared licensed elevators, and storage could be paid on the grain that is stored in them during the winter, just the same as the government is doing on feed grains stored in eastern Canada for eastern feed.

Mr. MCNAMARA: As long as they were licensed by the Board of Grain Commissioners and supervised, then we would allow the grain to be carried there.

Mr. HORNER *(Acadia)*: The storage would be paid by the government. It could be done and it is quite feasible?

Mr. MCNAMARA: I would think so. I would like to ask my colleague, Mr. Vogel, if he would like to comment on this. He has had a lot of practical

experience in servicing this eastern feed marketing; he might be able to add something which I have not been able to give to the committee.

Mr. G. N. VOGEL: (*Commissioner, the Canadian Wheat Board*): Gentlemen, I have been listening with great interest to the discussion, and perhaps I can add something. Mr. McNamara, in answering Mr. Horner, and Mr. Horner, in his own statement, has said that large export terminals are not the best vehicle for handling distribution of feed grain. Just a little over a year ago Mr. Riddel, who is now retired from the Board, Mr. Rowan and I were in Quebec city, and we met with the Quebec marketing board, and Mr. Mercier, the deputy minister of Agriculture, was present also, and we were asked there also for opinion and advice. Now, opinion and advice are very easy things to give, but we said very strongly at that time that it seemed to us that just as in western Canada, we have developed a gathering system of smaller elevators that eventually feed into a channel that go to big terminal elevators; that it seemed to us that what was required at your end was a similar system, but with the opposite end to break down the bulk from the large terminals and end up in a distribution system again, as Mr. McNamara has said, through smaller elevators or smaller warehouses.

This question of estimating the requirements of the eastern Canadian market is something which we have found very difficult. We have therefore tried to keep, as Mr. McNamara has said, ample supplies of oats and barley at the Lakehead at all times. Very frequently we find ourselves surprised at what will happen.

For example, some years we will approach the close of navigation on the Great Lakes; oats and barley will be under constant offer to eastern Canadian buyers, and there is lake freight to move them. They do not buy, indicating, to all intents and purposes, that they think they have enough supplies for the winter. And then two days after navigation closes we start getting messages from the east telling us they are short of grain, and that we are going to have to start moving all rail supplies down within the next few weeks. This is very hard to understand.

Sometimes these stories turn out to be true, sometimes they do not. In cases where they do turn out to be true, this is the kind of circumstance which then results in the type of price comparison and fluctuation which you have been giving. However, in my experience and in my opinion, most years 99 per cent of the feed grains for the eastern Canadian market are moved down the lakes in bulk reasonably before the close of navigation. It is the very small remaining marginal amount arising from someone who, perhaps, misjudged his requirements that then makes the headlines and reflects the major fluctuation.

The CHAIRMAN: Are there any questions that anyone else would like to ask?

Mr. HORNER (*Acadia*): I have some more questions. I thank you for your statement, sir. Eastern feed grain, in looking at the statistics, moves mostly into Quebec and the Maritimes. I wonder if the same situation would exist in the Maritimes if they had ample storage facilities without conflicting with the export storage facilities there for feed grain?

Mr. McNAMARA: Well, we have been embarrassed to some extent, Mr. Horner, by the fact that now with the St. Lawrence Seaway we can move export wheat into Halifax, which is an elevator equipped with unloading equipment, and we can save considerable money in putting that grain into position by the water route as compared to moving it by rail from the bay. The elevator facilities are limited; I think it is about 6 million bushels capacity. But more recently, on account of the demand in the maritimes provinces, certain portions of that elevator have been earmarked only for domestic grain. We now find that we are curtailed in the quantity we can move by water prior to the close of navigation after the allocation of 2 million bushels was given to us. We did get 36 million bushels out, so that we do have to rail and pay extra expenses on a considerable portion, but to the extent that we are deprived of the full use of that elevator, which was, of course, originally constructed for export, it is costing the western producer extra money.

I understand the government is constructing additional facilities at Halifax which will help to relieve this situation. But once again, I do not think it is good merchandising to move western grain into Halifax, and then to have to move it back as far as it goes into the maritimes. There should be a method of moving it more directly into that area.

Mr. HORNER (*Acadia*): You are suggesting, though, that for both domestic and export service the elevator facilities should be enlarged—and I am summarizing, of course—in Halifax?

Mr. McNAMARA: No. I would say that if we had the full use of the facilities now available which were built for export in Halifax, Saint John and East Saint John, that with the changing pattern of the grain movement, with more of it going west, I would not advocate that additional facilities be constructed for export grain in Halifax. But I would like to have a normal share of the use of the elevator that was built for the movement of my grain for export.

Mr. HORNER (*Acadia*): Then, to summarize again, what you are saying is that in both Halifax and Montreal it would be to the western producers' advantage and the eastern feeders' advantage to set up a network that would distribute feed grain to the farmer?

Mr. McNAMARA: Yes. I think it would be a much more efficient operation for warehouses or feed plants to be constructed in the feeding areas rather than try to service these areas by elevators designed for the export movement.

Mr. HORNER (*Acadia*): In your opinion—and I might add in mine too—there is room for something similar to the co-operatives in western Canada in the grain handling facilities in eastern Canada both in the Montreal area and in Halifax.

Mr. McNAMARA: I agree.

Mr. HORNER (*Acadia*): Thank you.

The CHAIRMAN: Mr. McNamara, would you comment on one statement Mr. Horner made to the effect that he thought most of the grain was fed—did I understand you right, Mr. Horner—in Quebec and the maritimes?

Mr. HORNER (*Acadia*): I said most of the feed grain moved down from western Canada is fed in Quebec and the maritimes, yes.

The CHAIRMAN: Would you mind giving me the exact figures on that, or approximate figures?

Mr. MCNAMARA: We moved a large quantity into Georgian Bay and the Prescott area.

Mr. HORNER(*Acadia*): Unless he can produce the figures, I stand on what I said.

Mr. MCNAMARA: Then you had better stand because I do not have the figures, so I will pass.

The CHAIRMAN: I will challenge you on that.

Mr. HORNER (*Acadia*): Okay. The eastern edge of Ontario receives some, but of the $20 million, $8 million goes into Quebec in the price subsidy, which is what I am talking about, and I would be guessing at the maritimes.

The CHAIRMAN: I was not talking about subsidy; I was talking about bushels.

Mr. HORNER (*Acadia*): Well, I was talking about dollars.

Mr. CLERMONT: Mr. Chairman, most of the western Quebec farmers are getting their supplies from Prescott, Ontario.

Mr. HORNER (*Acadia*): Well, I realize that Prescott handles a lot of feed grain, but I also realize that there is a drastic need for the handling facilities of the grain in eastern Canada. Basically, this is where the biggest problem was, in my opinion and Mr. McNamara, in a sense, has agreed with me that there is a great need here, and that is all I ask for.

The CHAIRMAN: I would think, too, Mr. Horner, that in Ontario a great deal of western grain is fed, and probably their facilities are as modern as any you have in western Canada, and perhaps more modern because there would not be one that would not have a cleaning house would there?

Mr. HORNER(*Acadia*): Well, I do not want to get into an argument with you, Mr. Chairman, I would propose, however, that an eastern feeder in Toronto can buy grain cheaper than I can in the whole of my riding.

The CHAIRMAN: I am glad you recognize that you should not argue with me.

Mr. HORNER (*Acadia*): I hate to correct you, but you were out of order!

The CHAIRMAN: If there are no further questions on that subject, what is the desire of the committee? It is about five minutes to ten.

Mr. HORNER (*Acadia*): Are we going to adjourn at 10 o'clock, Mr. Chairman?

The CHAIRMAN: I would think so. I am in the hands of the committee as far as that goes, but the members have spent a long day here today.

Mr. HORNER (*Acadia*): Well, I would suggest we adjourn right now.

Mr. JORGENSON: So far as I am concerned, I have completed my questioning of the commissioners.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Well, Mr. Chairman, we can finish up this evening, can we not?

The CHAIRMAN: We cannot finish it all this evening, I know that.

Mr. HORNER (*Acadia*): But I think you are being a bit hasty. While I realize that Mr. McNamara is a very busy man and doing a very good job of being a busy man, I would like to have him stay until tomorrow.

The CHAIRMAN: We cannot hear them tomorrow because we have made no arrangements. We told them that we would not hear them; the committee said that we would only have them here on Tuesday of this week. That is why we are sitting this evening, actually. I do not know how in the world we would hear them tomorrow because about half the members are going to the Expo site in Montreal, and if we had a committee meeting we would have to have the Speaker of the House here, and hold the House over here.

Mr. HORNER (*Acadia*): I think it is terrible to bring the Commissioner down here for one day.

The CHAIRMAN: Perhaps I am completely misinformed, but I understood that you were coming east on your way to Europe, and that this was held for our convenience as well as for their convenience today. This was the information given to the steering committee, and we reported to the committee that they would be available for this day. I had no knowledge that they would be available for any further sittings.

Mr. MCNAMARA: Mr. Chairman, we could make ourselves available today and part of Thursday. I am leaving for Europe Thursday night, but we could be made available. Even if I should leave, some of my colleagues could carry on it if it is the wish of the committee. We certainly are at your disposal.

Mr. MUIR (*Lisgar*): Could I make the suggestion that perhaps we could meet with you after you come back from Europe?

Mr. MCNAMARA: I hope I get back!

Mr. MUIR (*Lisgar*): How long do you expect to be away?

Mr. MCNAMARA: That will depend on the negotiations.

The CHAIRMAN: I would just like to read for your information, Mr. Horner, what the subcommittee reported to the committee, and was adopted by the committee, namely:

> That the Canadian Wheat Board be called to appear before the Committee at 9:30 o'clock a.m. on Tuesday, June 7, 1966, and that the committee sit in the afternoon and evening, if necessary. Two, that the Canadian Wheat Board be recalled at a later date if the committee's examination is not complete.

Mr. HORNER (*Acadia*): Well, in my short time here as a member I do not remember ever getting through with the Wheat Board in one day. Mind you, I am in a very generous mood here tonight, and I vouch for going on with further questions. I think that Mr. McNamara and the Wheat Board have done a good job, generally speaking. I would not want to be quite all that generous.

The CHAIRMAN: I think you have come to one conclusion, namely that quotas do not elect members; big ones or small ones do not defeat them.

Mr. HORNER (*Acadia*): Well, you may have come to that conclusion. I never made any judgment in that regard.

The CHAIRMAN: Well, I was just summing up the discussion on quotas.

Mr. HORNER (*Acadia*): Well, I will go along with the wish of the committee.

The CHAIRMAN: Are there any further questions which any member has at this stage of the game to direct to Mr. McNamara and his band—I should say his officials?

Mr. HORNER (*Acadia*): I would like to ask a question, Mr. Chairman, with regard to your proceedings. It has always been the rule—and I realize that rules are not a good thing around here any more—that after we have the Wheat Board we hear the Board of Grain Commissioners. Is it the intention of the committee to call them?

The CHAIRMAN: Yes, that was in one of the subcommittee reports to the committee, and adopted by the committee, that they appear, I think it is supposed to be, on June 16, next week.

Mr. HORNER (*Acadia*): Well, I am certainly a bit reluctant, but I will go on.

Mr. CLERMONT: I join Mr. Horner to thank Mr. McNamara and the boys for all the explanations they have given us.

Mr. MUIR (*Lisgar*): Mr. Chairman, I think it would be unfair to ask Mr. McNamara and the boys to come back on Thursday. I think we have had a fairly complete discussion.

Mr. HORNER (*Acadia*): I would agree with that.

The CHAIRMAN: Mr. McNamara is desirous of saying something.

Mr. MCNAMARA: I just want to thank the members of the committee for their very courteous hearing. I want to tell you most sincerely, on behalf of all my colleagues, that we do welcome very much the opportunity of meeting with this committee, discussing operations with you, and receiving the benefit of your suggestions. I only regret that in recent years this has not been an annual meeting because I do think, as a government appointed body, we should be responsible and be prepared to report in detail. We welcome the opportunity of meeting the committee at any time you desire to have us meet with you.

The CHAIRMAN: Thank you, Mr. McNamara. As Chairman of the committee, I would only like to express my sincere appreciation to you and your officials for appearing before the committee; it has been an experience for me. I have been a member for four years and this is the first time I have had the experience of hearing the report of the Wheat Board, or the Board being questioned about their report. I feel sure that if the committee are desirous of you appearing before them again this fall, that you will do so. This was intimated at the steering committee, and we wholeheartedly thank you for your patience and your deliberations here today.

Mr. MCNAMARA: Thank you very much, sir. Thank you, gentlemen.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, JUNE 9, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director, Plant Products Division; Mr. R. G. Savage, Chief, Seeds Section, Plant Products Division; Mr. P. W. Clements, Director General, Services Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; Mr. E. A. Eardley, Director, Fruit and Vegetable Division.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24487—1

THE STANDING COMMITTEE
ON
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 9, 1966.
(17)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 10.00 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Danforth, Éthier, Faulkner, Forbes, Gauthier, Godin, Honey, Hopkins, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*) Neveu, Noble, Nowlan, Olson, Pugh, Rapp, Ricard, Roxburgh, Watson (*Assiniboia*), Whelan, Yanakis (27).

Also present: Messrs. Alkenbrack, McCutcheon and McLelland.

In attendance: *From the Department of Agriculture*: Mr. S.B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C.R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director, Plant Products Division; Mr. J. S. Parker, Director General, Departmental Administration; Mr. R.G. Savage, Chief, Seeds Section, Plant Products Division; Mr. P.W. Clements, Director General, Services Division; Dr. D.S. MacLachlan, Acting Director, Plant Protection Division; Mr. E.A. Eardley, Director, Fruit and Vegetable Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered a question raised by Mr. Danforth at a prior meeting concerning the private importation of wheat.

At the request of Mr. Danforth, it was agreed that the Departmental Officials would supply a short statement on corn Stunt Disease (Dwarfism).

At the request of Mr. Matte, it was agreed that the Departmental Officials would supply a short statement to the Committee on the labelling of reconstituted fruit juices.

At 12.00 o'clock noon, the questioning of the witnesses continuing, the Chairman adjourned the Committee till 9.30 o'clock a.m. Friday, June 10, 1966.

Michael B. Kirby,
Clerk of the Committee.

24487—1½

EVIDENCE

(*Recorded by Electronic Apparatus*)

THURSDAY, 9 June, 1966.

● (9.58 a.m.)

The CHAIRMAN: I will call the meeting to order.

I would like to introduce the members who are with Mr. Williams, the assistant deputy minister today. First is Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director of Plant Products Division; Mr. J. S. Parker, Director General of Departmental Administration; R. G. Savage, Chief of Seed Section, Plant Products Division; P. W. Clement, Director, General Service Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; and Mr. E. A. Eardley, Director of Fruit and Vegetable Division.

First of all, Mr. Danforth had asked some questions about importing seed. Mr. Williams, the Assistant Deputy Minister, would like to comment on this question of a farmer importing seed for his own use.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, Department of Agriculture*): Mr. Chairman, while the statement that was made in respect of farmers importing seed for their own specific use is in general, true, there are three exceptions to it. These are spring wheat, durum wheat and spring barley. These may not be imported by anyone unless they are a licenced variety.

Mr. DANFORTH: Does that come under the provisions of the Wheat Board? Is it a provincial regulation, or is it a federal regulation?

Mr. WILLIAMS: It is a federal regulation under the Seeds Act.

Mr. DANFORTH: Thank you, sir.

The CHAIRMAN: We were dealing with lime assistance when we adjourned this section of the estimates last Friday. Are there any further questions on lime assistance?

Mr. FORBES: I have missed a couple of meetings. Have you been discussing the plant products division? Is that what you are discussing now? I would like to make a few comments on the rates being charged for seed inspection and final inspection on seed grain.

The CHAIRMAN: Is it alright then, Mr. Forbes, if Mr. Honey asks a question on lime assistance?

Mr. FORBES: Yes; quite alright.

Mr. HONEY: Mr. Chairman, at the last meeting I think Mr. Williams mentioned that in 1962 a basis was arrived at for determining the amount of federal assistance; that was 1962, am I correct? Would you tell the Committee again briefly, because I have forgotten the exact way in which this was determined.

Mr. WILLIAMS: The method that was used was to average the amount of federal funds that had gone to each province in the previous four years, and the average federal contribution to each province was then used as a ceiling, or limit, on the federal contributions subsequently.

Mr. HONEY: The thing that concerned me about that, Mr. Chairman, was whether or not this method of determining the maximum that would be paid to each province might have a limiting effect on the provinces that were not utilizing the program to its full advantage, let us say, in those four years in which the determination was made. Is there a possibility that this is happening?

Mr. WILLIAMS: Yes, I think that there is a very definite possibility that this did happen in certain provinces, and in other provinces it had no limiting effect. In some provinces it had a limiting effect, not necessarily of lime usage, but a limiting effect in terms of whether the federal contribution represented 60% of the total expenditure made within the province.

Mr. HONEY: But if it had a limiting effect on the federal contribution, it would probably have an effect on the amount of lime used, too; in other words, the purpose of the federal contribution is to assist in the use of the lime; is that correct?

Mr. WILLIAMS: Yes.

Mr. HONEY: Mr. Chairman, I wonder if the department has given any thought to reviewing the method by which the federal assistance is now determined, particularly with the thought in mind of upgrading the amount paid to provinces which probably were not in the four year period utilizing this program to the full benefit they should have been deriving from it?

Mr. WILLIAMS: I think I would have to say here, Mr. Honey, that when the decision was made to limit it. It was a policy decision, and like all policy decisions has been reviewed from time to time; and I think I would also say that at the present time it is under review again.

Mr. HONEY: It is under review now. Thank you, Mr. Chairman.

The CHAIRMAN: Are there any further questions on lime assistance?

Mr. RICARD: I would like to ask what is the amount that the province of Quebec has been receiving in the last five years?

Mr. WILLIAMS: The maximum is $1,205,000.

Mr. RICARD: For one year?

Mr. WILLIAMS: Yes.

Mr. RICARD: Thank you. Is this the province that received the most?

Mr. WILLIAMS: Yes.

Mr. FORBES: That $1,205,000 is out of a total federal expenditure of $1,608,000.

Mr. RICARD: Does that mean about 75%?

Mr. WILLIAMS: Approximately, yes.

Mr. FORBES: Mr. Chairman, I have had representations made to me by members of the Canadian Seed Growers' Association with respect to the increase in charges for seed testing and embryo test and this type of final inspection. I was of the opinion that this was a service to all the grain producers of Canada. We are rather surprised at the increase in charges, because the seed

grower, in most cases, has no way of passing on these charges to the ultimate buyer.

Just to indicate to you the situation, you have increased the germination tariff—it used to be seventy-five cents—to a dollar and a half; and the embryo test on barley is up to three dollars from a dollar and a half; and all down the line. The charge has been more than doubled.

In addition to that, the Canadian seed growers render a great service on behalf of agriculture in general. They in turn, in order to carry on their business, have increased their fees from ten cents an acre to thirty cents an acre.

There are two or three ways you could get around this. One is that you could reduce your seed testing fees to the usual fee, and the other is to increase the grant that the government gives to the Canadian Seed Growers' Association. I think that you will admit that there has been no change in this grant for twenty years or more—and I am saying that as a guess, because I do not know the number of years, but I know that it is a long time. Recognizing the important work that they are carrying on I think, in view of the increased costs to every other association and organization, it is time that the Canadian Seed Growers' had an increase in their grant, to enable them to carry out the important duties they are carrying out in connection with maintaining the purity and so on of our grains.

After all, the whole standard of Canadian grains is based on the work of the Canadian Seed Growers and your plant science department, to maintain this purity.

I would suggest to you that instead of increasing these fees you could make a small contribution by lowering the fees and increasing the grant to the Canadian Seed Growers' Association.

I would like to mention, further to substantiate my statement, a letter I received here a short while ago with respect to this same matter. It says "The premium between pedigreed seed and commercial seed has never been large, and in many cases commercial seed has been sold within fifteen cents per bushel of the price of certified seed. This is quite a small premium to pay for the possibility of increased returns such as mentioned, without the addition of other costs". I do not need to go into any lengthy statement with respect to the amount of work involved by a seed grower in order to maintain the purity of this grain.

I was going to ask for your comments on it and ask you to give it very careful consideration with respect to getting these prices more in line with the previous seed charges.

Mr. PHILLIPS: Mr. Chairman, this matter of fees for seed work was gone into in great detail in the following context. Two or three years ago the Canadian Seed Growers' Association had difficulty in financing their operation, and they came to the Department and asked us to go with them into a method of financing their operation so that they would be solvent. They did have a backlog of funds that originally they had collected for a building fund. It was upwards of $70,000.

Another part of the context was the report of the Glassco Commission. In that context we met with the Seed Growers' at their annual meeting, and it was agreed that their means of revenue was on the registration of crops, namely, on

acres. It was agreed at that meeting that the Department would withdraw from a charge on the field inspection, and that they would raise their fee the equivalent, and we would drop the grant. That was voted and approved by the Seed Growers' Association at that meeting.

An hon. MEMBER: And drop the grant?

Mr. PHILLIPS: They would be getting the ten cents an acre in lieu of the grant.

Mr. FORBES: In lieu of the $44,000?

Mr. PHILLIPS: That is right.

Subsequent to the meeting the directors met and they said, "I think we should not go quite this far. Let us leave the department with the ten cens per acre—"—which had not changed for years—"—and continue with the grant. It will be a sort of insurance policy. If we have less than 440,000 acres we are assured of $44,000, whereas we would not be if it were ten cents per acre". Since that time, this is the way we have proceeded. They are now financially solvent, they are working on an acreage fee basis, and they support the principle that they should be solvent.

The matter of seed testing fees was discussed both with the Seed Trade Association and the Seed Growers' Association. The problem is that the fees were so low,—they had not been changed since 1940—that we were charging seventy-five cents for a purity and germination, and people were sending samples of seed in, asking for both, when they needed only one, and that our labs were being plugged. The Line Elevators Association were providing a service in Western Canada to farmers to test for frost damage. Other organizations were sending samples for that purpose to our laboratories.

Our laboratories are mainly designed for checking on seed in commerce, and to the degree that our laboratories were plugged with these samples, we were unable to do a proper service. It was decided that we should get closer to cost. It was discussed thoroughly and it was agreed that the fee should be much higher and that it would be introduced in stages. The cost of testing a sample of seed—I am going to speculate because there are various prices—is around seven dollars, and the charge is now $1.50 in the case of cereals. So it is a long way from cost.

We are providing a service, and to the degree that this change has been made we are getting a better organization of seed testing in Canada doing a better job.

Mr. FORBES: I was hoping for further recognition of the importance of the seed business. After all you fellows can pass charges on, while the seed grower has no way of passing on these charges. He has to refer to the seed trade. They have a way of passing on their charges, but the ordinary seed grower has to try to sell his product through the commercial seed trade. It is true they can collect this but how does the seed grower collect.

Even on the new varieties that come out, the government limits the amount the seed grower can charge for those varieties during the first year.

I think if you take all into consideration you will find that the seed grower is performing a service for which he has no way of collecting any compensation.

Mr. PHILLIPS: Mr. Forbes, I have not the figures with me, but the number of seed growers would be five thousand, and as I recall the figures in the Plant Products budget it was getting up around the $500,000 contribution towards the seed growers that was made in that budget in terms of service provided on field inspection and seed testing and seed sealing, which, I think, is fairly significant.

Mr. FORBES: You mean it is costing the Government about $500,000 a year for service to seed growers.

Mr. PHILLIPS: Yes, for service to seed growers, apart from the revenue that—

Mr. FORBES: Is that a net figure, that $500,000?

Mr. PHILLIPS: Yes. That is as I recall it. Do not hold me to a precise figure, but it was in that area.

In the course of the study on these charges—I wish I had the table here—the charge in the United States was on a self-sustaining basis and was up in dollars per acre, where ours is ten cents. I meant the United States charges. Each state is different but they are up in the dollars per acre on field inspection and up much higher than this dollar and a half. As I recall, it was six dollars in the States.

Mr. FORBES: I have one further question. How recently have you discussed this with the directors of the Canadian Seed Growers' Association?

Mr. PHILLIPS: The last time I have discussed it with them was at their annual meeting in Saskatoon when it was passed by the general meeting. That would be in 1964. It was last year, I believe, in terms of the seed testing fee, when it was discussed with the Seed Growers.

Mr. WATSON *(Assiniboia)*: I want to back up Mr. Forbes on the very good point he put across. I can only emphasize the same thing over that I feel that the Canadian Seed Growers are making a big contribution to better seed in Canada. Actually the spread between commercial seed and the price that you can get for your ordinary possibly certified seed, that the spread is not there. There is no way that we can increase the price that will compensate for these higher prices.

Further to what Mr. Phillips said about the American market, could he give us any indication of how the American recover this high cost if it is on a complete pay-as-you-go basis?

Mr. PHILLIPS: I can give an opinion on one of the reasons. You are talking of cereals.

Mr. WATSON *(Assiniboia)*: Yes.

Mr. PHILLIPS: As you know, there is a large volume of seeds produced in western Canada on which there is field inspection, which is never sold as seed. It is available there. This is getting less so but it is available there. If the quota is low it is another way of selling grain. Now to the degree that you have that situation you are going to have a surplus of seed, and, therefore, the premium for seed over commercial grain is not going to be high. This is the reason for that. It is not the same situation in terms of forages and so on.

Mr. WATSON *(Assiniboia)*: Would this be part of the reason that, not so much today, but a few years ago, there was quite an American market for registered and certified seed. Was it due to the fact that our market was lower

and they could buy it cheaper in Canada than they could do it themselves in the United States?

Mr. PHILLIPS: It was a combination of the matter of variety that they wanted here, the U.S. support price, and the quota situation in Canada. All three had a part in it.

Mr. FORBES: The fact of the matter is that, today, as Mr. Watson said, the American farmers can buy our pure seed, fully processed, for less money than he can get commercially for his grain that is in store.

You were right in one line, and that is that you have got registered seed growers and growers of registered seed, again. It is the growers of registered seed who have reduced the market price by making an over-quantity available. This is one of the reasons why I think the Department has taken years to consider this matter.

The seed growers to get as much government assistance as any other department of agriculture. I do not suppose you could compare it with the livestock, or any other department, but in many instances I think you will find that other departments get more assistance than the seed growers get. At the same time there is no other branch that is more important than the production of registered seed.

Our wheat sales to Russia, China and all over the world are an indication that people want Canadian wheat. The seed growers are maintaining purity along with satisfactory prices.

This is the point that the Seed Growers asked me to bring to your attention, with a view to having it given further consideration.

Mr. WILLIAMS: It is very difficult to make exact comparisons. Within the Department the recovery for the various programs that are designed to assist breeders, whether these be livestock breeders or plant breeders or registered seed growers—the percentage recovery across the various programs is quite similar. For example, in our R.O.P. program for dairy cattle the fee schedule was re-worked last year, I believe, and at the present time the percentage of our total costs recovered by farmer contributions is approximately the same as in our seed testing.

All I am saying really is that we do try to keep these things in balance across the various segments of the Canadian agricultural industry.

The CHAIRMAN: We will move on to plant protection division. Are there any questions concerning that?

Mr. WATSON (*Assiniboia*): Mr. Chairman I have just come in and I heard him speaking about livestock. I do not know what the discussion was that took place.

The CHAIRMAN: If it is repetitious we will tell you.

Mr. WATSON (*Assiniboia*): Can Saskatchewan and Alberta qualify for this lime assistance? I realize that at the present time there is possibly not much lime used in these provinces, but if these alkaline situations get worse would these provinces qualify, or do you have to be in a provincial plan?

Mr. PHILLIPS: Under the present regulation, which is solely a regulation, these provinces are not eligible. The reason, of course, for their exclusion from the original regulation is that they did not have any programs.

Mr. WATSON (*Assiniboia*): It would be up to the provincial governments to institute a program such as this if they wanted to take advantage of it.

Mr. PHILLIPS: Yes. In general, however, I must say that in anything but high rainfall areas lime is not a requirement of agriculture. I realize that there are pockets in some of the other provinces where lime is useful, but, in general, this is the case.

Mr. WATSON (*Assiniboia*): For isolated cases there would be no point in the province going into it on a smaller scale?

Mr. PHILLIPS: I do not think I would like to make that statement categorically, Mr. Watson. Our position is that at the time these regulations were brought into effect the only provinces covered were those that did have programs.

Mr. WATSON (*Assiniboia*): How long have these programs been in force in the other provinces?

Mr. PHILLIPS: The lime assistance program was a wartime measure to stimulate the production of forages, and it has continued since. Mr. Watson asked how long they have been in effect in some of the provinces. I think some of the provinces have had programs for a very long time.

Mr. WATSON (*Assiniboia*): Mr. Phillips is speaking about the first world war then!

Mr. PHILLIPS: No. Nineteen forty-three was the year. I should have mentioned that.

The CHAIRMAN: Mr. Clermont, is your question on plant production division?

Mr. CLERMONT: Mr. Chairman, I understand that before importing a certificate has to be obtained. In certain cases, a certificate can be refused if these plants are coming from a country where there is a pest or a disease which is not established in Canada. My question is this: What are your sources of information if a counrty has these diseases?

Mr. PHILLIPS: Canada is a signatory to the international plant-protection convention and under this convention countries who are members are obligated to declare openly the diseases, insects and pests which occur there.

We have contact regularly with plant quarantine agencies in other countries. In general, I believe, we have a very good idea of the pests and diseases which occur in these countries.

Mr. CLERMONT: Even in countries which are not members of that group?

Mr. PHILLIPS: This is right. The United States of America is not a signatory to this, and they are quite free in giving us this type of information.

There are also maps which outline pests and diseases from independent organizations within this country, outside the plant quarantine organization.

Mr. CLERMONT: What is the cost for fumigation service in your division? I understand this service can be done by commercial industry, or through your division. If it is done through your division is there any cost to the—?

Mr. PHILLIPS: There is a nominal fee charged. At the moment I could not comment and say definitely what this fee is. But it is certainly a nominal fee when it is done by the division, as such.

Mr. CLERMONT: But there is a fee?

Mr. PHILLIPS: There is a fee, yes.

Mr. NOBLE: Mr. Chairman, might I ask if the department has found any progress being made in these various insects and things which are affecting vegetables and seeds and things we are importing into this country? Are you finding more of this now, or are we holding our own, or what is the situation there?

Mr. MACLACHLAN: With development in technology there are better tests available each year and, of course, the division is trying to keep up with these technological advances. I believe that we are able to give plant material a better examination now—more thorough examination—than we were several years ago.

Mr. NOBLE: Does that mean that you are finding more of a hazard on importations now than you had found previous to this, with the knowledge you have?

Mr. MACLACHLAN: I think the answer to that would be no. All of these materials coming to Canada are examined in the country of origin, and, of course, their technological advances are similar to ours. I think we are getting a better examination in countries of origin, so that equalizes.

The CHAIRMAN: A supplementary, Mr. Pugh? I beg your pardon, Mr. Noble, are you finished?

Mr. PUGH: Is there a fairly close liaison with the departments of agriculture in the countries of origin?

Mr. MACLACHLAN: Generally, I would say that the plant quarantine divisions in these countries are again very closely connected with the department of agriculture, and our own division has specialists who are quite familiar with their counterparts in these other countries.

Mr. PUGH: Are our standards on control equal, or are they better, or stiffer, than most countries of origin?

Mr. MACLACHLAN: That is difficult to answer on a general basis. There are countries in Europe where I would say our standards are stiffer than theirs. At the same time, countries like Australia in particular have much stricter regulations than we have.

Mr. PUGH: Do we have a requirement that all imports must meet our standards and are those standards generally known in the countries of origin?

Mr. MACLACHLAN: Yes, these are known. Actually this is handled through an import permit. In other words, anyone in Canada who wishes to import material from another country has to obtain a permit from our plant protection division. This permit states that the material coming in must meet certain standards, or the standards of the Canadian plant protection division. They are made aware of what these standards are and they must meet them.

Mr. PUGH: Do you run into any trouble on that? Do you find many imports that do not meet our standards?

Mr. MACLACHLAN: There are a considerable number every year. Whether it is many or not, it is actually a fairly small percentage of the overall imports that do not meet our requirements.

Mr. DANFORTH: Mr. Chairman, I was very interested in the loophole that was apparent in the importation of seeds, and the importation of chemicals. I am wondering, because of the serious nature of this, if there is the same loophole in the plant protection division.

You realize that I speak of the difference between the interpretation of the word "importer" and "re-offering for sale". In this administration of the Act perhaps if we could define the word "importer" it might explain the whole situation, because of the seriousness of importation of plants with soil adhering to them, or, say, nematodes which we are definitely afraid of. Does this regulation apply to an individual who would import on his own and on his own initiative, or does this, in another Act administered by the department, relate only to people who import for resale?

● (10.30 a.m.)

Mr. MACLACHLAN: This regulation applies to a private individual who may be bringing in one plant, or to a nursery which may be bringing in thousands. It is applied across the board strictly, for any plants or plant products which are imported, by private individuals or by commercial concerns. They are all considered in the same light.

Mr. PUGH: Well, I am certainly delighted to hear that, Mr. Chairman. This is strictly a federal Act of administration and there are no other provincial regulations along this line. The point of this question, Mr. Chairman, is that I want to find out if this is true in every province in Canada and not just here in Ontario.

Mr. MACLACHLAN: This covers every province, although in certain provinces there are specific regulations which govern interprovincial movements, or quarantine areas within provinces; but the general import from countries other than Canada is a federal regulation which applies to all provinces.

Mr. PUGH: This protects us as far as importation of diseases and insects from foreign countries is concerned, but do all provinces have their own regulations which prohibit the transmission of a disease across provincial borders?

Mr. MACLACHLAN: In general, our regulations are primarily concerned with new pests and diseases which may be introduced from other countries.

There are diseases which are established, I would say, fairly generally across Canada but which may be of particular importance to a certain province. In cases like this very often the province will set forth regulations to govern this particular disease although it is not of particular quarantine significance to the federal department.

As an example, I would cite the case of bacterial ring rot of potatoes, where many provinces have specific regulations which concern this disease, while the federal government, as such, has no regulation outside of what is contained in our seed potato regulations. This disease would not be considered of quarantine significance, since it is fairly well established across Canada.

I think I might add that, for diseases that are not well established across Canada, the federal act provides for quarantine which can prohibit movement across interprovincial boundaries, or prohibit movement even within the province. They can establish quarantine areas. For example there were the golden nematode situation and the potato wart disease in Newfoundland and there are

several other examples I could mention. These are both plant diseases and insects.

Mr. PUGH: One further question. I know that in our particular area we are very much concerned about the rapid progress, across the United States northward, of corn dwarfism, and we are very much concerned, as a corn production area, that this does not cross Lake Erie from Ohio.

Might I ask if there are other new and major problems facing the department in this regard? We are well aware of the golden nematode, we have the rust in the west and the airborne infestation of the different rust diseases in the provinces. I wonder if, at the present time, it would be possible to state other major problems of which we are not aware.

Mr. MACLACHLAN: There are in effect two insects which we are quite concerned with at the moment. The one is the cereal leaf beetle which is quite destructive to most cereal crops. We are surveying continually for this. This does occur across the border. It is known in Michigan and in several of the mid-western states.

The U.S. department of agriculture is spending millions of dollars in eradication on this at the moment. We found one beetle in Canada last year, but we are conducting intensive surveys for this particular beetle. We are examining, for instance, bedding material that is coming in with race horses and all this type of thing which might carry the beetle across the border. Unfortunately, it is a very strong flier and we do not have actually too much at our disposal to prevent its introduction but we hope that if it is introduced we will be able to find it right away and start an eradication program before it is too well established.

Another one is the alfalfa weevil which is known in New York state, Vermont and some of these now. Again, we are surveying intensively to determine whether or not it is present.

These are the two at the moment—new ones—which are of definite concern to this division.

Mr. PUGH: One that I am definitely interested in, Mr. Chairman, is, of course, this corn dwarfism which we are given to understand is a virus. I am informed that there were tests taken in various parts of southwestern Ontario of plants which showed some of the characteristics or symptoms of dwarfism during last year's growing season. I am also aware, Mr. Chairman, that our season was somewhat different last year from what we would call normal, and some of this characteristic could be attributed to the climate.

I am wondering if tests have shown whether or not this dwarfism has appeared in some of the samples taken by the department, or has been diagnosed as dwarfism.

Mr. MACLACHLAN: I an afraid, sir, I am not in a position to report on this at the moment. We are aware of the disease, and it is my understanding that the vector for this disease is an insect which has a very limited range. In other words, it cannot survive under certain climatic conditions. Generally speaking, Canada is beyond the range for survival for this vector.

As far as the sampling is concerned I am not in a position to comment on it, but we will certainly be prepared to look into this for you.

Mr. DANFORTH: I wonder, Mr. Chairman, if this information could be provided for the record because of the seriousness of the matter and the concern that is felt by the industry.

The CHAIRMAN: Mr. Eardley informs me that it will be provided.

Mr. DANFORTH: Thank you, Mr. Chairman.

The CHAIRMAN: Are there any further questions on the plant production division? Mr. McLelland?

Mr. MCLELLAND: On this matter of insect pesticides and control, we are aware of this beetle and I was wondering if the department has licensed insecticides, or something to that effect, that can be used as a spray which will control this. I am thinking primarily of the mess we got into when we used dieldrin in the dairy business.

Is there something in the line of a spray which will counteract this beetle if it were to come into a serious stage of life in Canada?

Mr. MACLACHLAN: In this matter, as I pointed out, the United States authorities are deeply involved in eradication at the moment. They have tried a number of materials for eradication. I am not in a position to say which one has been found most effective at the moment, but I believe I am correct in stating that all these materials have been licensed in Canada and would be available for control.

Mr. MCLELLAND: I think I am right in assuming that there is nothing that is any more effective than dieldrin, but it caused an awful lot of concern and an awful lot of hardship in the past.

The CHAIRMAN: Are there any further questions? I just have one question that I would like to ask as Chairman. We do provide Canadian inspectors in countries of origin of certain plants, do we not?

Mr. MACLACHLAN: This is primarily concerned with bulb imports from Holland. We provide three inspectors each year, who are sent to Holland to do the inspection there.

The reason for this is that most of the bulbs coming out from Holland are sent from one central location, and it is more economical and we can do a better inspection there than we could once they actually become dispersed in Canada.

The CHAIRMAN: Did I gather from what you said that the United States do not have as strict an inspection as we do on importing plants and bulbs and htis type of thing?

Mr. MACLACHLAN: I hope I did not give that impression. I said that several of the European countries do not have the restrictions that we have.

The other thing I mentioned was that the United States plant quarantine division is not a signatory to this international convention. I hope by this I did not imply that their regulations were not as strict as ours. They are just not bound by this convention, although in general they adhere to it as closely as the member countries.

The CHAIRMAN: The only reason I asked that question was that if I understood our plant inspection and products division correctly—how you operate and the controls you operate under—the same thing could not have happened in Canada as happened in United States on the importation of tree roots from I

believe it was, Holland, or one of those countries, which brought in the Dutch elm disease. We know how this has affected our country, even though the product was not imported into our country, and the tremendous effect it has had on the elm tree in Canada.

Mr. MACLACHLAN: Unfortunately, although we have regulations which cover most of these areas of destrucitve insects and pests, many of these are very difficult to detect. We try to do as thorough an inspection as we can, but there is always the possibility that we may miss one in spite of the fact that regulations do exist. The fact that regulations do exist does not mean that there is still not the possibility of some of these coming in on occasion.

The CHAIRMAN: We will move on then to seed potatoes certification. Are there any questions concerning this? No questions.

The general service division. Consumer division.

(*Translation*)

Mr. CLERMONT: In regard to general services is the inspection automatic at the request of individuals or is it done over certain periods of time?

(*English*)

Mr. WILLIAMS: It is done both ways, sir. If there is a complaint received an inspection doubtless will be carried out. On the other hand, there is a regular inspection system where the general service division is established, which is in the main metropolitan centres. There is a regular inspection procedure whereby these inspectors call on retailers and inspect products.

Mr. ASSELIN: (*Richmond-Wolfe*): Do they just buy or pick up any product, and do it?

Mr. WILLIAMS: They will do either or both. They may inspect the material on the shelves and report to the store manager that it is not up to grade and may place it under detention. They may buy material, take it away, and test it, depending on what the particular product is and what the method of inspection is.

For example, with butter, they buy it, take it away, and test it for fat content, salt content, water content, and whatever they might be looking for at that time. On the other hand, if it was potatoes they might just visually inspect them in the store; but they might buy them as well. It would depend entirely on the inspection.

Mr. ASSELIN (*Richmond-Wolfe*): There is no notification of the inspector going to the retailer's store. In other words, he would just drop in at any time? There would be no set date when he would go.

Mr. MACLACHLAN: I will let Mr. Clements answer that part of the question. He can describe the procedure to you.

The CHAIRMAN: You have about two minutes.

Mr. CLEMENTS: I will do my best for two minutes. We do have a staff in Canada who regularly call on the retail trade, that is, the food distribution stores, in sixteen of the major distribution centres in Canada.

The procedure here is that we try to make about four calls per store per year. It is strictly at our option when we do it. There is no notification,

obviously. It does not help to have the store manager know that we are coming. When we go into a retail store these inspectors will examine the dairy products; they examine the fruits and vegetable products; they do the dairy products; and do some checking with respect to meat products. As I say, it is not universal in Canada, but we cover the major centres and approximately fifty per cent of the retail stores in Canada, exclusive of Quebec and Prince Edward Island.

Mr. ASSELIN (*Richmond-Wolfe*): Exclusive of Quebec and Prince Edward Island?

Mr. CLEMENTS: Yes; that is correct.

Mr. ASSELIN (*Richmond-Wolfe*): Why is this?

Mr. CLEMENTS: We do not operate in any province unless we have a specific request from the province to do this work. As you can understand, the sale of goods in a province is subject to provincial regulations; therefore, when we are doing retail work we are using substantially provincial regulations, and unless the province asks us to do it and gives us authority to do it; we do not.

Mr. ASSELIN (*Richmond-Wolfe*): Therefore, any complaints along this line from the province of Quebec, or the province of Prince Edward Island, would be entirely up to the provincial governments.

Mr. CLEMENTS: We are currently working on a proposal from the Quebec department to set up a retail inspection service in that province.

Mr. ASSELIN (*Richmond-Wolfe*): Are you making any progress?

Mr. CLEMENTS: At the moment we are awaiting the approval of money by parliament to do this.

Mr. CLERMONT: Will it be a joint enterprise, or will the inspector be supplied by the federal government?

Mr. CLEMENTS: The division in Quebec you are speaking of? These will be federal inspectors provided with authority by the provincial department.

Mr. CLERMONT: You said that you are only waiting for parliament—

Mr. CLEMENTS: To vote us some money in supplementary estimates, yes.

Mr. ASSELIN (*Richmond-Wolfe*): Then in other words, what you are saying is that Quebec has accepted.

Mr. CLEMENTS: Quebec has asked for it.

Mr. ASSELIN (*Richmond-Wolfe*): Prince Edward Island?

Mr. CLEMENTS: No; there is no change there.

Mr. ASSELIN (*Richmond-Wolfe*): No change there.

Mr. HONEY: In the provinces where you do the inspection at the request of the provincial governments, does the provincial government reimburse the federal government for this service.

Mr. CLEMENTS: No, they do not. We carry the full cost of the program.

Mr. ASSELIN (*Richmond-Wolfe*): Any fault that you would find you report to the provincial government? The federal inspector would report to the provincial government?

Mr. CLEMENTS: No. They report to our own people. We report to the retail trade, and we report to our own established division, such as the fruit and

vegetable division, the dairy products division, or the livestock division, because these people must work back through the channels of trade other than retail, right back to the distributor level. But by and large we turn the matter over to the province if there is a prosecution involved.

Mr. PUGH: I was interested from the point of view of fruit. Do you get many requests from the consumer level to inspect fruit in stores, or otherwise?

Mr. CLEMENTS: Not a request to inspect, but we do get complaints, and we do thoroughly investigate every complaint.

We always have consumers who phone up and say that they got this, or they did not like that. We always investigate as far back as we can. People do not come and say "Would you please go and look at...", but they will phone and say, "I bought something and I did not like it."

Mr. PUGH: Are you immediately on to that?

Mr. CLEMENTS: Yes, we try to do it within the day.

Mr. PUGH: In the matter of complaints coming in from people, would you get requests from B.C. people to go and inspect, say fruit in Winnipeg, or somewhere like that?

Mr. CLEMENTS: I am not aware that this has ever happened, Mr. Pugh. If they did ask we probably would do it. We probably would, depending on what kind of a request this was.

If it was a quality problem we might do that, but I do not say that we would be doing this specifically for B.C. tree fruits. We would be doing it for the department, for Mr. Eardley of the fruit and vegetables division, who is the expert in the group on fruit and vegetables.

Mr. WILLIAMS: I might say in explanation here that the general services division acts as an arm really of our various commodity divisions. They are general inspectors who inspect right across the division, and if they run into trouble they largely refer it back to the division concerned; if it is with meat, it will go back to the livestock division. If the problem is poorly graded meat coming on the market it is referred back and the action is normally taken.

Is that not correct, Paul?

Mr. CLEMENTS: Yes, this is right, Mr. Williams. It must go back to some level prior to the retail trade.

Mr. WILLIAMS: Let me say here that we do not want, going into retail stores, a dairy inspector, followed by a meat inspector, followed by a fruit and vegetables inspector, and so on. Therefore, we have a grader, or inspector, who is capable of inspecting all of these at the retail level.

Mr. ASSELIN (*Richmond-Wolfe*): The store would not stay in business very long.

Mr. WILLIAMS: Nor would we.

Mr. ASSELIN (*Richmond-Wolfe*): Does he identify himself as an inspector?

The CHAIRMAN: Mr. Asselin, before you continue your questions, there are other members who have indicated that they want to ask questions, and I wish you would address the Chair.

Mr. LEFEBVRE: Does this consumer section include packaging of goods in retail stores?

Mr. CLEMENTS: No, sir. The consumer section has no regulations whatsoever. The packaging in retail stores would be under the regulations of the appropriate specialized division; for example, the poultry division, the dairy division, or the fruit and vegetable division.

Mr. LEFEBVRE: Mr. Chairman, what I was getting at is that recently we have heard a lot and have read a lot about it in the papers—I think it was a women's organization—which took exception to the way bacon was being packaged. Does this come under your department?

Mr. WILLIAMS: That is Food and Drugs. That is the deceptive packaging regulation, I believe it is called.

Mr. ASSELIN (*Richmond-Wolfe*): Thank you, Mr. Chairman; it is very nice of you to recognize me. I wondered if I might ask a question about whether you keep in close contact with the Consumers' Association? They have local consumers' associations and groups in different local areas.

Mr. CLEMENTS: Our local supervisors do not definitely go out of their way to keep in touch with the local consumers' associations. However, they are usually well known to each other.

Our main contact with consumers, as such, is through our consumer section. They both come under my jurisdiction. We work together.

Mr. ASSELIN (*Richmond-Wolfe*): Thank you, Mr. Chairman, for allowing that question.

The CHAIRMAN: If you would follow the correct procedure, you do not have to worry about being allowed.

Mr. NOBLE: I would just like to ask if there is a large staff involved in this work? Does it take a large staff?

Mr. CLEMENTS: Speaking strictly about retail inspection, no sir, we have only about fifty-five to sixty—along in that neighborhood—operating in the main centres in Canada, exclusive of the two provinces I mentioned before.

Mr. NOBLE: Are these people stationed in Ottawa and travel out from Ottawa?

Mr. CLEMENTS: No, sir. They are stationed at Victoria, Vancouver, Calgary, Saskatoon, Regina, Ottawa, Winnipeg, Toronto, Windsor London, Hamilton, and then down in the maritime provinces, Saint John, Halifax and Sydney.

The CHAIRMAN: Are there any further questions?

Mr. HONEY: I wonder if you could tell me what is the federal appropriation to cover the retail inspection in the provinces in which it is being done?

Mr. CLEMENTS: By provinces?

Mr. HONEY: No, not by provinces; the total.

Mr. CLEMENTS: Just a little over $800,000.

Mr. HONEY: I appreciate that this is probably in the policy field, but I wondered if you could tell me the philosophy, or the thinking, of the federal authorities behind the decision to expend funds to perform what is pretty obviously a provincial responsibility.

Mr. WILLIAMS: If I might answer that, Mr. Honey, under our Agriculture Standard Products Act we establish national grades. These national grades,

under our constitution, are enforceable only if the product crosses a provincial boundary. I think that it has been accepted that national grades are in the national interest. Therefore, if the product does not cross provincial boundaries it does not, in effect, have to have a federal grade—and let us take eggs as an example. Almost without exception, across all the products all the provinces have passed concurrent legislation which has established our national grade as their provincial grade.

We believe that it is in our interests to ensure that the grade standards, while they are national and while we cannot enforce them if the product does not leave the province—we believe that it is essential, or possibly beneficial is a better word, that we enforce them within the province as well as at provincial and export boundaries.

Therefore, when we are in the province, while we are drawing on provincial authority, we are enforcing our own grade. The grade standards we are looking for in general are for Canada grade A large eggs; or for Canada No. 1 butter; or Canada fancy apples.

In general, we do not inspect if it is strictly a provincial grade. Now, that is not quite true; we have certain agreements in certain areas where there is not complete coverage or where we may not have national grades. But right across the whole story of agricultural products, this basically is the reason why we consider it is very much in the national interest for us to conduct retail inspections.

Mr. HONEY: Where the provinces have established provincial grades—and I gather that most provinces have; is this the case?

Mr. WILLIAMS: Most provinces have a provincial grade but it is the federal grade. They have named the federal grade as their provincial grade.

Mr. HONEY: They are in keeping with the federal—

Mr. WILLIAMS: Yes. That is right.

The CHAIRMAN: Are there any further questions on that?

Mr. ASSELIN *(Richmond-Wolfe):* How many more inspectors will you require if Quebec has accepted this? How many more inspectors would you require?

Mr. WILLIAMS: Twenty-four I am told.

Mr. ASSELIN *(Richmond-Wolfe):* What qualifications would you look for in the man that you would hire as an inspector?

Mr. CLEMENTS: Basic education, having completed Grade X, according to the provincial standards; with some experience in the handling of one or other of the commodity groups, because obviously a man does not know all of them. If he knows, for example, poultry and eggs and he can qualify on that we are prepared to teach him the dairy, and the fruit and vegetables and everything else. We have to do this. By and large, in the supervisory control, the district supervisor would be a university graduate, well versed in these commodity groups; but in the case of the working level inspector the only requirement is completed grade X plus some experience.

• (11.00 a.m.)

Mr. WILLIAMS: I might say, in explanation to members of the Committee, that the general service division performs another function which is not fully outlined here. Where there is a problem of overload in any particular area we follow a policy of diverting retail inspectors to assist specific divisional inspectors. If, for example, during the apple harvest season in B.C. more inspectors are needed by the fruit and vegetable division, the general service division is used as an overload.

In addition to that, they perform a very valuable service, as far as the branch is concerned, as a training area. They run our training programs because they have this very wide contact.

Mr. ASSELIN (*Richmond-Wolfe*): I was just going to ask if Quebec have their own inspectors of this kind.

Mr. CLEMENTS: I believe they have, yes. I understand that the arrangement made is that if we set up retail inspection in Montreal and Quebec city, the province will withdraw their staff who may be presently occupied on that and use them elsewhere for some other purposes.

Mr. ASSELIN (*Richmond-Wolfe*): Maybe.

Mr. CLEMENTS: Well, yes, I guess. We have heard about that.

Mr. HONEY: Mr. Chairman, I have just one short question before we leave this consumer section. I noticed that the province of Ontario—and I am sorry I do not know which department of the province—is promoting a series of recipes for distinctive Canadian dishes to celebrate our centennial. I am wondering if the consumers' section of your department is doing anything along that line for centennial year.

Mr. CLEMENTS: Sir, I am not prepared to state whether I agree with you or not about the province of Ontario. I do know that our own girls are now preparing a centennial recipe booklet.

Mr. WILLIAMS: It is a national one, and has been in the plans for over two years now.

Mr. HONEY: A hundred recipes?

Mr. WILLIAMS: I do not know the number of recipes. It will probably be divisible by a hundred anyway.

Mr. HONEY: Would there be an opportunity for this Committee to sample these before they are put out?

Mr. CLEMENTS: I presume there may, if it is the wish of the Committee. We will set up a taste panel for you!

(*Translation*)

Mr. CLERMONT: In regard to the Consumer services, Mr. Chairman, have these recipes been made available to the public, to restaurants? You mentioned you are in touch with the editors of consumer magazines, with radio, television and newspaper commentators.

(*English*)

Mr. WILLIAMS: We have a supply of booklets put out by our consumer section, available both to the public and, to a much lesser degree, however, to

restaurants, but we are at the present time working within our consumers' section on the development of what they call institutional recipes.

We do have numerous booklets available to the consumer, and these are all listed in various publications put out by the Queen's Printer in respect to what publications are available, and they are sent to consumers and given to groups and so forth on request.

There are some which are sold. For example, there are several fairly large recipe books on cooking meats and things of this nature for which there is a charge.

(*Translation*)

Mr. CLERMONT: And radio and television people inform the public?

(*English*)

Mr. WILLIAMS: Yes; our consumers' section is involved in regular television programs.

In addition to that we have a regular wire service where they put out various recordings which go to radio stations. There is also at least one monthly publication which goes out, called "The Food Basket", which is put out by the consumers section. That goes to food editors and various mass media outlets right across the country.

Mr. RICARD: Are those recipe booklets available to members in any number?

Mr. WILLIAMS: Subject to the regulations of the Queen's Printer, yes, sir.

The CHAIRMAN: Are there any further questions?

There is one topic which I do not feel we have covered adequately here at all, and on which we have never had the person who is in charge of this department before the Committee. This is the one on the fruit and vegetable division, grading of agricultural products. We have never covered the fruit and vegetable division.

Mr. Eardley has been here several days, and I think it would be wise if we had Mr. Eardley appear before the Committee before we proceed.

This may seem highly irregular to the group but I have no recollection—and my book is not marked—that we covered all the fruit and vegetable division as far as I am concerned. I would think it would be fair, when Mr. Eardley is here, that if anyone has any questions now would be a good time to put them so that we can have Mr. Eardley answer them.

I hope you understand what the division does in the fruit and vegetable producing areas of Canada. It is one of the most important and one of the departments that they look to for assistance. It starts right on page one actually.

Are there any questions concerning this?

Mr. Eardley, would you care to make a brief statement on just what your department does, and what you do as head of your division?

Mr. EARDLEY: Basically our division is divided into three sections. There are the products section, the processed products section and there is a merchandising and licensing section.

In the products section we are responsible for the administration of the various standards for fresh fruits and vegetables. We carry on, jointly with industry and provincial departments, experimental testing of packages, trial grades, etc.

In the processed products section we operate pretty well on the same line, but with processed products which include canned, frozen, dehydrated fruits and vegetables, honey and maple products.

The merchandising and licensing section is the liaison section which works with the departmental information section in disseminating information about crops, crop prospects, market conditions, etc. The licensing function is the licensing of all international and interprovincial dealers or brokers in fruits and vegetables. This sets up what might be called a code of ethics for the industry, and also provides a board of arbitration to which disputes between shipper and receiver can be referred.

In very, very broad terms, Mr. Chairman, that is the function of the division.

The CHAIRMAN: One question before any of the members ask a question: Do you have control over the packaging of products? Is this worked out with the importers and exporters and the industry?

Mr. EARDLEY: The package regulations in the Canada Agriculture Products Standards Act were developed in very, very close co-operation with the industry, both the producing element and the distributing element, and with the provincial department. It was actually done through the Canadian Horticultural Council. All these segments of the industry are represented there and the list of containers that went into the regulations last fall were the result of some or three or four years' discussion and co-operative work between these agencies.

Mr. ALKENBRACK: When you speak of your duties and powers regarding the licensing of all international deals in fruit and vegetables, it brings to my mind a sore point with me in my riding. We are in the Prince Edward portion of Prince Edward-Lennox. That county produces what I believe to be the finest Montmorency cherries produced anywhere on the continent, but the Michigan cherries are always about a week or ten days ahead of ours. The result is that, because of a favourable tariff, Michigan cherries are readily brought into Canada at their early sequence. When ours become ripe western Ontario has plenty of Michigan cherries and ours go begging for markets. I find that the duty on Michigan cherries coming into Ontario is only about three cents a pound, whereas the duty on our cherries going into Michigan, if they did—if Michigan people would buy our cherries—is twenty cents a pound. The duty wall against our cherries is seven times the height of our wall against theirs. I do not think that is fair.

There is another unpleasant aspect of this situation. The Department of Agriculture has to subsidize our cherry producers—or has done so in the past two years—to keep the price up. You are probably better acquainted with this than I am. This is only the result of some investigations I have made, and I do not have all the information.

Mr. EARDLEY: Of course, when I refer to licensing for interprovincial and international trade I am thinking strictly of licensing to permit you to operate. In other words, they would permit a Canadian apple producer to ship apples to the States. or an importer to bring in apples from the States.

The question of the tariff is, of course, something completely foreign to this division.

Mr. ALKENBRACK: Could your department not look into this great disparity in the duties? You would be doing the Montmorency cherry-producers of this country a great favour, if you would; because every year I get complaints from them.

I raised the question in the House last summer, to no avail, and I just raise it in the Committee as a point of real interest.

Mr. WILLIAMS: In reply to your specific question about whether the department would look into this matter, the Minister and the Department will be meeting with the cherry-producers' representatives on the 22nd of this month. The purpose of this meeting will be to discuss this and related matters.

There is one point which Mr. Whelan has brought to my attention, which is that in recent years there has been only one year that the cherry-growers of Canada have been subsidized by the federal government under the Agricultural Stabilization Act.

Mr. ALKENBRACK: Yes. I just took the liberty of saying it, too, because I did ask the Honourable Harry Hays last summer if they were going to support us again, and I thought I got an affirmative answer, but now it is revealed they did not do so.

● (11.15 a.m.)

The CHAIRMAN: Are there any further questions on the fruit and vegetable division?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I just wanted to ask about maple syrup. What do you do in the line of maple syrup, especially in Quebec?

Mr. EARDLEY: At the moment, unfortunately, the Act under which we operate is somewhat limited, and it covers almost entirely the question of prohibition against adulteration, and marking requirements for colourable imitations.

We are, however, at the moment actively working on a new set of regulations to cover the maple industry, and, of course, this is located possibly ninety percent in the province of Quebec. We are doing this in collaboration with the provincial department. We have already started.

Mr. PUGH: Do additives in the processing industry come within your purview?

Mr. EARDLEY: By colouring, you mean—?

Mr. PUGH: Additives; is it under National Revenue—the term "additives"?

Mr. EARDLEY: We have certain requirements in our standards regarding additives, regarding colouring material, etc., but these are almost entirely a reprint from Food and Drug regulations.

Mr. PUGH: I was thinking along the other line, that possibly it may be some other department within agriculture, I am thinking specifically of processed apricots, and where you have a finished product where there is no additive you are excluded from certain sales tax. With apricots, even though they are in the pure state, you must pay these sales taxes even though only pure water is added to the apricots.

Mr. EARDLEY: This is more connected with National Revenue and with Food and Drug actually than ourselves; but I believe the problem at the moment of trying to solve that question of reconstituted juices, and this sort of thing, is that no one has ever yet been able to come up with an adequate means of analyzing them to determine whether too much water is being added, or anything else like that. If they ever come up with such a test, I understand that the problem will be ninety percent solved.

Mr. PUGH: With apricots, of course, you cannot pulp them unless you extract the water, and once you have pulped them you cannot use them for further processing, or putting in beverage form, or any other thing, unless you do add water, and put back the water which you took out. The Department of National Revenue, or Finance, I should imagine, have termed this an additive over a certain percentage, and, therefore, subject to the sales tax in the finished product.

To my mind it is extremely wrong, but I was just wondering if I should be asking my questions later on in the hearing?

Mr. WILLIAMS: This is not a ruling which comes under the Department of Agriculture at all.

Mr. CLEMENTS: It is under Food and Drugs.

Mr. PUGH: It is a fair question then, sir, to ask: Would the Department of Agriculture sort of be behind the getting rid of this—as I consider it—most unjust tax, or this unjust interpretation?

Mr. WILLIAMS: All I can say, sir, is that the Department of Agriculture has been working, and continues to work, with Revenue and with Finance in an endeavour to solve this problem, which is an analytical problem rather than a philosophical problem, I think.

Mr. PUGH: Yes. I believe that the chief trouble lies in that too many people—and I am talking about manufacturers—too many people want to get into the act and make sure that whatever form that is finally decided on will be one which will be acceptable and include them.

Getting back to costs again this is a pure water additive and nothing else; there is no carbonation, no colouring, nothing else. I am glad I have your support anyway.

Mr. EARDLEY: It applies to all the reconstituted concentrates.

Mr. HONEY: Mr. Chairman, in answer to a question by Mr. Asselin, Mr. Eardley mentioned a review of the maple products act, or the regulations under the act.

Is there any concern in that industry about the imitation maple syrup and other maple products that are on the market? Is it a matter of concern to the industry and to the department?

Mr. EARDLEY: It is a matter of great concern to the department and I am sure to the industry.

From time to time we have been successful in prosecutions in court. It is not the easiest thing to run down, because there might be quite something on the market which is an exceptionally good product taste-wise and which can deceive a lot of people. But in every case where we hear of an adulterated maple syrup we follow it through very vigorously. In the last couple of years a

system has been developed whereby our fellows in the field can quite readily determine whether or not there is any maple syrup in a syrup.

Mr. HONEY: I was not thinking so much of adulteration as I was of imitation. I am talking about imitation maple syrup.

I may be incorrect in this, but I believe I have seen products in the stores labelled "maple syrup", and the label indicates, on closer examination, that it is corn syrup with maple flavouring.

Mr. EARDLEY: It should not say "maple syrup".

Mr. HONEY: Pardon me?

Mr. EARDLEY: They cannot use the word "maple" unless it is a pure maple product. If it is a colourable imitation then it is a syrup.

Mr. HONEY: In other words, the word "maple" may not be used. Is that correct?

Mr. EARDLEY: That is correct.

Mr. ASSELIN (*Richmond-Wolfe*): Do you have any control over any maple product such as syrup which is imported?

Mr. EARDLEY: It has to be pure maple syrup. It is subject to the same rules and regulations. In the States, of course, they permit the mixing of cane and maple. It is quite legal there. That is not imported.

Mr. ASSELIN (*Richmond-Wolfe*): Which is not supposed to be sold in Canada.

Mr. EARDLEY: That is right.

The CHAIRMAN: Does anyone have any further questions of Mr. Eardley.

(*Translation*)

Mr. MATTE: When you have these dehydrated juices where you have replaced the water by certain juices, can you mark them "pure juice, pure orange juice", on the bottle?

(*English*)

Mr. EARDLEY: I would say offhand, no; but I would not want to be emphatic on that without reference to the regulations.

The CHAIRMAN: Are there any further questions?

Mr. Williams informs me that they will obtain an answer for you, Mr. Matte.

If there are no further questions, I would thank you, Mr. Eardley, and we will move on to the Agricultural Stablization Board.

Mr. RAPP: Mr. Chairman, I would like to get some explanation on the matter of calculating the support prices and also, particularly, on two products, that is, eggs and hogs. How are these deficiency payments arrived at, or how are they calculated? I would like to get this information.

Mr. CLEMENTS: I will deal first with the method of calculating the support level. The support level, under the Act, must be a function of the ten year price or base period.

The Agricultural Stablization Board maintains records of the national average prices received by producers for the various products that are under mandatory support.

Each year for the mandatory products the board reviews the entire situation, calls on various expert witnesses from the divisons, from the economics branch, or from wherever they may wish. The board consults with its advisory committee and reaches a decision as to the level of support that it is prepared to recommend to the governor in council.

Mr. RAPP: This is done, then, Mr. Chairman, on a national basis. Deficiency payments, when they are calculated, are also on a national basis and not on a regional basis.

Mr. CLEMENTS: That is correct.

Mr. RAPP: Would not there be some justice to some regions—by "regions" I do not mean just a province or two; but, we will say, the eastern region, or the western region, or the prairie region—would it not be unfair to some of these regions where the average price is always low, or the initial price is always low? In some other areas the prices are much higher. As the result of this averaging, for instance, the prairie region always gets a very small payment while the basic or regional price was much lower than in some other regions. I think this is unfair to the producers. For instance, on eggs particularly, the prairie region prices are almost chained to twelve cents lower than in the western region or in the eastern region.

Mr. CLEMENTS: The board has conducted several studies, or had our economics branch conduct several studies, on this matter.

There are two approaches to it, I think. The first of these, if you are to have regional support, is to say that the national support level—and we will take eggs which at the present moment are 34 cents a dozen for the first 4,000 dozen—that the national support price should be applied on a regional basis. This would mean that the board would collect records. Let us take, for example, eastern Canada and the prairie provinces. We will not talk of necessity about provinces we will talk about broader regions than provinces. Let us say at the end of that time the records indicated that in eastern Canada the average price of eggs was 34 cents, and in the prairie provinces was 24 cents. The board would then make a deficiency payment of 10 cents per dozen in the prairie provinces.

This, of course, would bring the prairie provinces average price up to eastern Canada's average price. In general, there has been over the years a differential in price between these two markets.

If the board were to take this position and pay deficiency payments by regions, any region that overproduced, and thereby forced its price down, would be subsidized in so doing. It would then, presumably, push its eggs, its overproduction—I am talking not in any particular year but in subsequent years—it would then have to sell these eggs into a region that was not overproducing—in other words, where the egg price had stayed up; and I am sure that the Agricultural Stabilization Board and the government of Canada would then be accused of much greater unfairness than might be occasioned by the administering of this on a national basis.

The other approach would be to apply the national percentage of support. In other words, our support level of 34 cents—I do not recall at the present moment; I could tell you in a second—is, I believe, 93 per cent of the base price. We could establish base prices for regions. We could take the prairie region and, say, establish a base price for them, and establish a base price for the provinces

of Ontario and Quebec or for eastern Canada or for Newfoundland, or anything at all.

We could establish a base price for this, and we could say that our support level is 93 percent, in this hypothetical example I am giving, of the base price in the prairie provinces and in Ontario. We have done quite extensive work on this. This would mean that, for example, the 93 per cent of the base price in the prairie provinces would be 24 cents, and the 93 per cent in Ontario and Quebec would be 34 cents. Once again, this is a hypothetical example.

The work that we have done over the past years would indicate that, on the average, year after year, such an approach would be of no benefit to producers. In other words, the basic relationship between egg prices in the various regions across Canada is unchanged, on the long-term basis. I will not argue with anybody that in any particular year there may be quite wide differences. These are associated with production and marketing and consumption patterns within the district within that year.

I think we have run into another problem here, too, in respect of regional support, and that is the question of defining regions. The easy thing, of course, is to take provinces, but marketing does not respect provincial boundaries. I think we have another problem that is closely allied to that. If a regional price support is philosophically good for a gross region, then I am quite sure there would be extreme difficulty in resisting the idea of proliferation of these regions. In other words, I think it is quite true that a national weighted average represents quite accurately the price that producers in Canada have received nationally for their products. I am not at all sure that that same statement holds true once you start subdividing Canada in any way, shape or form—we will say the prairie regions, for example. Any time there is a surplus the price they receive in the prairies may not be indicative of their actual price, because the surplus will be moved to Ontario, or Quebec, or to B.C.

All I am saying really is that while a national weighted average price probably is very accurate in respect of the country as a whole, I do not think we could make the same argument in respect of any type of a regional price.

Mr. RAPP: Mr. Chairman, for instance, last year the average price was 34 cents.

Mr. WILLIAMS: The support level service?

Mr. RAPP: Yes, that is right. It was two cents per dozen.

Mr. WILLIAMS: 4.6 I think, was it not? I will check it in a moment, but I believe it was 4.6 cents deficiency payment. The year before it was two cents.

Mr. RAPP: At any rate, at the time when we received two cents deficiency payment our price in the prairie region over the year averaged about 28½ cents per dozen, the price that the producer received, which meant that two cents brought it up to only 30½ cents, while in other regions—the western region and the eastern region—some of the prices there during the year were as high as 38 cents. They also received only two cents, which brought their average up over the current year to 40 cents per dozen.

This, in my opinion, is unfair because the cost, as far as feed is concerned, is almost the same in one region as it is in the other; transportation is not very much different in one region from what it is in other regions; but, nevertheless, if it is done on a national basis I think some regions get the short end of the deal.

Mr. WILLIAMS: Well, I think, sir, this is quite comparable to the situation with respect to the Canadian Wheat Board, is it not?

Mr. RAPP: No.

Mr. WILLIAMS: Each producer gets a different initial price, depending upon his region. He then gets an identical—

Mr. RAPP: No, no; we get all the same price except that our freight rate may be different.

Mr. WILLIAMS: Is this not the same principle, sir, that, depending upon your location, you get a different initial price. The egg producer, depending upon his location and his market opportunities, may get a different initial price, but their final payment is identical across it. I think you can compare the egg situation and the wheat situation quite closely.

Mr. RAPP: I cannot agree with you on that point for the simple reason that the price is set the same, except where it is farther away from the delivery point and so on, when there is a difference in the freight rates. Some deficiency payments are higher and some are lower; and it depends, too, on the grade—on the kind of grade.

To be fair to all producers of eggs and hogs particularly, if it were done on a regional basis it would be much more justified than as it is done at the present time. This is exactly why these areas complain so much, because it is based on a national average where it should have been on a regional average, and the deficiency payment should be made on that basis.

Although I accept your explanation, I believe I have received this explanation more than once from the Minister of Agriculture.

The CHAIRMAN: Did you want to say any more, Mr. Williams at this stage?

Mr. Forbes is next.

Mr. FORBES: I think there is one feature of the Act which the Department is losing sight of and that is the preamble to the Act which states that the price paid for the product would bear a fair relationship to the cost of production. I think this is what is bothering my colleague here, and it bothers all the producers of eggs and hogs and cattle in western Canada.

I will just leave that egg business as it is, because I think you have a fair explanation. However, I think that this should be kept in mind and something should be worked out regarding a regional payment.

With respect to hogs? You have based the price of cattle and hogs and so on, on Toronto. Do you think that this is fair, in view of the fact that out of 736,110 hogs that were graded in Manitoba plants, only 206 hogs ever went to Ontario at all? In other words, is this slice of pork not worth just as much to the consumer in Manitoba, in Winnipeg, or Saskatoon, as it is in Toronto?

Mr. WILLIAMS: I am not quite sure what you mean, sir, when you say we have based our price on Toronto. Our national weighted average for hogs is based on a report, which we get on a weekly basis from every major marketing centre across Canada, on the cost of grade "A" hogs, including all costs delivered to plants at all those centres. I cannot give you the number offhand, but I believe there are about nine centres involved in the determination of our national weighted average price and our base price for hogs.

Mr. FORBES: I have been following this thing through since 1960. In 1960 your prices were about 2¼ cents a pound lower at Winnipeg than they were at Toronto. I just got these figures a couple of days ago, I have not worked it out yet. However, the price of hogs has been so much above the floor price that nobody is particularly concerned about it; but this is the base on which you establish your price; is that not right?

Mr. WILLIAMS: Yes, but it is a weighted average; weighted by prices and marketing at these centres right across Canada. I am talking about our stabilization price. There are certainly differentials in prices of hogs across the country, but in arriving at our support level, that is to say, our base price and our national weighted average price, it is an average weighted by deliveries and by locations, and represents to the best of our ability, a true average of the price received by producers for their grade "A" hogs delivered to plants right across Canada.

Mr. FORBES: My complaint is directly in relation to your basic price, not the deficiency payments. I do not recall that there has ever been a deficiency payment made on hogs, but your base price over the years has been established about two or two and a half cents less at Winnipeg than it is at Toronto. In view of the few hogs that are shipped to Toronto I cannot see that this is a fair basis of establishing the base price.

Mr. WILLIAMS: I am not quite sure if we are talking on the same point, sir, but certainly our base price is not a Toronto price.

When we were purchasing hogs that was a different story. Hogs were purchased, or cuts were purchased, with a base price Toronto, with what the board was pleased to call suitable differentials for other centres across Canada. Under the deficiency payment program, though, that is not the case. The base price and our national weighted average is a true national average.

Mr. FORBES: What do you mean when you say that when you were purchasing hogs you had a price differential? Did you ever purchase hogs?

Mr. WILLIAMS: Oh, yes. We purchased hogs or parts of hogs in very large numbers.

Mr. FORBES: And the price was two or two and a half cents lower in Toronto than it was in Winnipeg? Is that right?

Mr. WILLIAMS: Lower in Winnipeg than it was in Toronto?

Mr. FORBES: Yes, that is right. This is my complaint. Why should the basic price be lower in Winnipeg than it is in Toronto, in view of the fact that our hogs do not go to Toronto at all other than as I said before, that out of 736,110 hogs only 206 ever went to Ontario.

Mr. WILLIAMS: The board has not purchased any hogs or parts of hogs since 1958. I believe that was the last purchase, or it might have been 1959—but I think it was 1958—and at that time the differential that was established by the board for its purchases between the various markets represented an average differential that had been in existence in the previous year when the board was not in the business. In other words, it represented what at that time was considered to be a normal differential.

The board changes its policy in respect of this. For example, in butter the board's buying and selling price for butter in the western provinces previously

was discounted by the cost of moving butter from western centres to eastern Canada; but there was a trade in butter at that time. This situation has now changed and this year the board removed those differentials because butter is no longer moving.

The board tries to adjust for these things as they happen, as they are changing patterns of marketing. I think our major concern is that our operations do not disrupt normal trade patterns. We try to conform with this but I can assure you that it is very difficult at times to do so.

Mr. FORBES: Would you say, then, that at the present time there is about a cent differential between Winnipeg and Toronto? Would you say that if the government were entering this market today this would be the differential about a cent?

Mr. WILLIAMS: This is a hypothetical question so I am sure you will appreciate I will have to give you a hypothetical answer. I would think that if the board were to offer to purchase hogs tomorrow we would endeavour to arrive at some reasonably long-term average of the differentials between markets if it was considered necessary to impose a differential. The board, as I say, has changed this from time to time. I mentioned the butter.

We made a change when there was a change in marketing patterns in respect of lambs in the maritime provinces. Lambs used to move into central Canada from the maritime provinces. When that movement appeared to be discontinued the board removed its diffenrential. I cannot answer categorically, but I would think that we would not use—all I am saying is that I think we would not use—a differential that happened to be present at the moment we went into the business. We would try to look at a longer average and try to look at what possibly the future pattern might be. If it appeared that the trade had compleley dried up, I hink that we would probably tend not to impose any differential.

• (11.45 a.m.)

Mr. FORBES: This is what I have been trying to establish—your basis of operation in the event of this.

I have one more question and this is with respect to the floor price on cattle. I tried to get this in some time ago and somebody said I was out of order. Probably this is the proper place for it. I understand you have a floor price on cattle, but you have no way of implementing this price. Is this correct?

Mr. WILLIAMS: At the present time we have a floor price on cattle. When you say we have no way, we have no program at the present moment; that is correct.

I can assure you we would be very, very hard pressed were the price to drop below the level. I can also assure you that we have to find a way. The law says we have to.

Mr. FORBES: Yes; but it might be too late. By this time, if farmers lost ten dollars a head on cattle, this would amount to a terrific amount of money. You have no way of implementing this to save the situation in view of the preamble to your Act, or the Act itself. I think we should find some method of regulation whereby the minute an animal dropped to this $18.60, I believe it is, the stabilization price would immediately come into effect.

Mr. WILLIAMS: I am afraid, sir, that we do not in general at the present time subscribe to the thinking that if one animal dropped to the support level we should be in business. I know that there are a lot of people who think that we should.

The difficulty here is that, if we try to operate this on an individual animal, or an individual farmer, or a very small location, once you get close to the support level there is no longer any incentive for the seller to bargain, or for the buyer to try and put his price up.

We were in lamb purchases for a long time. It was a poor operation. That is all I can say about it. We used to buy lambs. We had an offer to purchase. We used to buy them and we used to freeze them and sell them on the market as frozen lamb because of the drop at the time of year we bought them. There was no use buying them and offering them right back as fresh lambs.

The difficulty here, of course, is that anybody who is selling anything finds it much easier to sell it to the government than to a bunch of hardboiled chain store buyers. You do not need to have any salesmen on the road once the Agricultural Stablization board has issued an offer to purchase. Therefore, once the price tends to approach the support level it very often takes a very big drop right to the support level, and everybody takes the position, "Well, here is the government offering to purchase this and we can sell it to them at a very greatly reduced cost in terms of selling."

Let me go back to lambs for a moment. The board was concerned about this; organizations were concerned about this; and we negotiated with the various organizations concerned and we went to a deficiency payment program for lambs. Since the day we changed from an offer to purchase to a deficiency payment we have not had to spend one dollar of the taxpayer's money in the support of lamb, and the producers of Canada have averaged considerably more in terms of returns for their lambs.

In other words, an incentive was put on the people responsible for marketing right through. I am not talking about any particular segment, but people tend to bargain a lot harder if they know that somebody is not standing by to pick up the tab in the event that their negotiation, or bargaining, falls down. This is where we have the difficulty in respect of most of these support programs, where they are on an offer to purchase.

Mr. FORBES: Yes; but the thing is that over the years farmers have lost a lot of money by this up-and-down market. We have endeavoured, and we thought we had the Stabilization Act, to establish a grade basis on which there would be a price fixed. Today we have not got this at all as far as cattle are concerned.

It may be that we need something in the form of a board of livestock commissioners with a man capable—and we have men who are so qualified—of judging an animal and saying "This is grade 1 or 2 or 3," and saying "This is a grade of animal that must not sell below a certain price." This is something we should be leading up to I think, because people have taken a loss on cattle. I used to ship some cattle. I know a little about it, and as a producer I know a little about it. There are times when it can happen that farmers have taken a terrific loss on their livestock. This could be avoided if we had a proper system of grading and marketing, and this is what we were hoping to lead up to through the Stabilization Act. This is why I bring it to your attention.

Mr. RAPP: Mr. Chairman, I have a supplementary question. Since the prairie regions are the only ones which got a short deal from the Stabilization board I might suggest that the prairie region should maybe be paid a separate price, as they do here in the east with milk. We will say that they get $4.00 a ton, or whatever it is. I think this would be the best method; because, as I say, every year when the deficiency payments are made the prairie region gets the short end of the deal. By paying a direct, fixed price to the producers who have these eggs, and perhaps even hogs—well, I would not say hogs—but the chicken farmers out there should get a fixed price for their eggs.

Mr. WILLIAMS: I am sure, sir, that the sugar beet growers in western Canada would be upset by that. Sugar beet growers in western Canada are in exactly the same position, vis-à-vis the east, as egg producers in western Canada are vis-à-vis the east. Here it is simply a question that the sugar beet growers in western Canada have the price protection that the eastern egg producers have against western eggs. The sugar beet growers in western Canada have the freight protection against eastern sugar—not necessarily sugar grown in eastern Canada; I am talking about imported sugar here—and, thus, the deficiency payment program, being administered on a national basis, works possibly to their advantage as much as it works to the disadvantage of the egg-producers in the prairie provinces.

Once again, this brings me back to the point I made earlier, that our programs are designed not to disrupt normal trading patterns.

The CHAIRMAN: I just want to make one comment, Mr. Rapp. You should be in Ontario and eastern Canada if you think they are all satisfied with deficiency payments in eastern Canada and that western Canada are the only ones who get the short end.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, the member who spoke before, said of the Western farmers that they would like certain things. You know that the farmers in Eastern Canada would like to buy their feed grain on the same basis as Western farmers do. It is not possible; it must be bought through the Canadian Wheat Board.

In any case, this is my last question: under the Agriculture Prices Stabilization Act of 1959, has there been any change in the rule considering the national average? It is the same thing, is it not?

Has there been any change in regulations governing national average when the stabilization board was set up in 1959? The prices were on a national average in 1959, there has been no change?

(*English*)

Mr. WILLIAMS: No; there have been no changes in it. The base price changes annually.

Mr. CLERMONT: I know that; but the regulations did not change. In 1959 when this legislation was passed it was on a national average as it is today to establish your—

Mr. WILLIAMS: The question of the national average is not inherent in the Act itself. There is nothing in the Act that says that it has to be on a national

basis. In other words, all I am saying is that it is a policy decision; it is not governed by the Act.

Mr. CLERMONT: It could be changed without an Act of Parliament?

Mr. WILLIAMS: That is correct, sir.

(*Translation*)

Mr. CLERMONT: Another question, Mr. Chairman. There are agricultural products that are named or classified, there are others the Governor in Council may designate. For the years 1966-67, will the Governor in Council be increasing the list of designated products?

(*English*)

Mr. WILLIAMS: Yes; there are quite a few designated products for the current year. I am afraid that I would have to get a list to consult. Sugar beets—

Mr. CLERMONT: Could you supply that list to the members at the next meeting?

Mr. WILLIAMS: Very definitely; it will be a very short list. I could give it verbally.

Were you asking, sir, for 1966-67, or for previous years?

Mr. CLERMONT: No, for the current year.

Mr. WILLIAMS: All I can give are what are in effect at the present moment. The question of cherries was raised. Who knows but that there might be a program for cherries.

Mr. CLERMONT: I know. But what is established right now?

Mr. WILLIAMS: There is another point here, I think, that, for example, under the dairy support program, for technical reasons we have to list as designated products certain products that form part of the dairy support program. They are called designated products because we have only two products under the Act that are mandatory; these are butter and cheese. Yet we are supporting milk, for example. Milk is a designated program in so far as this Act is concerned.

I will provide a list tomorrow morning.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, could Mr. Williams tell us what was the butter inventory as of March 31, 1966? We have been given information that seems to indicate a 20 million pounds difference, in 1965, between consumption and production.

(*English*)

Mr. WILLIAMS: Are you speaking, sir, about the board's holdings of butter, or total stocks in the country.

Mr. CLERMONT: Is not the board buying all the butter?

Mr. WILLIAMS: No, not at that time of year. We only buy the butter that is offered to us. In general, there is somewhere between ten and twenty million pounds in the country that is not owned by the board at any particular time.

Mr. CLERMONT: I would be interested to find out the full quantity in the board and/or—

Mr. WILLIAMS: As of the 31st of March of this year?

Mr. CLERMONT: Yes.

Mr. WILLIAMS: Fine, sir.

The CHAIRMAN: We will adjourn the meeting now until tomorrow morning at nine thirty in this same room.

Mr. CLERMONT: Will you leave my name on, sir, for another question?

The CHAIRMAN: Yes. Mr. Watson's name is next to Mr. Clermont, and Mr. Asselin will be next in order.

OFFICIAL REPORT OF MINUTES
OF
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,
The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

Respecting

Estimates (1966-67) of the Department of Agriculture

FRIDAY, JUNE 10, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General. Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24489—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*);
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*);
Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

CORRIGENDUM (English copy only)

MINUTES OF PROCEEDINGS AND EVIDENCE No. 5 —Friday, May 6, 1966

In the Evidence—Page 143, Line 31 should read:

"*Mr. Pugh:* ...", rather than "Mr. Schreyer: ..."

MINUTES OF PROCEEDINGS

FRIDAY, June 10, 1966.
(18)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:55 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Berger, Choquette, Clermont, Comtois, Crossman, Danforth, Ethier, Forbes, Gauthier, Laverdière, Lefebvre, Madill, Muir (*Lisgar*), Neveu, Peters, Pugh, Rapp, Ricard, Roxburgh, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis—(24).

Also present: Mr. McLelland.

In attendance: From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration; Mr. W. R. Bird, Director, Crop Insurance.

Mr. Pugh asked leave of the Committee to make a correction in the Minutes of Proceedings and Evidence of Friday, May 6, 1966, issue No. 5. At page 143, line 31 should read *"Mr. Pugh:"*....

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered two questions raised by Mr. Clermont at a prior meeting on

1. Butter stocks in Canada,

2. Number of commodities other than mandatory commodities under support.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9:30 o'clock a.m., Tuesday, June 14, 1966.

Michael B. Kirby,
Clerk of the Committee.

24489—1½

EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, June 10, 1966

• (9.45 a.m.)

The CHAIRMAN: We will now bring the meeting to order. Mr. Pugh is desirous of having the floor.

Mr. Williams would like to answer a question that was asked previously.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Department of Agriculture*): There were two specific questions on the Stabilization Act which were asked and on which I indicated I would obtain a reply for today. The first of these was concerned with the butter stocks as at March 31, 1966. The total butter stocks in Canada were 37.1 million pounds of which the Agricultural Stabilization Board held 9.1 million pounds.

There was also a question asked concerning the number of commodities, other than mandatory commodities, that were presently under support. At the present moment there are two commodities, other than the nine mandatory commodities, under support. These are milk for manufacturing purposes and sugar beets. Since the act was instituted, there has been a total of 17 separate commodities, other than mandatory commodities, supported under the act.

Mr. MUIR (*Lisgar*): Mr. Chairman, are sunflowers not supported any more?

Mr. WILLIAMS: Not at the present moment; there is not an active program for sunflowers, but they have been supported in previous years.

Mr. MUIR (*Lisgar*): But it has never cost the government anything for sunflowers, has it?

Mr. WILLIAMS: Yes, payments have been made. On sunflowers a total of $44,377 has been paid out.

Mr. MUIR (*Lisgar*): Was that up to 4.25 at the time?

Mr. WILLIAMS: I think it was 4.25 cents per pound for sunflowers for crushing purposes.

Mr. MUIR (*Lisgar*): The other question I would like to ask is would you consider the butter stocks to be fairly low in regard to consumer demand?

Mr. WILLIAMS: At March 31, 1966 the stocks are the lowest they are at any time in the year. Since that time, our stocks have increased considerably. At this moment it is impossible to predict what the picture will be. Certainly, at the present time, there is no shortage of butter, because the board is buying butter and buying it quite heavily. Our purchases this year have been considerably higher than they were for the same period last year. This does not, of necessity, mean there is more butter in the country. I think there was a hold back of butter in trade channels during the last months of the previous support

year with a view to possibly being able to take advantage of any price increase that might occur. As you know, the board revised its price upwards before the end of the support year, but this resulted in, I think, larger purchases during the first months of this support year than was the case in the previous year. At least that is the interpretation we are placing on it at the present moment.

The latest report that I saw in respect of production showed production down in all provinces with the exception of Ontario, Prince Edward Island and Nova Scotia. In these provinces the production was up, but that was just a current figure for the week.

Mr. CLERMONT: A supplementary, Mr. Chairman. I understand that in April the production was less than in the previous year.

Mr. WILLIAMS: For the month of April, if my memory serves me correctly, sir, the production of butter for Canada was down 2 per cent, but consumption was down also in the month of April, for some reason nobody has been able to determine.

(*Translation*)

Mr. CLERMONT: Mr. President, may I go on with the questions I started with?

(*English*)

The CHAIRMAN: Yes, Mr. Danforth, the questions Mr. Williams was answering, were ones that Mr. Clermont had to defer when we adjourned yesterday and he asked permission to be first today.

(*Translation*)

Mr. CLERMONT: May I make a suggestion, Mr. President. Could we consider the Agricultural Stabilization Board and the Agricultural Products Board as such? I would like to study both, both sides are inter-related, the support price on the one hand and the marketing of the products on the other.

(*English*)

One is the office of the comptroller and the other is the office of the stabilization board; both go together.

The CHAIRMAN: Mr. Williams informs me he has no objection to this line of questioning, and feels that they would work together.

Mr. Clermont, pardon me. I made an omission when I did not introduce the officials who are with us today. First of all, there is Mr. Williams who is the Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General of the Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration, and Mr. W. R. Bird, Director of Crop Insurance.

The products board which you were talking about, Mr. Clermont, as Mr. Williams points out, this is on the last page. Are you aware of this?

Mr. CLERMONT: Yes.

(*Translation*)

My first question, Mr. Chairman, is the following: what are the specific products for which the Board did not pay assistance, since the average national price was over that, are there any such products? I know pork is one. Are there any others?

(*English*)

Mr. WILLIAMS: The mandatory commodities under the Agricultural Stabilization Act on which assistance is presently not being paid?

Mr. CLERMONT: Due to the average price?

Mr. WILLIAMS: Three of the nine mandatory commodities are: butter, cheese and eggs. All of these three commodities are under active support, but it is impossible to say at the moment whether support will be paid this year on eggs; it looks as though it would not be.

Mr. CLERMONT: My question was for the previous year.

Mr. WILLIAMS: I am sorry. For the previous year, support was paid on those three. The next three are hogs, beef and sheep. So far as the act is concerned, we interpret sheep as two parts, that is lamb and wool. Assistance was paid on it last year, but none was paid on hogs and beef. The other three are wheat, oats and barley grown in areas other than the designated areas under the Wheat Board Act, and no payments were made in respect of those three commodities.

Mr. CLERMONT: My next question, Mr. Chairman, is this: We have seen in the newspapers that the board had bought imported butter and eggs during the winter of 1966.

Mr. WILLIAMS: That is not correct. The board has not bought any butter other than domestic butter, I think, ever. I am not absolutely certain, but not last winter at any rate.

Mr. CLERMONT: Well, what about the story we read that four butter factories bought imported butter and re-exported? The story was that 6 million pounds of butter burned down in a warehouse in Montreal during a fire.

Mr. WILLIAMS: Butter is under import control under the Export and Import Permits Act. However, permits were issued by the Department of Trade and Commerce for the importation of specific amounts of butter for reworking and export. While it was not a bonding procedure in the technical sense of the word, it was conducted under a procedure equivalent to bonding. It is my understanding this material was largely mixed with sugar and re-exported as an ice cream pre-mix.

Mr. CLERMONT: And, according to your information, during the winter of 1966 there was no butter imported for domestic consumption?

Mr. WILLIAMS: That is correct.

Mr. CLERMONT: Were there any eggs imported for domestic consumption?

Mr. WILLIAMS: Not by the board. Eggs were imported by the trade into Canada for domestic consumption, yes.

Mr. CLERMONT: Do they need any import permits?

Mr. WILLIAMS: No, eggs are not under import control.

Mr. CLERMONT: Any merchant or any business can import eggs into Canada?

Mr. WILLIAMS: Provided they meet the requirements of our Canada Agricultural Products Standards Act.

Mr. CLERMONT: But they do not need a permit?

Mr. WILLIAMS: No, they do not need a permit. That is correct. They also must meet other statutes in Canada such as those administered by the Department of National revenue in respect of dumping and things of that nature.

Mr. CLERMONT: Are you in a position to say there were some eggs imported?

Mr. WILLIAMS: Yes, there were eggs imported and there was egg mélange imported.

Mr. CLERMONT: I am not saying that eggs were bought from Ontario for consumption in Quebec. I mean other countries.

Mr. WILLIAMS: No. There were eggs imported largely from the United States, and frozen egg mélange imported by the trade from the United Kingdom into Canada.

Mr. DANFORTH: Mr. Chairman, I am sure Mr. Williams would be disappointed if I did not ask him a question regarding sugar beets.

This is more or less a general question which concerns the farmers in southwestern Ontario, in fact, most agricultural districts in Ontario. May I request the witness to explain why it is not possible to have the subsidized prices announced much earlier so that they can be a main factor for the farmer to take into consideration when he is planning his spring program? In many instances, the crops such as soybeans and sugar beets, are already in the ground before the price is announced. Is there a definite reason for this, or can it be announced earlier? Is this government policy, is it the mechanics, or what are the underlying principles?

Mr. WILLIAMS: It is possible to announce a support program for any commodity at any time. There are no legal impediments. The difficulty associated with this is that the longer ahead you announce it, the less information you have to base your decisions on in respect of levels of support. In other words, if we were to announce, we will say, egg support for 1968 at the present time, it would be almost an impossibility to assess the supply, markets, and prices and so forth.

Sugar beets present a particular problem in that contracts are written, as you are well aware, well in advance of the actual planting time. The crop is harvested in the fall. Our support year has to use as its base a period that approximates the period during which the product from the year's crop is marketed, not when the beets themselves are marketed. Therefore, our 1966 support year for sugar beets runs from September 1, 1966 to August 31, 1967. For example, we have not yet settled for the 1965 crop, nor do we know how much will be paid to growers for the 1965 crop. This means that to announce it well in advance one has to make estimates as to world sugar prices, which are

extremely volatile, and world marketings, which are also quite volatile, at such a distance in advance that it is difficult to make the estimates.

We have, however, almost invariably made our announcement in respect of sugar beets prior to the actual planting of the crop, and in general prior to the contracting of it. I do not have with me the dates, but in general the dates have been pretty well in advance and the board does try to make these announcements. For example, in the current year it was announced, I think, in February, certainly several months ago; I could get the exact date.

Mr. DANFORTH: Mr. Chairman, I was under the impression it was quite late this year. I know of quite a few complaints on behalf of the growers. May I ask another related question, Mr. Chairman? In view of the fact that the price for sugar beets between the growers and the processors is negotiated on a contract price, has there ever been a request, or is their a request by the producers that the announcement be delayed until after the negotiations have been completed? Is this a factor in the negotiating of a contract price?

Mr. WILLIAMS: I cannot recall any request, specific or implied, from producers to delay the announcement in order to permit of their negotiations.

I think my assessment would have to be that it would not be a particular factor simply because the support is tied to a 10 year base and a 10 year relationship in terms of their contracts. Thus, a change in their contracts in any one year would not, very significantly, alter the support program or the returns from the support program because at best any change could be represented by one tenth. This is just an opinion.

Mr. DANFORTH: I am a little at sea, Mr. Chairman, on that one. Under the Agricultural Stabilization Act, is it not possible for the Stabilization Board to establish the percentage support based on a 10 year average? If the percentage support were increased drastically it would have quite a bearing on any one particular year. I will phrase it another way. Is it not a fact that the direct subsidization on sugar beets has, in the course of the last few years, varied drastically from a very low support price to quite a substantial payment to the growers by the government?

Mr. WILLIAMS: Yes. The last year we made a payment was 1964 because 1965 has not as yet been determined. In 1964 the total payment was slightly over $4 million, if I remember correctly. The two years before that there was no payment. For two or three years before that it was just under $2 million.

Mr. DANFORTH: My point is, Mr. Chairman, that there has always been the fear, I think, that if the government were going to be in a position to pay the important portion of the per ton price to the farmer, that the industry might in effect take some advantage of this in a negotiated price. I think now you can appreciate the problem.

Mr. WILLIAMS: Mr. Danforth, this was true under the previous methods of subsidizing sugar beets. It is no longer true because the government support program is tied to the London daily price which is unaffected by any contracts which might be entered into between the producer and the processor in Canada. In other words, the amount that producers will receive under the Agricultural Stabilization Act is unaffected by their contract in that year.

Mr. DANFORTH: I can appreciate that. But is it still not a fact that the greater amount paid by the government on a subsidization program, the lesser amount has to be paid by the processor in order for the producer to obtain the same price?

Mr. WILLIAMS: That is correct. Let us take a very unhappy situation and say that producers in Ontario negotiated a contract that was half as good this year as the previous year. This would not increase their payments under the Agricultural Stabilization Act by one cent in this year. By altering the relationship on the 10 year basis and the base price, it could have an effect in subsequent years. Each year the board scrutinizes the contracts; it does not enter into negotiations or assist in the negotiations or anything of that nature, but it does, prior to reaching decisions in respect of recommendations of support levels, scrutinize all contracts that have been entered into by growers across Canada in each year prior to reaching decisions about subsequent years.

Mr. DANFORTH: Thank you sir, that clears that up. Let us now get back to the basis of an earlier announcement of the stabilized price. I am speaking on behalf of the producers in asking for an earlier announcement of the stabilized price. I am not speaking in a matter of months; I am speaking more in a matter of weeks, and perhaps four or five weeks would make a tremendous difference.

Is it not true that in the case of sugar, unlike other commodites that you have to deal with, you already know, because of the reports coming in from the refineries, how much sugar is available by January 1 and in storage from the entire beet crop. By this time it is all processed, so you know how much sugar is on hand, and you have the figures of past performances as far as the cane sugar supply is concerned. Would it not be possible to announce this price perhaps in the latter part of January or mid February instead of March 1 or mid March? Would this not be feasible and possible?

The CHAIRMAN: Before Mr. Williams answers that, I would like to say that the other meeting, which is going on in the room, is coming in over the microphone and it makes a garbled mess on the recorded tape.

Mr. WILLIAMS: Yes, it is possible.

Mr. DANFORTH: Is the same thing feasible for soybeans? I notice the announcement of support price for soybeans, which has not been a major factor in the last two or three years, is often delayed very long after the planting has taken place. Would it not be possible to have an announcement of all farm commodity prices looked into with the object of having them announced before definite plans and commitments are made on behalf of the farmers? I think this would be much appreciated.

Mr. WILLIAMS: The only answer I can give is, certainly it is possible, yes.

Mr. DANFORTH: I think the committee is interested in whether it is possible and practical in its application because there has been considerable resentment, if I may use that term, on behalf of the farmers because of this delay. I know governments are prone to be blamed for the political aspect of this, and I do not think this is always the case. I think sometimes the mechanics themselves are a factor, and perhaps inability to obtain the necessary information.

The CHAIRMAN: Are you finished, Mr. Danforth?

Mr. DANFORTH: Mr. Chairman, I think perhaps the other members should be allowed to ask questions because of the shortness of this meeting, and perhaps I can come back later.

The CHAIRMAN: Mr. Pugh has a supplementary question, and next is Mr. Rapp, and then Mr. Ricard.

Mr. PUGH: The only thing I have fault with are the remarks, the argument and the answers on these commodities. It strikes me that we have a wrong interpretation of the Agricultural Stabilization Act. In other words, my idea is that the Agricultural Stabilization Act is something to guard against the disaster pricewise. In other words, if someone asks, "Why do they not announce this earlier?", surely it is the whole marketing during that period, that is the price received, which decides whether this act is going to come into effect or not. Am I right in that assumption?

Mr. WILLIAMS: In general I think I would have to say this, that in so far as non-mandatory commodities are concerned, the policy which has been followed has been essentially along the line you have suggested, sir. There are certain commodities, such as sugar beets, where it is reasonably certain that a support program may be needed, in which case we try to make an announcement ahead of time. In general announcements are made ahead of time with respect to commodities which appear to be in little or no danger of over-production in this country and consequent price depressing effects brought on by increased production within the country.

Mr. PUGH: Well, does this not sort of go more towards a subsidy rather than a stabilization?

Mr. WILLIAMS: I would have to say that it is a bit of both. If you know you are going to have to pay out money in order to stabilize the price at a fixed level, I think, by definition at least, that it then becomes a subsidy.

Mr. PUGH: I just wanted to get the philosophy behind that. Thank you.

Mr. RAPP: Mr. Chairman, I would like to ask Mr. Williams, since we are dealing with edible fats and so on, whether much edible oil is imported from the United States, such as soybean oil, rapeseed oil and all other edible oils?

Mr. WILLIAMS: I think the rough answer to this, Mr. Rapp, is that we do import quite large quantities of edible oils, generally not from the United States, however—more from the Commonwealth countries rather than Europe—but that our production of edible oils in Canada just about equals our requirements. While we do import, we are also exporters of edible oils. Now, when I say edible oils, I mean edible oils both in the form of seed and as crushed material; in other words, I am talking about the produce whether it has been processed or not. We import quite large quantities of soybeans from the United States which are processed in Canada and re-exported under British preferential tariff arrangements.

Mr. RAPP: Are these edible oils coming in duty free? This perhaps is a question I should direct to another department.

Mr. WILLIAMS: Thank you, Mr. Rapp.

The CHAIRMAN: Are you finished your questioning, Mr. Rapp?

Mr. RAPP: Yes.

Mr. RICARD: I had no intention of asking questions, but since you have given me the opportunity, I would like to know if the government is making an effort to have sugar beets produced in larger quantity, or if this is left to the producers or the associations representing the producers?

Mr. WILLIAMS: I think, sir, the mere fact that the government has supported sugar beets over the past great number of years and has paid out quite large sums would indicate that the government is prepared to sponsor, at least, the production of sugar beets in Canada. Whether we get to the stage of saying they are prepared to enter into a highly incentive program which would double the production, I do not think we can say that at the present time, but certainly they have indicated, by their actions, that they are prepared to support sugar beets in Canada.

Mr. RICARD: As a result of this, has the production been increasing every year or is it at about the same level?

Mr. WILLIAMS: I think I would have to say that the production in Canada has remained just about constant. There may be slight upward trends, but there is more variability between years than there is really any evidence of an upward movement. There is no evidence of a downward movement either.

Mr. DANFORTH: I have a supplementary to this. Is it not true that although the over-all production may remain somewhat constant, that as far as Ontario is concerned there does seem to be a trend downward in the last three or four years and that the production has been picked up with increasing plantings in Manitoba?

Mr. WILLIAMS: I think the greatest growth probably has been in Alberta and Manitoba, there is no doubt about that. Ontario has fluctuated in the last two or three years, while acreages have varied and certainly were down last year. This was pretty well compensated for by larger yields last year, but there is no doubt that the gowth is in the west. In general the western sugar beet producer is protected by distance from supplies.

Mr. MUIR (*Lisgar*): The egg, hog reverse deal.

Mr. WILLIAMS: The Ontario sugar beet grower does not have that same protection. In general sugar beet supplies the requirements for sugar in the prairie provinces.

Mr. DANFORTH: May I pose a further supplementary question, Mr. Chairman. I know there has been a drastic change in the basis for the formula for stabilizing sugar beets, and I also know that the board, under Mr. Williams, is responsible for a large measure in developing this new formula. May I ask, Mr. Chairman, if in the opinion of the board, after having an opportunity to work out this formula based on the London daily price, they feel it is working better as far as the industry is concerned?

Mr. WILLIAMS: Yes, I think I would have to state categorically that it is working better. However, we have not stopped our search for a better one and

we have people working on this at this present moment. It is a very difficult problem because of the nature of world trade in sugar.

Mr. DANFORTH: Has there been any thinking on the part of the board for any representations made by the industry, either from the producer or the processor level, towards a guaranteed percentage of the Canadian market for Canadian sugar, due to the fact that we do now supply such a small percentage of our own sugar demands?

The CHAIRMAN: This is in eastern Canada?

Mr. DANFORTH: In Canada as a whole.

Mr. WILLIAMS: Yes, I would have to say that representations have been received by the board that some procedure should be evolved that would, in essence, guarantee sugar beet growers of either a fixed percentage or a fixed amount or something of that nature.

The CHAIRMAN: That is total production?

Mr. DANFORTH: I have two more questions along this same line. I think there is a very small percentage of the world production of sugar—I think perhaps the figure is 8 or 10 per cent—which has not been under direct contract or commitment, and this small surplus has been responsible for tremendous fluctuations in the raw sugar prices from time to time. In the knowledge of the witness who is close to this, is there any planned program or meetings to bring the entire world sugar production under an international agreement, such as we have with wheat, in order that this small percentage will not be such a factor in fluctuating the market?

Mr. WILLIAMS: I think I would have to answer that question this way. At the present time the international sugar agreement is under very active study and there are meetings almost continuously on this matter. I think the seller nations are quite interested in endeavouring in essence, to ensure that there is no such thing as a world free market for sugar. The difficulty, of course, is that once a price is guaranteed by any type of agreement to seller nations, it must of necessity be accompanied by some type of market restraint or production restraint, or both. It is at this level that difficulty is currently being experienced. Canada is a participant in these discussions.

Mr. DANFORTH: Mr. Chairman, in order that other members of the committee may have an opportunity of asking questions, may I be allowed to pass at this time?

The CHAIRMAN: That is fine.

(*Translation*)

• (10.29 a.m.)

Mr. CLERMONT: I would like to go back to the question relating to eggs. From the 1st of January, 1966, to May 7, 1966, we imported 23,540 cases of 30 dozens each, compared to 1,697 cases in 1965. Was production smaller in 1966 or was this the dealers doing? You probably know, Mr. Williams, that producers are very worried, very concerned about this purchase policy, because between

23,000 cases and 1,600 cases, there is a big margin, I think there is 20,000 cases difference. Most imports came from the United States.

(*English*)

Mr. WILLIAMS: I think the situation has to be described as follows. During early 1965 we had a very significant domestic over-production. We had quite high exports and we had a very low domestic price. As a consequence many producers changed production plans, did not buy chicks, did not raise pullets, did not keep yearling hens, and production during the late fall and past winter dropped off quite significantly. As a result, prices rose very sharply. I think these prices were the highest for the past seven or eight years, and I think at the present moment our national weighted average, which is the average weighted price received by producers for eggs since October 1 last year, is 10 cents per dozen higher than it was at this time last year.

The situation was simply that the prices became such that eggs could move into Canada over the tariff barrier and importers imported them. Whether there were enough eggs in Canada or not, I am not prepared to say. But the fact is the price in Canada reached such a level that it became profitable for people to bring them in.

Mr. CLERMONT: What is the tariff barrier, what is the percentage?

Mr. WILLIAMS: I will get that for you in a moment, Mr. Clermont.

Mr. MUIR (*Lisgar*): My supplementary has to do with sugar beets. I think Mr. Williams is aware that over the years there have been efforts to formulate a national sugar policy, and I am just wondering whether we are getting any closer to one? Has the idea of a national sugar policy been dropped?

Mr. WILLIAMS: I think it is very difficult to say whether we are getting any closer. My problem in answering this is not by reason of any reticence to answer. My difficulty, frankly, is to define what a national sugar policy might or might not be. I personally believe we have a national sugar policy at the present time. In the interests of the consumer of Canada and the interests of the Canadian industries using sugar, the Canadian sugar policy is that, other than tariff restrictions, this will have no restrictions other than tariff restrictions, normal tariff barriers, and that is our policy at the present time. I presume, sir, you are referring to a policy involving a sugar board or something of that nature.

Mr. MUIR (*Lisgar*): I have a supplementary which will probably assist you in clearing that up. Is it still profitable for the refineries in eastern Canada to import sugar cane in competition with our sugar beets?

Mr. WILLIAMS: So far as costs are concerned, I believe their costs for raw sugar whether they get if from beet of from cane, are identical. Their contracts are such that the price they pay for the sugar in the farmers' beets is tied to the price they must pay for cane sugar. I believe it does not make very much difference one way or the other whether they use beet sugar or cane sugar.

Mr. MUIR (*Lisgar*): As Mr. Danforth pointed out, it is the surplus cane sugar coming into Canada which has had an effect of depressing the raw sugar market over the past years. Is this still being allowed, or is this still being done?

Mr. WILLIAMS: It is definitely government policy to only have the normal tariff restrictions against sugar. These tariff restrictions favour Commonwealth countries. In other words, the most favoured nations' rate is higher than the British preferential rate.

Mr. MUIR (*Lisgar*): There has been no attempt to regard this imported sugar as surplus sugar being dumped?

Mr. WILLIAMS: That is correct.

Mr. MUIR (*Lisgar*): There has been no attempt to do this?

Mr. WILLIAMS: Not to the best of my knowledge. I believe there was one case at one time that I can recall. You will appreciate that this is not administered, however, by the Department of Agriculture, so I would not be able to give a categorical answer in respect of this.

Mr. MUIR (*Lisgar*): Do you feel that raw sugar is still being dumped into Canada? Do you consider that we are probably a fair market for surplus sugar?

Mr. WILLIAMS: I am afraid that I really could not answer that question categorically because I do not know. Our main interest is in protecting the producers. Under the present support program, in so far as producers are concerned, it does not matter whether the sugar is dumped or not, as long as it is at world prices. Now, presumably, no one is going to sell below the free world price.

Mr. MUIR (*Lisgar*): Do you mean they would not sell to refiners? I think this has happened in the past—I think Cuba has been ruled out now—when Cuba was able to export as much of her sugar cane as she wanted to.

Mr. WILLIAMS: The information we have at the present time is that the buying procedure of refiners is that they buy on consignment. That is to say, the sugar is put in here by the suppliers and it is bought at the London market on the day the refinery takes it out of storage for melting.

Mr. DANFORTH: Is it not true that Canada is more vulnerable to the small surplus of cane sugar because it is one of the few buying countries that does not buy by quota and by definite contract?

Mr. WILLIAMS: If you mean more vulnerable, Mr. Danforth, that sugar is going to come in here from this 8 to 10 per cent free market, there is no doubt whatsoever that sugar is going to come in here. But this, as I say, under our present support program—and this is why we have such a complex support program—is to ensure that if this does happen it will not affect the producers total net return.

Mr. MUIR (*Lisgar*): I just have one more related question. Some years ago, and it is not too long ago, turkeys were shipped into Montreal on consignment, and I understand they were picked up at depressed prices. They were picked up by a Montreal importer because they had been shipped on consignment without any price tag on them. Does the same thing not happen to sugar?

Mr. WILLIAMS: I know of no regulation, sir, which would inhibit the movement of turkeys into Canada on consignment. The ultimate selling price, however, might be a matter of anti-dumping action, but I do not know of anything which would keep them out just because they were on consignment. If they came in on consignment and the ultimate selling price was such as to bring an anti-dumping levy, this would be one thing, but simply because they were consigned, I do not believe we have any federal legislation that would prevent consignment sales of turkeys.

Mr. MUIR (*Lisgar*): Thank you very much.

Mr. MCLELLAND: I would like to ask one question concerning the growing of sugar beets. I am thinking primarily about the 50,000 acres that are being readied with the south Saskatchewan river dam irrigation project. If 3,000 to 5,000 acres were to come into production within the next two to five year period, would this have any significant effect on Canada's position with the sugar beet industry?

Mr. WILLIAMS: It would certainly have some significance. At the present time the total acreage in sugar beets is about 100,000 acres. There are about 40,000 acres in Alberta, about 30,000 acres in Manitoba, about 20,000 acres in Ontario, and about 10,000 acres in Quebec. So 3,000 to 5,000 acres would represent approximately a 5 per cent increase and would have all the effects expected from a 5 per cent increase in domestic sugar. I think one would have to say too that it would have a subsidiary effect because at the present time the prairie provinces produce just about the amount they need for their own use. This would mean that sugar would either go over the mountains or would back up into Ontario from the prairies.

Mr. MCLELLAND: Regarding this support price or whatever it is called, I would like to ask this question. Supposing it did happen in Saskatchewan that 3,000 to 4,000 acres would be put into production—those, of course, would have to be transported to a refinery because I would not imagine a refinery would stock up with that many acres—would that have anything to do with the price which the producer would be receiving? Would the fact of having to transport these sugar beets from one province to another to a refinery necessarily drop the price?

Mr. WILLIAMS: At the present time our support program is basis f.o.b. factory. You have asked a hypothetical question and all I can do is give a hypothetical answer. If the same support program were to be continued on the same basis, that is to say f.o.b. factory, then their lack of proximity to a refinery would mean that they would net less back at the farm than would people who were closer to a refinery.

The CHAIRMAN: I would just like to clarify one figure which I am aware of, and I think Mr. Danforth is too, namely I think the acreage in Ontario is between 15,000 and 16,000 this year.

Mr. RICARD: Quebec is subsidizing the production of sugar beets. Are there any other provinces that subsidize the production of sugar beets?

Mr. WILLIAMS: Not to my knowledge.

Mr. RICARD: To what extent would our export trade be affected if, say, our production of sugar beets were doubled? Would we reap some disadvantage out of it, would it be to our advantage, or would there be no effect at all?

Mr. WILLIAMS: I do not think that question could be answered without knowing a great deal more of how it would be doubled. If our domestic production of sugar beets were to be doubled, and all other factors were unchanged, that is the support level, the world price of sugar and everything else, the only effect it would have would be that it would restrict imports from countries where we are presently buying this, and I would have to presume that they would have less dollars to buy some of our exports. This is not a question which one can answer really, but presumably if a country is unable to sell as much to us, it is unable to buy as much from us.

Mr. PETERS: The question I wanted to ask is that it appears to be very much controlled as far as the producer is concerned, and the stabilization payment keeps this control. What I am wondering is what action has been taken, or what arrangements were made to see that the situation with respect to the retailer consumer price for sugar is not allowed to fluctuate as it did a couple of years ago where no relationship was indicated between the production price in Canada or even the import price, in relation to the retail price of sugar?

Mr. WILLIAMS: This, I am sure you will appreciate, does not come under the Department of Agriculture of under the Agricultural Stabilization Board. However, I must say that this is one of the objectives of Canada being a member and negotiating in the international sugar agreement because, presumably, a resolution of the problems associated with international sugar trade to that organization would result in less fluctuations in the world market and much less fluctuations in our domestic market.

Mr. PETERS: From what I gathered, if we increase our acreage by 5,000 or 6,000 acres in Saskatchewan when the irrigation program is completed, that because of the open-end arrangement that we have on import and the lack of restrictions being used by tariffs this is not going to mean a reduction in the consumer price of sugar in Canada, mainly because of the subsidization program. There is a potential in Canada of reducing our sugar price internally, if it were necessary.

Mr. WILLIAMS: I do not believe our support program has any basic effect whatsoever on the price the consumers pay for their sugar. I must say, however, taking the assumptions I made in the case of the question raised by Mr. Ricard, that the increase in production in Canada would not affect consumer prices here. In other words, our domestic prices for sugar here are based on world prices for sugar, not on domestic production and not on the price the farmer needs to receive for sugar beets.

Mr. PETERS: Well, am I wrong in assuming that the world price did not double when the price of domestic sugar doubled?

Mr. WILLIAMS: That is correct. It pretty nearly trebled.

Mr. PETERS: The world price?

Mr. WILLIAMS: Yes. The world price of sugar, I believe, was 12 cents and at the present time it is around 3 cents.

The CHAIRMAN: Was that on contract?

Mr. WILLIAMS: This was the free world market.

Mr. PETERS: This was this 6 or 7 per cent you mentioned, or was it 8 per cent?

Mr. WILLIAMS: Yes, it was 8 to 10 per cent.

Mr. PETERS: If Canada participates in this international agreement as a signatory to it, will this mean we will not be subject to this 7 or 8 per cent, and that our supply will be guaranteed under long term contracts under this agreement?

Mr. WILLIAMS: One cannot at this point foretell what form the final agreement will take, but it could mean this, yes. It could mean that the bottoms would be taken out of the market and the tops would also be taken out.

Mr. PETERS: Is this what we are working toward, or are you in a position to know what our negotiation picture is?

Mr. WILLIAMS: I am not in a position to reveal at the present time what the negotiating position of Canada is in this matter.

Mr. PETERS: If this trade fluctuation occurs again, I think it is safe to say the housewives are going to be pressing for a situation which will eliminate this. Is it possible for Canada, on its own, to produce enough domestic sugar to stabilize our own domestic price?

Mr. WILLIAMS: I think Canada could probably produce enough sugar for itself, but I would think that the housewives would certainly find the price was a great deal more. The best estimate I have been able to receive from our technical people is that probably domestic sugar beet production could be doubled with reasonable yields. In other words, not every place in Canada is suitable for growing sugar beets by any stretch of the imagination. The best sort of an estimate I have been able to get, and I must admit it is an extremely rough one, is that probably our sugar beet production could be doubled with not too much loss in efficiency. So if you double it you are still only going to be up to 30 or 35 per cent of our total requirements. Obviously, it could be increased to any level if people wanted to pay enough, and if subsidies were high enough I think you could grow sugar beets almost anywhere, but your yields would be extremely poor and probably your sugar content and so forth. I would think, speaking within reason, Canada cannot be expected to produce enough sugar to satisfy its needs or to internally take these fluctuations out of the market.

Mr. PETERS: If we are able to negotiate this agreement, I take it this will eliminate us from that market of the 7 or 8 per cent, which is a surplus free price, and so we would be under some kind of a stabilized world price?

Mr. WILLIAMS: I do not think, Mr. Peters, I said it would; I think I said it could. I do not think at this point it is possible for me, at least, to forecast what form a final agreement might take.

Mr. MUIR (*Lisgar*): I just have one short supplementary. Is it not a fact that we could pay the producer a price which would give him a fair return for his efforts and work without affecting the final price of the refined product?

Mr. WILLIAMS: This is what we are doing at the present time, we believe.

The CHAIRMAN: They have the answer to Mr. Clermont's question now which he asked earlier in the meeting. If it is all right with the committee, I will ask Mr. Williams to give that answer at this time.

Mr. WILLIAMS: The current tariff on eggs is 2 cents a dozen British preferential, and 3½ cents a dozen in most favoured nation.

Mr. CLERMONT: This means the United States will come under that 3½ cents?

Mr. WILLIAMS: That is correct. With regard to egg melange, the British preferential is 5 cents a pound, and most favoured nation, it is 10 cents a pound.

The CHAIRMAN: There is one question I would like to ask. I have the feeling, Mr. Williams—and maybe you will think I am completely wrong—that to have a proper stabilized price, to guarantee a certain production with a proper economic return for the producer, that it is nearly impossible to do this as long as we allow imports to come into Canada helter-skelter.

Mr. WILLIAMS: Under the deficiency payment program, theoretically at least, imports and prices do not of necessity affect the returns to producers. It affects it if it brings the price down below the support level, but once it is at the support level it does not matter how much lower it pushes it, the returns to the producers are the same. Therefore, if the support level is an effective level, the imports do not alter the returns to producers.

The CHAIRMAN: What I am trying to say is that in a great many instances support prices or stabilized prices are not realistic prices in accordance with the current cost of production to give the person an economic return for the investment with all the other costs taken into consideration. We know this, and it is one of the constant complaints of farm producer organizations in Canada.

Mr. PUGH: Is there any evidence whatsoever that the eggs which were imported into Canada are selling at a lower price here? Is there any evidence that this was in the nature of dumping, and that those eggs sold cheaper in Canada than they did in the United States?

Mr. WILLIAMS: The Department of National Revenue have this under review. The latest information I have from them, which was received earlier this week, was that to date they have not been able to uncover any evidence that these were dumped by definition under Canadian law.

Mr. PUGH: It seems to me that an extension on dumping legislation might be made similar to the fruit and vegetable definition of dumping which, rather than the cost of production in the country of origin, gives you a three year average import into Canada. In other words, if you get below that, then this constitutes a fair value produced. In the other commodities it is almost impossible, I would say particularly with regard to eggs, to assess the cost of production in the country of origin.

Mr. WILLIAMS: In both our fruit and vegetable legislation and in our general legislation, it is not the cost of production, it is the average selling price in the country of origin. With regard to fruit and vegetables with a three year

average under the normal dumping legislation, it is the selling price in the country of origin as compared with the export price in the country of origin.

Mr. PUGH: Yes, that is fine, but in fruit and vegetables, I think if you will look at the legislation, it is the average three year price of actual imports into Canada—

Mr. WILLIAMS: That is right.

Mr. PUGH: —which is something our departments can decide immediately. What I am getting at is this: With regard to imports into Canada, let us take the case of the United States in respect of fruit, their shippers into Canada are very worried, and have been worried about this legislation ever since it was adopted because it is something which can be assessed quickly and put on quickly. In talking to fruit men from Washington, for instance, they will think twice before they will throw it in.

This gets back to undercutting. You can prove to them quite conclusively that by underselling in our market they are not doing themselves any good whatsoever; that if there is a demand for the product they can get a better price by not undercutting. However, if the demand means there must be an import, they can get a better price by coming in, and there is no question of undercutting our own prices. I believe this has been the history since that legislation was put in with regard to fruit and vegetables. Is there any comment on that?

Mr. WILLIAMS: No, I do not think I would be prepared to comment on this at the present time, Mr. Chairman.

The CHAIRMAN: Are there any further questions on stabilization?

I want to make a request from the Minister of Agriculture. We had promised him the right to return and make a statement. Things did not work out right before he went to Europe and he has been after me twice now to have him back here. I suggested that he come promptly at 9.30 on Tuesday. He has to go to a cabinet meeting at 10 or shortly after 10, and we could take half an hour of our Tuesday meeting to hear his statement. Is this agreeble with the committee.

Mr. DANFORTH: Will we have an opportunity to pose questions on the basis of his statement?

The CHAIRMAN: He is prepared to stay, but I do not think we should keep him for more than an hour.

Mr. DANFORTH: This is with the understanding of the committee, Mr. Chairman, that we continue with the Agricultural Stabilization Act following his statement. I know some members have several questions they wish to pose.

The CHAIRMAN: We will now adjourn because it is 11 o'clock and the House is meeting. Thank you, gentlemen.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, JUNE 14, 1966

WITNESSES:

From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister; Mr. C. R. Phillips, Director-General, Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24580—1

STANDING COMMITTEE
ON
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan
Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, June 14, 1966.
(19)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:48 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Clermont, Crossman, Danforth, Éthier, Forbes, Gauthier, Godin, Grills, Herridge, Honey, Hopkins, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Matte, Muir (*Lisgar*), Noble, Nowlan, Peters, Rapp, Ricard, Schreyer, Stafford, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Yanakis (28).

In attendance: *From the Department of Agriculture*: Mr. S. C. Barry, Deputy Minister; Mr. S. G. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration; Mr. W. R. Bird, Director, Crop Insurance.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

The Vice-Chairman informed the Committee that the Hon. J. J. Greene, Minister of Agriculture, could not attend the meeting as previously announced.

Agreed—That the Committee would consider this day Crop Insurance Assistance and resume consideration of Agriculture Stabilization Board at a later date.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Vice-Chairman adjourned the Committee to 9:30 o'clock a.m., Thursday, June 16, 1966.

Michael B. Kirby,
Clerk of the Committee.

24580—1½

EVIDENCE

(*Recorded by Electronic Apparatus*)

TUESDAY, June 14, 1966.

(*Translation*)

● (9.44 a.m.)

The VICE-CHAIRMAN: Gentlemen, we have a quorum. Order please. The minister, Mr. Greene was to be here this morning, but for reasons beyond his control, he will not be able to come. So, we will continue and we will proceed with vote 15, item 15. Mr. Williams and Mr. Phillips cannot be here this morning, so with the consent of the Committee we might perhaps pass to the administration of crop insurance, in view of the fact that Mr. Bird, to my right, is the director of this crop insurance sector; and we have Mr. Parker and Mr. Chagnon here with us from these branches. Could we perhaps go ahead with item 15?

Mr. DANFORTH: Mr. Chairman, in view of the fact there has been a drastic change in the program this morning, may we just have a moment to go over this in order that we can be in a position to ask questions on this?

The CHAIRMAN: Perhaps Mr. Bird could read this section of the report.

Mr. W. R. BIRD (*Director, Crop Insurance, Department of Agriculture*): The Crop Insurance Act was passed in 1959 to assist the provinces in making payments and in making crop insurance available to farmers.

The Act originally provided for the Minister of Agriculture, with the approval of the Governor in Council, to enter into agreements with the provinces to provide three forms of assistance for provincially operated crop insurance programs. The Act permits the Minister to agree with the province to contribute 50 per cent of the necessary administrative costs for the provincially operated schemes to permit them to agree to reimburse the province for the premiums it may pay on behalf of the farmer and it permits, also, that loans may be made to a province in disaster years when indemnities greatly exceed the amount of premiums and the reserves that are available for the payment of indemnities.

In 1964 there was an amendment to the Act which provides that Canada may re-insure a suitable portion of the risk that is entailed in the policies and transfers which are in effect during a year. Up to the present time there are four provinces that have completed agreements with Canada. The first to enter the crop insurance field was Manitoba; they started the operation of this scheme in 1960 and last year had some 8,600 farmers insured.

Saskatchewan commenced operation of a program the next year; Prince Edward Island in 1962 and the province of Alberta started their program last year in depressed areas in that province.

Generally speaking, the Manitoba scheme has been the most successful and has developed faster than the others. The program there covers the insurance of wheat, oats, barley, flax and sugar beets. In Saskatchewan it covers wheat, oats

and barley, as it does in Alberta. In Prince Edward Island insurance is provided for potatoes and for grain crops.

Mr. JORGENSON: The introduction of the program in crop insurance in 1959, was, of course at a time when we had no previous experience in this particular field in Canada. I think that the legislation, because of the peculiar nature of the structure of our constitution, required that enabling legislation be set up by the federal government with the provincial governments, to give them the right to develop crop insurance programs.

Manitoba's experience has proven that crop insurance is practical as a means of protection against the vagaries of nature. I think that it has also proven that, in the application of a crop insurance program in a particular province, it is difficult to be guided by the experience that you may have in one particular province, because the conditions vary from province to province. I was wondering to what extent the other provinces have shown interest in setting up pilot programs in order to gain the type of experience that it will be necessary for them to have in order to successfully implement a crop insurance program.

During the course of the debate, when the amendment for re-insurance was introduced in 1964-65, I understood, at that time, that it would be necessary to change the legislation so that forage crops could be included under this program as well because, in many parts of Canada, this is the type of insurance that is required, and I am thinking particularly of some crops in the province of Quebec. In Prince Edward Island I think it is being applied largely to potato crops, with some grain crops as well, while in Ontario I think the greatest interest in crop insurance has been shown by the tobacco farmers in that area. So I doubt very much if it is possible to have the federal program, other than making sure that it is so flexible that each province is able to adopt the type of program that is suited to the needs of that particular province.

I was just wondering to what extent other provinces have shown an interest in developing pilot projects to suit the particular needs of their area.

Mr. BIRD: I woul like to give the Committee this information that in February of this year we had a conference with officials from all the provinces, and a number of provinces, such as Ontario, Quebec, British Columbia, New Brunswick and Nova Scotia, all presented their views to us and Ontario and Quebec particularly stressed the importance of insurance being provided for forage crops.

Our Minister is quite sympathetic to this approach and we, of the department, think that particularly for the provinces of Ontario and Quebec it is essential that the Act make provision for insurance of this type of crop because, after all, the greatest percentage of these farmers are engaged in the dairy business and need forage crops and insurance is most important to them.

Since our conference the province of British Columbia has passed such legislation, and Ontario, Quebec and, I believe, New Brunswick have introduced crop insurance legislation, through their provincial houses. In the interval, we have been having, at the official level, discussions with the provinces on proposed programs on which they are working. I think I can say that the provinces of Ontario and Quebec are both making considerable progress in the developing of a possible program for the insurance of hay and forage crops.

Mr. JORGENSON: Do the provincial governments consult with you when planning legislation for development in their own provinces?

Mr. BIRD: They are now, sir, yes.

Mr. JORGENSON: I think it is a pretty generally accepted fact that Manitoba has led the way in developing crop insurance and they have provided most of the basic information that is necessary for setting up a crop insurance program. To what extent is the Manitoba experience followed in other provinces?

Mr. BIRD: I think you could say that it provided a basis for pretty well every program that we have or that we are contemplating in Canada. They all go to the Manitoba plan to start with, and study their experience.

Mr. JORGENSON: But it is not possible, at the moment, for them to apply crop insurance on any crop that is not covered. Does not the federal act specify those crops that can be insured?

Mr. BIRD: The regulations do, sir.

Mr. JORGENSON: I see. What are those crops?

Mr. WILLIAMS: At the present time the ones that are covered are wheat, oats, barley, rye, flaxseed, green corn, buckwheat, soya beans, potatoes, sugar beets, tobacco, sunflower, rapeseed, apples, peaches, plums, pears, cherries and apricots.

Mr. JORGENSON: There is not very much left, other than forage crops.

Mr. WILLIAMS: Other than forage crops not very much. But this a Governor in Council regulation. It can be changed at any time, at the desire of the department.

Mr. JORGENSON: Well, would it require legislation introduced in the House to include forage crops or would it be by order in council?

Mr. WILLIAMS: Not for coverage of the type envisaged under the current prairie program.

Mr. JORGENSON: Well then why has it not been done so that these other provinces will be able to take advantage of it?

Mr. WILLIAMS: We have never been asked. Their position has always been that their problem was the 80 per cent and 60 per cent, not the fact that the crop was not covered.

Mr. JORGENSON: What has the 80 per cent and the 60 per cent go to do with it, Mr. Williams?

Mr. WILLIAMS: It is their contention that because of the relative infrequency of crop losses in eastern Canada and in British Columbia, and because of their cost of production figures being in excess of 60 per cent for many of their crops, that a program with 60 per cent coverage would not be attractive or saleable in these provinces. This has been their position.

Mr. JORGENSON: Am I to understand, then, that the increase in the amount of coverage to 80 per cent is designed particularly for areas other than the prairie provinces?

Mr. WILLIAMS: I am just not sure what you mean by that, but the need for a change is occasioned by requests from provinces other than the prairie provinces.

Mr. JORGENSON: Yes, well this is just about what I am saying.

Mr. WILLIAMS: There are crops grown in the prairie provinces where at least some of the crop insurance administrations out there feel that a higher level of coverage might be useful to them as well.

Mr. JORGENSON: What area are those? What crops would those be?

Mr. WILLIAMS: Well there are certain areas where they have forage crops, for example. I would not want to specify them but for example, sunflowers is one that has been mentioned.

Mr. JORGENSON: But you would not suggest that the increase in coverage from 60 to 80 per cent is going to be of any particular benefit to the grain growers, to the wheat, oats, barley and flax growers?

Mr. BIRD: Well I think, Mr. Jorgenson, that the Manitoba Crop Insurance Corporation at the present time are showing some interest in the increase in coverage for themselves and are studying the effect that it might have. The prime consideration here, when you raise the coverage, is the height of the premium rates.

Mr. JORGENSON: I was just going to ask you if you have any idea what that would involve in the way of an increase in the premium?

Mr. BIRD: Well it is hard to say, offhand, but I can tell you this, that in some of the studies that we conducted in connection with fruit, we found that the premium rates at 80 per cent coverage were as much as three times greater than they were at 60 per cent coverage.

Mr. JORGENSON: In fruit crops?

Mr. BIRD: This was in fruit crops—yes.

Mr. JORGENSON: I think you will find it is even higher when you come down to sugar crops. If I remember correctly, in the years before the crop insurance program was introduced in Canada, I had occasion to do an extensive study of the American crop insurance program, and they experimented for many years before they arrived at the 60 per cent figure, and they arrived at it because it was the area in which they could get farmers to take out crop insurance. Anything higher than that represented too much in the way of a premium, and there was a great deal of reluctance on the part of American farmers to participate in a program where the premium rates were too high. This is why I suggest that the increase in the coverage from 60 to 80 per cent is going to be of no material benefit to the grain growers of the prairie provinces. I am not suggesting that it should not be done, just for that reason. I think it is a good idea if it is going to be practical and of some benefit to farmers who are engaged in the production of other crops. I think, by all means, it must be introduced. But I think it is wrong to leave the impression that this is being done for the benefit of the grain producers on the prairies.

Mr. WILLIAMS: One word of explanation I might add, of course, is that if there is to be an upward revision in the level of coverage, it will be non-mandatory. That is to say that 60 per cent, 40 per cent or 10 per cent insurance could still be sold by any corporation that might so wish.

The other point I might mention is that I believe it was stated in last year's annual report of the American Crop Insurance Organization that had the producers of the United States the benefit of the federal subsidy applicable in

Canada, they would be able to raise and extend their coverage to all crops; that at the present time their premiums are not subsidized and this is part of the reason why they have had to keep their level of coverage low. At least this was indicated in their own report of last year.

Mr. JORGENSON: Then there are many other reasons why it is at the present time somewhat difficult to get farmers to participate in crop insurance programs. But I think, largely, that rests with the authorities within the province to change their programs to suit the needs of any particular area. One of the great complaints you will find amongst farmers in the Manitoba district is that an over-all average of a crop is taken, rather than a specific crop. As you know, it is customary on the prairies to have crops scattered over quite a substantial area, and if one crop suffers loss it is balanced off by another crop in another area. Most farmers feel that that crop should have been insured on its own and it is something that I think the provincial governments are going to have to work out with experience. I do not think that involves any change in the federal legislation.

All I want to say is that I heartily approve of the changes that are contemplated, as they apply to forage crops and as they apply to the increase in the levels of coverage, because I think it will be of some material benefit to the people in other areas of Canada.

Mr. ÉTHIER: Mr. Williams, you were saying that in changing from 60 to 80 per cent it would not be mandatory. Do you mean that there could be a program the provinces could accept and it would vary from 60, 65, 75 to 80 per cent, that the premium would be higher for more coverage, is that what you said?

Mr. WILLIAMS: That is correct. Under the present legislation, for example, all the Act says is that the coverage cannot exceed 60 per cent of the long-term average; it does not have to be 60 per cent. I would think that what might emerge from this, and it is pure speculation on my part, is that coverages would be available to producers across Canada at some time and the individual could choose whichever level of coverage he felt he could afford, exactly the same as I choose whether I wish to have $100 deductible or a $250 deductible on my car insurance.

Mr. ÉTHIER: But, at the moment, it cannot exceed 60 per cent.

Mr. WILLIAMS: It cannot exceed 60 per cent.

Mr. ÉTHIER: Would it need government legislation to adjust it or just an order in council?

Mr. WILLIAMS: No, the Act must be amended to change the potential level of coverage.

Mr. ÉTHIER: I heard you say a while ago that the provinces of Quebec, Ontario and British Columbia were impressed but that was what was keeping them away from it; they think that they cannot sell it, for instance, to the farmers at 60 per cent.

Mr. WILLIAMS: This has been their contention, yes.

Mr. ÉTHIER: Are they willing to accept it if it was boosted up to 80 per cent?

Mr. WILLIAMS: The federal-provincial conference, to which Mr. Bird made reference, indicated that this level of coverage would be a suitable one. The provincial level of coverage, that is, would be a suitable level of coverage.

Mr. ÉTHIER: I have another question, Mr. Williams. On what part of the premium does the federal government subsidize the farmers?

Mr. BIRD: Twenty per cent.

Mr. ÉTHIER: Twenty per cent of the premiums and 50 per cent of the administrative costs, is that it?

Mr. BIRD: That is right.

Mr. ÉTHIER: Is that acceptable by the provinces?

Mr. WILLIAMS: Well I think I would have to say that, in respect of the level of participation, the only point that had been discussed at all was that any decision that the federal government might wish to make in respect of its level of contribution should be made by the government without reference to the provinces and if they wished to make any contribution they should make it themselves. This was the position of that meeting.

Mr. ÉTHIER: Could forage be included in the items that could be insured? Can that be changed by order in council?

Mr. WILLIAMS: Well it could, and I should amplify on that a little bit. I started to answer it earlier. Forage could be included, and I said it could be included on the same basis as grains are presently covered in western Canada. There is some little argument, from the legal standpoint, in the event of a forage crop being completely wiped out by winter killing. Let us say a man had a good stand of alfalfa and it was completely wiped out by winter killing, there is argument on whether the province could write a program that would pay him in the subsequent year, because he has not lost a crop, he has, in essence, lost his production unit. It is akin to the killing of a fruit tree, and there is some little legal argument on that. But certainly it could be covered; it could be included and a type of coverage could be written, there is no argument about that.

Mr. ÉTHIER: What about pastures? Would pastures be included in forage?

Mr. WILLIAMS: Pastures would fall within exactly the same position as forage.

I might say that the thinking has been among the people that are working on this that probably a program should throw all forage crops into one group and the man would simply insure all his forage crops, which probably would include hay, pasture and fodder corn.

Mr. ÉTHIER: Have the provinces of Ontario and Quebec, so far, passed legislation? You said they were to introduce legislation. Has any other province passed legislation about crop insurance, up to date?

Mr. WILLIAMS: No, Quebec has not introduced the legislation yet.

Mr. ÉTHIER: Quebec did not introduce legislation?

Mr. WILLIAMS: Oh, I stand corrected, Quebec has introduced legislation; neither province has passed the legislation.

Mr. ÉTHIER: Thank you, that is all.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, in his remarks Mr. Bird mentioned the fact that all the provinces attended the January conference and that Ontario and Quebec were very interested in hay crops. Did Quebec indicate any interest in any other agricultural products?

(*English*)

Mr. BIRD: Well certainly, sir, both Ontario and Quebec have indicated an interest in all crops but, as I said, because the great majority of farmers are interested in forage crops, they felt that this is the point where they should start. They discussed with us the possibility of insuring other cash crops, of one kind or another.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, the present Crop Insurance Act has been in effect since 1959. Would you have figures in regard to claims for the last year, the claims and the amounts by the Crop Insurance Corporation in the four provinces where crop insurance is now in effect?

Mr. BIRD: Yes, I can give you the information.

In Alberta I can give you the number of farmers insured—you are probably interested in the percentages. There are 1,312 farmers covered.

Mr. CLERMONT: Yes, I have that one.

Mr. BIRD: The total amount of the coverage is—

Mr. CLERMONT: Yes, I have that one too.

Mr. BIRD: And the total payment is $300,000 approximately. The total indemnities paid last year were $45,000.

In Saskatchewan—

Mr. CLERMONT: That is for 1965?

Mr. BIRD: For the 1965 crop year.

Mr. WILLIAMS: While Mr. Bird is looking up the Saskatchewan one, the premiums collected in Manitoba for 1965 were $1.6 million and the total indemnities paid out were $260,000.

Saskatchewan had $350,000 premiums and $120,000 payments.

Mr. BIRD: These are very approximate figures here.

Mr. CLERMONT: Have you any figures for Prince Edward Island?

Mr. BIRD: Prince Edward Island had a premium income of about $16,000 and paid out about $45,000 in claims.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have a supplementary question, Mr. Chairman. Could you tell me, sir, if Quebec has shown interest in livestock insurance? Have you considered this, especially for the dairy herds in Quebec?

Mr. WILLIAMS: Do you mean in insurance on the animal itself or on its productive capacity?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): On the animal itself or on a productive capacity; I believe that Quebec has shown an interest in this livestock insurance.

Mr. WILLIAMS: Quebec have shown an interest in endeavouring to develop a program that is associated with the productive capacity of a dairy farm; from that standpoint, yes. From the standpoint of insuring the animal itself against disaster such as fire, lightening and so forth, the answer is no.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am not referring to that. Have you undertaken any research or any work in this or have you considered it at all?

Mr. WILLIAMS: I think that the program on which they are presently working could be said to embody this principle.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You say "they", do you mean Quebec?

Mr. WILLIAMS: Yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Will this be acceptable to you, as far as you know?

Mr. WILLIAMS: We do not have the details of the program so I cannot say categorically whether the program, in toto, would or would not be acceptable, but we have no differences of opinion, at the present time, with province of Quebec officials in respect of the principles associated with the programs they are developing.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Has any other province, to your knowledge, shown any interest in this livestock insurance?

Mr. WILLIAMS: I would not want to be misunderstood here: When we use the term "livestock insurance", it is not really that, it is the productivity of the entire farm which bases its sales on livestock or livestock products. The program Ontario has discussed is not unlike this.

Mr. OLSON: A supplementary, Mr. Chairman. In answer to Mr. Clermont's question, the premiums collected seem to be quite a bit higher than the amount you have had to disburse. Does this hold true for almost every year since this plan was adopted? What is the average over the past six years, do you have those figures?

Mr. BIRD: I thought that we could best indicate to you the position by saying that over the period since 1960 the Manitoba scheme is approximately $900 to $1 million ahead of the deal, in that premiums over that period have exceeded indemnities by that amount.

In their operation since 1962, I think, premiums in Saskatchewan have exceeded indemnities by about $450,000. I think you must bear in mind that the crop in the three prairie provinces last year was one of the best in history and that losses were probably much lower than you would normally expect them to be.

Mr. LEFEBVRE: Would you say, sir, that so far, since 1959, more premiums have been collected than payments have been made?

Mr. BIRD: There have been more premiums collected and that is bad business too.

Mr. LEFEBVRE: Would a study then be undertaken to see if the premiums could be lowered after this sixth year of experience?

Mr. BIRD: We do this every year, sir. Each spring the provincial agreements provide that the premium rates and coverages shall be re-examined each year. We look them over each year.

Mr. JORGENSON: Is there not also a clause in the provincial crop insurance agreement that provides for the gradual reduction of premium rates; providing a farmer does not collect an indemnity, his premium rates gradually go down over a period of years?

Mr. BIRD: All the provinces, to my knowledge, have discounts, most of which apply after a farmer has participated in the program for three years without making a claim.

Mr. WILLIAMS: It should be pointed out here, in amplification, that in 1962, however, Manitoba had to make quite a large borrowing from the federal government, under this program, to meet its obligations under its crop insurance program.

Mr. OLSON: In other words, you would have a sort of bank built up for an extremely poor year?

Mr. WILLIAMS: Yes.

Mr. MUIR (*Lisgar*): Is it not true that a man is disqualified too if he is a poor farmer?

Mr. WILLIAMS: There are clauses in all theirs that say that for cause they could reject claims if it is shown that a man does not follow good husbandry practices. If his losses result from poor husbandry practices they can refuse to pay the claim.

Mr. MUIR (*Lisgar*): There was one experience where a man made a claim of $5,000 on flax. He was not paid the claim and he was disqualified from receiving insurance the following year. I believe it was in Manitoba.

Mr. BIRD: I have no knowledge of a particular case because this is entirely a matter of provincial administration, but this is possible, under their policies.

Mr. MUIR (*Lisgar*): I think this would have to be part of the set-up because, otherwise, you would get people farming for insurance.

Mr. WILLIAMS: In amplification of the last reply, the basic philosophy on which the premium structure is determined is that the premiums paid by the farmer, coupled with the federal contribution, shall be such that over the long term they are simply self sufficient.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I am interested in these figures pertaining to the three prairie provinces of Manitoba, Saskatchewan and Alberta, and I would like to ask whether the plans are identical in Manitoba, Saskatchewan and Alberta.

Mr. BIRD: No, I would not say that they are identical. Each of the provinces has designed their program to meet their own specific requirements, so that they do vary to some extent. I would not say that there was a wide difference between the operations in the prairie provinces.

Mr. WATSON (*Assiniboia*): Do you have the total number of farms in each of the provinces of Saskatchewan, Alberta and Manitoba, to bring this figure out because I think it is possibly far more drastic than these figures would indicate.

Mr. BIRD: Actually, the approximate number of farms that were reported under the census is 40,000 in Manitoba; roughly 90,000 in Saskatchewan, and about 70,000 in Alberta. Now these are the rough 1961 census figures and they may vary somewhat from that.

There is always the problem, too, of deciding what is a farm, for the purpose we want to discuss, because there are probably about 30,000 farms in Manitoba that the crop insurance people consider they might probably sell insurance to.

Mr. WATSON (*Assiniboia*): Then, for a comparison, actually if the Saskatchewan figure was around 1,500 it would be in about the same proportion as the 8,600 in Manitoba and, for a comparison figure, we could bring Alberta's down to possibly 700. Is there a lack of interest or have the provinces of Alberta and Saskatchewan not had good educational programs to sell this to the farmers? There has to be some reason why it has been such a success in Manitoba, where 8,600 out of 40,000 farms are covered, whereas in Saskatchewan there are only 3,172 out of 90,000 farms. There must be some basic reason why this plan has not been put across to the farmers in Saskatchewan and Alberta.

Mr. BIRD: Well I think, Mr. Watson, crop insurance, like every other kind of insurance, has to be sold. I think, initially, that Manitoba followed the best plan in setting out designated areas. They started with test areas and they concentrated their efforts within those areas. Alberta, incidentally, have only operated one year, and they started in three test areas and, in those three test areas, they had 50 per cent of the farmers insured which, I think, speaks pretty well for the development of the program in one year.

Saskatchewan, on the other hand, initially offered insurance on a more or less take it or leave it basis. Then, too, initially Saskatchewan had no provision made to establish rates, taking into consideration soil qualities, which they have now provided, and which has increased the interest in that province very significantly.

Incidentally, I do not know whether or not these figures are interesting to you, but I probably should indicate that the final figures on the number of farmers who will purchase insurance this year are not yet available to us, because we do not know this until the final seeded acreage reports are filed. Manitoba has indications that they will have 13,000 farmers insured this year; Saskatchewan in the neighborhood of 7,000, and Alberta about 4,500, which is a very significant increase over the last year's operation. I think the great part of the interest that has been shown in Saskatchewan this year is probably due to the improvements in the scheme and the fact that they are taking soil classifications into consideration when establishing rates.

Mr. WATSON (*Assiniboia*): Then, possibly the government in Saskatchewan has been slack over the years in not pushing this plan, or is there anything in the offing that this should be on a compulsory basis the same as P.F.A.A. was and do away with P.F.A.A., if it is going to be a complete success.

Mr. RAPP: They are benefiting more than P.F.A.A. than the province's industries.

Mr. BIRD: Well I do not know, sir, that this is something that I should discuss here. I do not know what the history of P.F.A.A. in Manitoba has been. Somebody suggested, that P.F.A.A. payments there have probably not exceeded

the amounts collected by the levey, as they have in the other provinces and that there probably was some more initial interest in Manitoba due to that fact.

Mr. WATSON (*Assiniboia*): Possibly, we could sum it up this way then, that Manitoba's farm areas are much more concentrated and the farmers could see the results more than they could in other provinces.

Mr. BIRD: I would not think that this was necessarily true, Mr. Watson.

Mr. JORGENSON: I think one of the reasons why crop insurance is not so difficult to sell in the province of Manitoba is because they have the added inducement that if you purchase crop insurance you do not have to pay into P.F.A.A. and, as you know, there has, through the years, been a considerable amount of resentment in the province of Manitoba over P.F.A.A. because they have never felt they got a square deal out of it. Most farmers feel that P.F.A.A. is like taking out a life insurance policy that says that your wife will not collect a nickel unless 12 of your neighbours die the same year.

Mr. WATSON (*Assiniboia*): Well we do not look at it that way in Saskatchewan.

Mr. FORBES: In discussing this crop insurance it depends a good deal on the attitude of the farmer himself. Do you want to try to make money in the event of a crop loss or do you want your expense covered? In Manitoba now they have a dual rate. That is, you can take the low rate which would be 75 per cent of the 60 per cent—I am just using approximate figures—which would give you a coverage of $10 per acre. Now then, if you deduct from that, the amount that you normally pay into P.F.A.A. and the one per cent, you have very cheap coverage.

This is a thing that I worried Mr. Bird about a couple of years ago over getting a cost of our expense coverage on crop insurance at a rate that a farmer could reasonably afford to pay and it is now developing into what we were after at that time, Mr. Williams. Once people understand the basis of crop insurance there is no doubt that it will be a very popular idea and I think it is one that is essential today, because any farmer who ever loses a crop, finds that it takes him years to recover the loss he has taken in that year. So if you have an expense coverage—and this is all that I personally, would want—this is the essential. This has become very popular in my area, where we seldom ever have a crop failure at all. We are taking this out as protection and I think this is one feature that could well be applied to Saskatchewan and these other places.

Now Mr. Watson brought up one question in which I was interested: Just why do Manitoba farmers go for this more than those in Saskatchewan? I was particularly interested in that and I want to advise Mr. Watson that the Manitoba farmers are very progressive fellows.

Mr. WATSON (*Assiniboia*): I do not know that I will accept that statement.

Mr. MUIR (*Lisgar*): I was going to ask Mr. Williams if the coverage on the products he mentioned earlier is applicable to all provinces?

Mr. WILLIAMS: It is applicable. That is to say that any province could, at the present moment, issue policies of insurance covering any of those crops, but certainly not all provinces have covered them.

Mr. MUIR (*Lisgar*): It is up to the province whether they ask for the coverage on this particular item or not, is that it?

Mr. WILLIAMS: That is correct, yes.

Mr. MUIR (*Lisgar*): Do you know whether it is the intention of Quebec and Ontario to start up pilot programs?

Mr. WILLIAMS: I do not believe I can answer on what are their intentions. I do not believe their intentions have been made known. They certainly have discussed this possibility and also the possibility of offering it on a province-wide basis. But, so far as I am concerned, I do not believe their intentions are well enough known, at the present time, to make a statement on what their intentions are.

Mr. MUIR (*Lisgar*): I think Manitoba, had they not started with a pilot program, would have been in very deep trouble and that the insurance program would never have got off the ground. I think it would be a good program to follow because it has proved that it worked.

I was going to mention, too, that it has worked in my own case where, if you have no crop loss, your premiums are progressively reduced. By taking, as Mr. Forbes said, the 75 per cent of the 60 per cent coverage even on just your one grain, you automatically wipe out the one cent per bushel on all the grain P.F.A.A. payments that you have to make on deliveries to the elevator, so that if you take 75 per cent of the 60 per cent you practically get it gratis, when you consider that, I think under the wheat board legislation, you are required to pay one cent a bushel on all grain deliveries.

I think there are areas, even in Manitoba, where crop insurance still will not work, and I think this is even more so in Saskatchewan, because there are areas where the average of the crop is so low that the premiums would be actually too high for a farmer to be able to afford it. I think this probably answers Mr. Watson's question of whether Saskatchewan will be able to some day have crop insurance instead of P.F.A.A. If I was living in certain areas of Saskatchewan I certainly would not want to see P.F.A.A. done away with, because the premiums on insurance would be too high for farmers in that area to cover.

This is one of the reasons why we in Manitoba welcome crop insurance because in all the years that I have paid one cent a bushel in the elevator I have never collected a cent of prairie farm assistance, and it is like paying insurance that you never collect on. So there may be a possibility that some day, if you had a total failure, crop insurance would pay your expenses, but in Manitoba I think it would have to be a complete failure before this was done.

Mr. WATSON (*Assiniboia*): Mr. Chairman, if I could ask a supplementary question, possibly I could ask the Manitoba farmers, then, why they go into crop insurance if they object to being in P.F.A.A. because they never collect under P.F.A.A. In my thinking, this does not add up.

Mr. MUIR (*Lisgar*): We never collect under P.F.A.A.

Mr. WATSON (*Assiniboia*): Well, you said that the major objection in Manitoba was that you were paying into P.F.A.A., and Saskatchewan and Alberta, being the poor provinces, were having crop failures and taking money out of P.F.A.A., and as a result of this you quit P.F.A.A. and went into a crop insurance scheme.

Mr. MUIR (*Lisgar*): You misunderstood me, Mr. Watson. I do not know the figures right now—I think perhaps Mr. Bird may have them—but up until about

five years ago Manitoba had paid in $16 million and taken out about $14 million. Now it has changed; I think Manitoba has taken more out of P.F.A.A. than they have put in, but very little more. Saskatchewan has taken $150 millions more, if my memory serves me correctly.

Mr. JORGENSON: I do not want to get into an argument here, but I think, to answer the question Mr. Watson has posed, it is simply that the nature of crop losses in Manitoba has been different than in the province of Saskatchewan. They are much more localized and therefore we have never been able to collect under the designated area—the areas were never large enough in order for farmers in those areas to qualify. So what we were actually doing was paying into a program where we had very little chance of ever collecting.

Mr. WATSON (*Assiniboia*): I do not want it misunderstood that I am trying to get into an argument with my fellow colleagues from Manitoba, but I am merely trying to satisfy myself why the program has not gone across in the two western provinces compared with Manitoba. To me there must be a reason. I have not satisfied myself what this is and I think it is quite evident that the rest of the farmers in Saskatchewan and Manitoba have not satisfied themselves either. I am trying to get to the root of this and my question is: Why has Manitoba objected to P.F.A.A. and gone ahead with crop insurance?

Mr. WILLIAMS: As a matter of record, since P.F.A.A. started, up until July 31 of last year, Manitoba farmers had paid to the P.F.A.A. some $23.4 million and has collected $29.4 million.

Mr. FORBES: It should be kept in mind that we did not collect anything until we made amendments to the Act so as to make ourselves eligible under it, but the situation was exactly as Mr. Muir stated a few minutes ago to Mr. Jorgenson, that, up to a certain point approximately five years ago, we did not collect anything, but due to the amendments we made to the Act, we were then eligible for payments.

Mr. MUIR (*Lisgar*): Mr. Chairman, is it not a fact that since the re-insurance provision has been passed that the number of farmers taking out crop insurance in each of the prairie provinces will double? Is it not anticipated that crop insurance coverage will double itself since the passage of the re-insurance feature?

Mr. WILLIAMS: I think the story is this: That until the federal act was amended to provide for re-insurance by the provinces of a portion of their risk, provinces in general were unwilling to expand their program rapidly because they took the position that if they had a year of very heavy losses the cost to them could impair their fiscal position. Since the re-insurance feature has been added this has not been a factor.

Mr. MUIR (*Lisgar*): Mr. Chairman, this would go part way to answering Mr. Watson's question too, I think, that in any province the greater the proportion the agricultural industry held in that province's economy the less likely it would be that that province would want to go all out in selling crop insurance until they had a re-insurance feature to fall back on.

Mr. WILLIAMS: There is something I might add to that right along those lines, that because of their concern the province of Saskatchewan limited by order in council the total coverage that they could sell to $5 million.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to make an amendment to one statement I made. I said one cent a bushel for P.F.A.A. payments, it is one per cent, which means that it could be a cent and a half a bushel.

(*Translation*)

Mr. GAUTHIER: I think my question will be directed to Mr. Williams. I would like to have his personal view, they have been talking about the Prairies for some time and I see that Prairie farmers are protected a good deal more than even I realized, because they have private insurance, they have the P.F.A.A., I don't think there is anything they can complain of, but I wonder since crop-insurance has been in effect since 1959, why is it, Mr. Williams, that Quebec has put so much time in thinking about participating in this plan? This is the question the farmers are wondering about, we are wondering where the difficulty lies whether it is the fault of the Federal Government, the fault of the farmers, the fault of the Provincial Government, why no negotiations have ever been started to attempt to get Quebec participation in crop-insurance, because during the last three years, we had a complete agricultural disaster in Quebec, particularly in Abitibi, Lake St-John, Roberval. It seems only to be when the house is on fire that the proprietor wonders what kind of insurance he has and realizes that there is nothing available to him. Our provincial government has done nothing for him.

Was this because forage crops were not included in crop insurance or was there some other factor which prevented Quebec taking part in the crop insurance scheme? Mr. Williams, you probably have some ideas as to how we should direct our energies in indicating to our farmers what suggestions they should propose to the Quebec Government by way of remedies.

(*English*)

Mr. WILLIAMS: As I understand the question asked, it is for my personal opinion on why the province of Quebec has not earlier taken advantage of the federal legislation in respect of crop insurance.

I think it boils down to the situation where until a rather serious disaster occurs people, in general, are not prepared to buy insurance of any kind, whether it is crop insurance, automobile insurance, fire insurance or whatever it may be. I think the position simply was that the feeling had been that there was no particular need within the province for crop insurance of this type because they had not experienced a relatively serious crop loss problem, until 1964, and again in 1965. I think it is just a build-up of various things; as the need becomes greater the need is recognized.

(*Translation*)

Mr. GAUTHIER: Would this not have been due to the premiums to be paid partly by the farmer, partly by the Provincial Government, partly by the Federal? What is the proportion of premium paid by the farmer if new discussions were started?

(*English*)

Mr. WILLIAMS: Well we can only talk in generalities here. In so far as the premium is concerned, at the present time the producer pays 80 per cent of the premium, the federal government pays 20 per cent of the premium and, under

the agreements currently in effect, the federal government pays 50 per cent of the administrative costs and the provincial government pays the other 50 per cent. There is no requirement under the Act, however, that the province pay the other half of the administrative costs, but all the agreements to date that have been written specify. Therefore it really boils down to this, that for every 80 cents which farmers, as a whole, pay into crop insurance, they will collect one dollar—as a whole, not as individuals, obviously. But, over the long period, for every 80 cents they pay in premiums, one dollar will be paid out.

(*Translation*)

Mr. GAUTHIER: Is this true of all provinces or are there provinces where the ratio is different and where the province pays a certain part of the premium?

(*English*)

Mr. WILLIAMS: I believe that the province of Ontario have announced, or made some indication at least, that their intention is that they might pay a portion of the premium. But, at the present time, no province has a program in effect under which they pay a portion of the premium.

(*Translation*)

Mr. GAUTHIER: Because I noticed that in past years, it has not cost the Federal Government so much as all that, because the premiums collected in have been higher than claims paid out, so that 20 percent which the Federal Government pays for the premium, is in my view,—I do not know whether you would have an idea about this,—but it seems the premium paid by the Federal Government is a great deal less than paid out, the government is not making so tremendous an effort generally speaking, to help the farmers in crop-insurance.

(*English*)

Mr. WILLIAMS: I think the answer here must lie in the area that the programs have been in effect for such a relatively short time that it is impossible to say, at the present time, whether or not the total premium, including the federal contribution, is or is not larger than is needed to ensure some type of actuarial soundness. It has really only been in effect the longest time in any province for five years, which means—five crops, so it is really not possible to tell.

The premium structure in the province of Manitoba, for example, is based on 35 years' experience. Theoretically, at least, it will take another 35 years to balance out these premiums. If the premiums were calculated perfectly, it would take another 35 years or a complete repetition of the period under which the premiums were calculated, in order to balance out the premiums and the expenditures. Obviously, nothing that deals with weather and climatic conditions, insect pests and things of that nature, can possibly be exact enough to say that it is going to repeat, but this was the basis that was used.

(*Translation*)

Mr. GAUTHIER: A final question. You were present at the time of the last meeting, I refer to the meeting with the province of Quebec; do you think that Quebec is going to decide upon a program that would be acceptable to the farmers, and provide them with crop-insurance?

(*English*)

Mr. WILLIAMS: We have not had a presentation from the province of Quebec, it has only been at the discussion stage. However, speaking personally and of my personal knowledge of what they are proposing, I can see no reason why an acceptable program, both from the standpoint of its legal position under the Act and of the producers of the province of Quebec—cannot be developed.

(*Translation*)

Mr. GAUTHIER: Nothing has been submitted officially, yet?

Mr. WILLIAMS: We have not had an official presentation from the province of Quebec for official approval of a program. We have had many discussions with them at various stages and, after each discussion, both parties go away and review the entire situation.

I think I said earlier that I do not believe at the present time there are any basic differences of philosophy between our administering the federal act and those responsible for the development of proposed programs within the provinces of Ontario and Quebec, and the other provinces, for that matter.

Mr. PETERS: I have a supplementary question on this. Is it not true that because of mixed farming in Ontario and in the province of Quebec, it is almost impossible for the farmer to decide what he is going to insure? In the case of St. John I think one of the factors was the forage crop and how to insure it, and what percentage of the farm income would that be. Is this not part of the problem that a farmer, to insure his hens, egg production, wheat, corn, and whatever else he has, would get into such an expensive proposition that nobody would ever be able to afford it. It is all right for the west where they are talking about one commodity, but in Ontario and in Quebec the farmers have refused insurance because they do not know what to insure.

Mr. WILLIAMS: The major problem, of course, in Ontario and Quebec, has been the development of a program that would, in essence, cover the animal feed, because, as you pointed out, basically it is a mixed farming community, where their returns largely come from the sale of animals or animal products.

This boils down very much to a possibility of assessing forage yield, including pasture and so forth. We have had one of our economists, who has worked in this area, spend some time in Sweden. Sweden has quite a highly developed program that does provide a very acceptable coverage and one that is approved by a very large percentage of their farmers, along the lines you have discussed. Based on this program, or modifications of it, I do not believe there is going to be too much difficulty. There will be difficulties, of course, but it certainly will not be impossible to develop quite a workable program.

(*Translation*)

The VICE-CHAIRMAN: A supplemental question, Mr. Gauthier?

Mr. GAUTHIER: I have a supplemental question to ask. He was saying a minute ago that in Quebec, because of low production in certain areas, it would be rather difficult to extend insurance to Quebec farmers. I do not see why you could not take $4,000, $5,000, $10,000 or $50,000 insurance, the premium is the same. I do not see why it should be more difficult to insure forage crops or potatoes or corn in Quebec, why would it be more difficult to insure these crops, is it because we have not a sufficient production.

Mr. CLERMONT: We have a diversified production, that is the problem.

Mr. GAUTHIER: He says we have a very diversified production, at least we have a more diversified production than in the West.

(*English*)

Mr. PETERS: Mr. Chairman, this question he is asking is, I think, the crux of the problem of insurance. I would like to ask is it not true that you have to insure a commodity, you cannot insure a combination of products. If you insure your forage crop that is what you would be insuring; if you insure your grain crop you would be insuring that, but you do not insure a combination of them, is this not true?

Mr. WILLIAMS: There is no basic reason why, if a province so desired, it could not develop a program that would insure animal feed in some type of definable unit. It could be carrying capacity in animal units of the total farms.

Mr. PETERS: Is this not the problem they are having in the province of Ontario and in Quebec, in the federal crop insurance program.

Mr. WILLIAMS: Not exactly; it is associated with that but the basic problem really is: How do you decide what is a normal yield for a hay field or a pasture and then how do you decide what was the actual yield during the year of disaster.

Mr. DANFORTH: Mr. Chairman, following the line of thought of my colleagues here, I am very interested to know why there has been such a delay in the provinces of Quebec and Ontario availing themselves of crop insurance. Could it be that in these two provinces, where such specialized crops as tobacco are grown and where the normal yield per acre in dollar value is of a degree, that a premium to cover a 60 per cent loss would be extremely high, and that for farmers in this category large sums of money would be involved in the insurance of such specialized crops. Is there some administration difficulty in the providing of insurance to cover these specialized crops?

Mr. WILLIAMS: No, I would say there would be none at all, Mr. Danforth. While it is true that the total amount in dollars per acre might be high for a specialized crop, I believe you mentioned tobacco, premiums are expressed as a percentage and the percentage will depend upon its vulnerability as a crop, not its total return per acre. In other words, let us say that the percentage coverage is 60 per cent, if it is a $1,000 crop he is going to have to pay $60; if it is a $100 crop he is going to have to pay $6.

Mr. DANFORTH: I can appreciate that, Mr. Chairman, but the fact still remains that in Ontario, and I presume the same applies in Quebec, all these specialized crops such as celery, head lettuce, tomatoes, and tobacco are already covered by private insurances. Now is the crop insurance, as projected by the federal government, going to provide a comparable service for the same amount of premium or is the 20 per cent that the federal government has agreed to subsidize going to make the premiums in these particular crops cheaper and so provide the same coverage as the private companies but at a cheaper rate?

Mr. WILLIAMS: I think I must say here, Mr. Danforth, that in general the coverage provided commercially within the province of Ontario, for example, is a single risk coverage, not an all-risk coverage. It may be two risks but, in general, it is a single risk. For example, for tobacco it might be hail and frost, but in general it is hail.

In answer to your question, the same thing exists, for example, in the province of Manitoba, but the providing of all this insurance has not, at least to my knowledge, significantly affected the commercial sales of hail insurance. This is administered and sold on quite a different basis and people there stll take out hail insurance, despite the fact that they do have all-risk insurance.

Mr. DANFORTH: Well, can you explain why it would be necessary to take out a specific insurance if you are covered by an all-risk insurance? I fail to understand this.

Mr. WILLIAMS: Well, I think it goes something like this; it depends on the thinking of the man buying it, and you are asking me to interpret what he is thinking: Under an all-risk insurance at the present time in the province of Manitoba he can get a return—supposing his crop is wiped out—equivalent to 60 per cent of the long term average, and he gets it on his holdings as a whole. I believe this question was covered earlier by Mr. Jorgenson but he may have mentioned different places.

On the other hand, hail insurance is administered quite differently and is not normally sold until the crop is fairly well advanced and the man has a pretty good idea of whether he is going to have a big crop. He normally buys hail insurance when he knows he is going to have a pretty big crop, not when he knows he is going to have an average or a small crop. That is what he hopes, at least. He will buy it when he sees the hail-stones start to fall.

Let us take an area in Manitoba, supposing the long term yield is 20 bushels to the acre, 60 per cent of that is 12 bushels to the acre, so he can get a return equivalent to 12 bushels to the acre. He could easily, in a particular year, estimate his crop to be a 40-bushel crop, if it did not get hailed out, so he can insure it under a hail insurance program for the full 40 bushels and, if he gets a loss, he gets paid for the 40 bushels.

In addition to that, hail insurance is administered and the premium rate is constructed, in quite a different manner, so that if he had a field remote from his others and this was wiped out completely, he would be paid on that field, he would not have it averaged into the rest of it. The reason why, under the all-risk crop insurance, these are averaged in, is to cut down premium rates. If you average in the man's entire holdings, the premium rate will be less than if you give him a specific coverage on each one of his separate fields.

Mr. DANFORTH: Would it be possible, then, under this situation, to collect double payment on a crop; one under the all-risk, as provided by the provincial, and the other under specific hail insurance?

Mr. WILLIAMS: It is possible. If a man, for example, had all his holdings wiped out by a hail storm he could collect under both, I believe.

Mr. JORGENSON: Hail insurance is not in competition with all-risk crop insurance in Manitoba—it is complementary.

Mr. DANFORTH: Under this I presume, then, the different interwoven factors would depend on the scheme as set up by the province. However, under a crop insurance policy for Ontario, where, in particular areas, we do find ourselves subjected to almost annual hailstorms, would not hail be part of the all-risk coverage?

Mr. WILLIAMS: They could exclude hail, they could include hail; this would depend upon the way in which they wish to write their policies. We would not of necessity object, irrespective of what decision they made concerning that. They probably would make it all-risk, would probably include hail and, if the man was hailed out, he would be paid based on an average of all his property, presumably up to 80 per cent—or up to 60 per cent at the present time—or up to whatever level of coverage he may have bought.

Mr. DANFORTH: Well then, to get back to my original question. Would it not be possible, then, under a joint scheme, either in Ontario or across Canada, to provide the necessary coverage for crop insurance in Ontario at a cheaper rate than the farmers are now obtaining due to the fact that under the provisions of the federal scheme 20 per cen premiums are being paid?

Mr. WILLIAMS: Within the limitations of the legislation, yes. But, I think there is a major difference here, namely that under the federal legislation it is not possible to provide coverage for other than the long term average.

The CHAIRMAN: Excuse me, Mr. Williams, we will have to adjourn because another committee is meeting here.

I would like to inform the Committee that the Board of Grain Commissioners will be here on Thursday and, if necessary, we will meet two or three times next Thursday and we will be back on Friday with the Agricultural Stabilization Board and finish crop insurance.

Mr. WATSON (*Assiniboia*): Mr. Chairman, could I just ask Mr. Williams if hail is covered in crop insurance in the western provinces?

Mr. WILLIAMS: That is right.

The CHAIRMAN: The committee stands adjourned until next Thursday.

OFFICIAL REPORT OF MINUTES

OF

PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

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LÉON-J. RAYMOND,

The Clerk of the House.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

Agriculture, Forestry and Rural Development

Chairman: Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, JUNE 16, 1966

WITNESSES:

From the Board of Grain Commissioners: Mr. F. F. Hamilton, Chief Commissioner; Mr. A. V. Svoboda, Commissioner; Mr. C. L. Shuttleworth, Commissioner; Mr. W. J. MacLeod, Secretary to the Board; Mr. V. Martens, Assistant Secretary; Mr. M. M. Ainslie, Chief Grain Inspector; Mr. E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Chief Chemist

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1966

24582—1

STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),
Mr. Beer,
Mr. Berger,
Mr. Choquette,
Mr. Clermont,
Mr. Comtois,
Mr. Crossman,
Mr. Danforth,
Mr. Éthier,
Mr. Faulkner,
Mr. Forbes,
Mr. Gauthier,
Mr. Gendron,
Mr. Godin,
Mr. Grills,
Mr. Herridge,
Mr. Honey,
Mr. Hopkins,
Mr. Horner (*Acadia*),
Mr. Johnston,
Mr. Jorgenson,
Mr. Lefebvre,
Mr. MacDonald (*Prince*),
Mr. Madill,
Mr. Matte,
Mr. Moore (*Wetaskiwin*),
Mr. Muir (*Lisgar*),
Mr. Neveu,
Mr. Noble,
Mr. Nowlan,
Mr. Olson,
Mr. Peters,
Mr. Pugh,
Mr. Rapp,
Mr. Ricard,
Mr. Roxburgh,
Mr. Schreyer,
Mr. Stafford,
Mr. Stefanson,
Mr. Tucker,
Mr. Watson (*Assiniboia*),
Mr. Watson (*Châteauguay-Huntingdon-Laprairie*),
Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY June 16, 1966.
(20)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:40 o'clock a.m. The Chairman, Mr. Whelan, presided.

Members present: Messrs. Beer, Clermont, Crossman, Danforth, Forbes, Gauthier, Gendron, Herridge, Honey, Horner (*Acadia*), Johnston, Jorgenson, Lefebvre, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Noble, Nowlan, Peters, Pugh, Rapp, Schreyer, Tucker, Watson (*Assiniboia*), Whelan (26).

Also present: Messrs. Howard and McCutcheon.

In attendance: *From the Board of Grain Commissioners*: Messrs. F. F. Hamilton, Chief Commissioner; A. V. Svoboda, Commissioner; C. L. Shuttleworth, Commissioner; W. J. MacLeod, Secretary to the Board; V. Martens, Assistant Secretary; M. M. Ainslie, Chief Grain Inspector; E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Chief Chemist.

From the Department of Agriculture: Mr. John W. Channon, Special Adviser.

The Committee stood item 15, Production and Marketing and called item 50, Board of Grain Commissioners, of the Department of Agriculture estimates for the fiscal year 1965-66.

The Chairman then introduced Mr. F. F. Hamilton, Chief Commissioner of the Board of Grain Commissioners who in turn introduced the officials with him.

Mr. Hamilton made a short statement and the Committee proceeded to question him and his officials on his estimates.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 1:00 o'clock p.m. this day.

AFTERNOON SITTING
(21)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 1:11 o'clock p.m. this day. The Chairman, Mr. Whelan, presiding.

Members present: Messrs. Asselin (*Richmond-Wolfe*), Clermont, Comtois, Crossman, Danforth, Gendron, Horner (*Acadia*), Johnston, Madill, Moore (*Wetaskiwin*), Neveu, Rapp, Schreyer, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (17).

24582—1½

Also present: Messrs. Pascoe, Simpson and Southam.

In attendance: The same as at the morning sitting.

The Committee resumed questioning the witnesses from the Board of Grain Commissioners.

At the request of Mr. Clermont, it was agreed that the Board of Grain Commissioners supply figures on the stocks of grain available as of December 31, 1965 and March 31, 1966, at the elevators at Prescott, Montreal and Quebec and that these figures be appended to the proceedings and evidence of this day. (*See Appendix I*)

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

Agreed,—That item 50, Board of Grain Commissioners, of the estimates of the Department of Agriculture for the fiscal year 1966-67, carry.

The Chairman and members of the Committee offered their thanks and congratulations to Mr. Hamilton and his officials.

At 2:30 o'clock p.m., the Chairman adjourned the Committee to 9:30 o'clock a.m. Friday, June 17, 1966.

Michael B. Kirby,
Clerk of the Committee.

EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, June 16, 1966.

● (9.30 a.m.)

The CHAIRMAN: We will start the meeting immediately. We have to be out of this room by 11 o'clock because the Committee on Public Accounts will be using the room at that time.

We have another meeting scheduled for one o'clock should our progress not be fast enough or should some members still have questions to ask.

I will try to introduce the people who are here today or perhaps it might be better if Mr. Hamilton, the chief comissioner, who is on my immediate right, were to introduce his people. I think this would probably be better; there would be no mix up.

Mr. F. F. HAMILTON (*Chief Commissioner, Board of Grain Commissioners*): Thank you, Mr. Chairman.

Good morning, gentlemen. I will start with Mr. MacLeod, secretary of our board; Mr. Martens, assistant secretary; Mr. Baxter, chief statistician; Mr. Ainslie, chief grain inspector; Dr. Irvine, chief chemist; my fellow commissioners, Mr. Svoboda and Mr. Shuttleworth; and Mr. Shannon who is the Minister's representative.

The CHAIRMAN: Before we go any further I think it would be proper to have Mr. Hamilton make a statement at this time.

Mr. HAMILTON: We are very pleased to have this opportunity of meeting with the Committee to go over the work we have been doing on the Board of Grain Commissioners. We are very pleased, of course, that the longshoremen strike is over and hope that from here on in there will be no further snags.

We have not got an annual report which we can put before you. There is delay in the printing. We have distributed copies of the organization and functions of our board in French and English and we hope that you can use this as a guide.

The CHAIRMAN: Mr. Hamilton will briefly outline the responsibilities of the board before the questioning takes place.

Mr. HAMILTON: Our board was originally set up in 1912 to administer the Canada Grain Act. This gives us general supervision over all grain-handling in Canada.

We license all country elevators, mill and terminal elevators, and from the Lakehead west the Canada Grain Act makes it mandatory that we inspect and officially weigh all the grain. In the eastern division, from the Lakehead east, inspection and weighing are on request. We feel that once the grain has been

officially weighed and inspected through the Lakehead it is just an extension of the transportation system down the St. Lawrence.

We have over some 1,000 employees on the board. We have the Canadian government elevator system which we operate. This includes two terminals in Saskatchewan, three in Alberta, and one port terminal, Prince Rupert, on the west coast.

Our board is composed of six principal branches. Mr. Ainslie, chief grain inspector, is responsible for official inspection; Dr. Irvine, director of research, is responsible to back up the inspection branch and assist us in answering any complaints from overseas on Canadian grain. We are responsible for establishing and maintaining the standards of Canadian grain and, of course, we have to answer any complaints from overseas on Canadian grain. Mr. Baxter, our chief statistician, is responsible for all the paperwork, warehouse receipts, the issuing and cancelling, handles the banking papers, and is responsible for the licensing and bonding of all the elevators. Mr. Wilson, the general manager of our Canadian government elevator system, is not here today Another department is our weighing branch; they are not represented here today either.

I have just a few general remarks to make. Things have been going very well as far as the Board of Grain Commissioners are concerned. There is a large grain movement, and no more than the ordinary number of snags and complaints from overseas. One difficulty we have is in deciding whether the overseas complaints are proper, formal complaints or whether they are just snags. To separate them into either one of these categories is a little difficult. So far as the board is concerned, we are very satisfied this year.

Apart from the people here, we do have four assistant commissioners who continually travel the three prairie provinces. We have one in Alberta, two in Saskatchewan and one in Manitoba. These people keep in very close contact with producers and with the elevator operators. There are some 5,000 country elevators in western Canada, and we try to visit each one of these elevators at least once every two years. You can see that this keeps these fellows on the road most of the time.

Formal, written farmer complaints have been very few in the past few years, and, of course, we hope it will continue this way.

I do not think I have anything more to say at this time, Mr. Chairman.

The CHAIRMAN: We will start the questioning.

Mr. MUIR (*Lisgar*): Mr. Chairman, I think all farmers in western Canada realize the importance of the Board of Grain Commissioners to our grain trade and to the farmers themselves, in that they look after the quality of the grain and the moisture, and so on and they accept the handling charges. It is on this very topic that I would like to ask a question or two. How are the handling charges for country elevators arrived at? I know that you have representation from the elevator companies. How do you know what rate to give them so that they know what they can charge the farmers?

Mr. HAMILTON: This is a very good question. It is because of things such as you have brought up that we have an economist on our board, Mr. Baxter, and I would like him to say a few words on this.

Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman, the procedure that has been followed for a considerable number of years is what I might term establishment by adjustment in relation to previous levels. The grain companies and other organizations are invited to appear before the board at a public hearing and make representation as to their feelings, or their wishes, regarding the adequacy of the existing levels, any reasons for increases, or recommendations for adjustments downward.

The companies will present facts and figures and verbal argument with respect to changes in costs, and these have been quite definite particularly during recent years. Increases in taxation, increases in labour costs and capital costs, as reflected by the increased cost of building new elevators—rising construction costs—these factors are assessed by the board subsequent to the hearing.

At the time of the hearing, I might add, any other party is quite at liberty to bring forward counter-arguments. If a particular company, or particular group, suggests that the existing tariffs are not adequate, that may be argued right at the hearing.

Subsequent to the hearing, the board sits in deliberation on the various facts brought forward, requests any additional information which it may feel necessary from the companies, or requests them to bring forward statistics bearing on the accuracy of the cost figures, on the accuracy of the revenue figures, and after due consideration of these factors, arrives at its decision whether the tariffs should be retained at the present level, whether they should be increased, or whether they should be lowered.

Mr. MUIR (*Lisgar*): My other questions have to do with the quality, and I am wondering why the board felt it necessary to change the moisture content for dry grain from 14.5 down to 14?

Mr. HAMILTON: Dr. Irvine, would you answer this question, please?

Dr. G. N. IRVINE (*Chief Chemist, Board of Grain Commissioners*): This actually had reference to the method to determine moisture. In recent years there has been established an international association for cereal chemistry, with representation from 26—I think it is actually now 30—different countries interested in either buying or selling grain. These people have in recent years adopted standard, agreed methods for determining moisture. The method that we had previously been using, the Brown-Duvel method that was standard for moisture in Canada, had been in effect for some 40 years. This actually gave results which were approximately one half of one per cent below those obtained by more modern methods, and particularly by the standard method adopted by the ICC.

What happened in this case was that it was considered expedient to up-date our system, in that Canada should, we felt, be reporting moisture in grain on the best possible scientific basis. What happened was that we changed the calibration of our moisture meters from being based on the Brown-Duvel system to being based on the standard reference methods agreed to by this international association.

Mr. MUIR (*Lisgar*): It has been my experience, Mr. Chairman, that grain harvested at 14.5 would probably reduce the one half per cent anyway before it

was shipped overseas. In other words, grain harvested at 14.5 is still dry regardless of whether the new method says that it is or is not. We have been shipping grain, as you say, for 40 years at 14.5, and this grain has shown that it can be kept over a long period of time. As far as I am concerned, I think the half per cent made it a little tougher for the farmers to be able to harvest what you would call dry grain.

Mr. HAMILTON: You are quite right, Mr. Muir. The short answer is that, in the light of up-to-date scientific methods, we just were not telling the truth on the moisture content of Canadian grain, and it was mainly because of this that we made the change. We feel that we are now giving a true figure.

Mr. MUIR (*Lisgar*): I have two short questions, Mr. Chairman.

I would like to know how the Board of Grain Commissioners set the standards for the grades at the beginning of each year. I understand this is what happens, and I am wondering how this is done.

Mr. HAMILTON: Thank you. Mr. Ainslie, would you answer this?

Mr. M. M. AINSLIE (*Chief Grain Inspector, Board of Grain Commissioners*): As soon as the crop starts to come off the three prairie provinces, under my direction we collect in the neighbourhood of a thousand or more two-bushel bags of grain from various parts of western Canada. We try to get the best possible distribution and spread over the whole range of quality that is likely to be delivered to country elevators. When we think we have a good representative sample from all the areas we prepare standard samples, based on the quality we expect to receive, as nearly as possible to represent all the types of damage that will show up when the grain is delivered to the elevator system.

The standard sample is used in making our export standard. The export standard is prepared by using a standard which is a minimum, using those parts of the average to one part of the minimum, which makes the export standard sample just slightly below the average in quality as it would be received into the terminal elevator.

These standard samples and export standard samples are approved by the western committee on grain standards at the meeting which is called just as soon as possible after the material is collected and prepared. They may approve or disapprove of them, as they see fit.

Mr. MUIR (*Lisgar*): Do you find that the grading is a little tougher at the start of the season than it is, say, a month or two after?

Mr. AINSLIE: This is something we have heard from farmers at different times, but actually we feel that our grading is consistent throughout the year and that this complaint we occasionally hear is as a result of something that happened at the country level.

Mr. MUIR (*Lisgar*): I do not want to take up the whole time of the committee. I just want to ask one more question, Mr. Chairman, and it is this: Perhaps Mr. Hamilton would care to explain to the Committee how the operation of the board is financed.

Mr. HAMILTON: Mr. Chairman, the operation of our board is financed, of course, by parliamentary appropriation. We have to submit estimates to the government.

We levy fees for weighing and inspection services and we charge a fee for issuing the licence to every country, mill and terminal elevator. We are trying to make the weighing branch and the inspection branch—branches which give service—pay their way. We are not trying to have the whole operation pay its way, because our executive branch and our statistics branch and our research branch do not generate revenue. The figures I have before me here—the last figures we have for the fiscal year 1965-66—show that we had an expenditure of $7,191,000 and our revenue was $6,188,000. This just about works out the way we would like it. Our inspection and weighing branches are paying their way.

Mr. MUIR (*Lisgar*): That answers the question. You charge for the licensing of the elevators and also of the operators.

Thank you very much, Mr. Chairman.

Mr. FORBES: Could I ask just a supplementary? I want to ask the board if, at the time they reduced the moisture content, they took into consideration the fact that this would mean a difference of about four cents a bushel to the farmer.

Mr. HAMILTON: Yes, this is quite true. We did consider this point.

Mr. FORBES: There have been a lot of complaints in my area about this, particularly last fall. The claim that the time has arrived now, with your moisture content, where it will be almost impossible for a farmer to get dry grain. It really is quite a serious matter.

• (10.00 a.m.)

Mr. HAMILTON: Of course, there are arguments on both sides on this question, but over-all we felt that this move was justified and we have had very few complaints from producers, Mr. Forbes.

Mr. PUGH: May I ask a supplementary on this? Mr. Muir suggested that there was a dry out after we seeded the grain at the terminal where we had it. Is this taken into account? In other words, before you ship to the customer is there a reassessment of moisture content?

Mr. HAMILTON: Mr. Ainslie?

Mr. AINSLIE: Mr. Chairman, the grain is tested at the country elevator, generally speaking, by the country elevator operator, and he, being anxious to buy in competition, generally extends the limit of moisture which he will accept so as not to cut it too fine on the 14.5 cut-off. However, when the grain is shipped to the terminal it is officially inspected then and the 14.5 is a definite cut-off except for a very minor allowance of two-tenths of one per cent which we make for errors in the electronic testing equipment we use. On wheat, for example, at 14.7 we would call it straight.

Mr. PUGH: Therefore, you would say that the farmer—the grain grower—does, to a certain extent through the use of the trade, get the benefit on this dry out?

Mr. AINSLIE: Yes.

Mr. PUGH: Thank you.

Mr. CLERMONT: Mr. Chairman, may I now direct a question regarding the six branches, or should I do it branch by branch when they will be called?

The CHAIRMAN: You mean on this summary?

Mr. CLERMONT: Yes. I think the first question that was asked was on the basis of moisture. My question is this: Can we ask questions generally about the six branches, or do we ask our questions when the branch is called by you?

The CHAIRMAN: Mr. Hamilton, the chief commissioner, would prefer to have them discussed generally, but it is up to the people here if you want to do it another way.

Mr. CLERMONT: Usually for the other estimates our questions were asked when the branch came up.

The CHAIRMAN: All right. We will follow it branch by branch if that is the desire of the Committee. Are there any objections to doing it branch by branch? This is the procedure we followed before, and I think this is what Mr. Jorgenson meant by his comment, too, that he was wondering when we were going to follow that procedure.

Mr. MUIR (*Lisgar*): Mr. Chairman, you will notice that the first one is general. If you cannot ask any kind of a question under "general", I do not know what you can ask. I think if you ask the general questions you are going to pretty well get what the Board of Grain Commissioners are doing in their functions, and the details of how they are working.

Mr. CLERMONT: Mr. Chairman, I have no objection, but what may happen, though, is that members may ask their questions and leave a few minutes later. I have no objection at all. If it is the general opinion of the Committee that we can ask all kinds of questions, I have no objection.

Mr. JORGENSON: I would suggest, looking over the statement that has been prepared by the department, that it would be rather difficult to confine your questions to one particular point because there is so much of the operations of the Board of Grain Commissioners that overlap. I notice that Mr. Howard is here, for example, and on page 5 there is an item that deals with the elevators at Prince Rupert. I know we can expect to hear from him. I do not think he can contain himself until we get to page 5.

I would suggest that we just ask them as you accept them, in the order that they have indicated that they want to speak.

The CHAIRMAN: For the benefit of some of the members who came in late, Mr. Hamilton, the chief commissioner, has pointed out that the reason that the report is not before the members of the Committee is because it is not yet printed in both English and French. The report has not yet been tabled, and that is why we have not got it. Some members have been asking for the report.

If you have your estimates before you it is on page 33. If you have not studied it it might be a good idea to follow this on the line of questioning. You can follow the expenditures of the board, what they propose to spend for 1966-67. It will give you a good idea of the expenditures, and where they get their money.

I would think, Mr. Clermont, that we would just ask general questions and try to see what headway we can make.

Mr. CLERMONT: Mr. Chairman, I would like to ask a few of my questions in French, if that is all right.

The CHAIRMAN: Yes, that will be quite all right.

(*Translation*)

Mr. CLERMONT: My first question, Mr. Chairman, is this one: Who nominates the Assistant-Commissioners?

(*English*)

Mr. HAMILTON: The assistant commissioners, Mr. Chairman, are appointed by Governor in Council. There are four assistant commissioners.

(*Translation*)

Mr. CLERMONT: My second question: What do you mean by saying "When required, the Board establishes maximum charges for the conveyance of grain over the lakes."

(*English*)

Mr. HAMILTON: Mr. Chairman, we are responsible for administering the Lake Freight Rates Act, and our board had established maximum lake freight rates for the carriage of grain, but with the advent of the St. Lawrence Seaway the rates have fallen so far below the maximum we had set that it is unnecessary to set maximums now. They are about four cents a bushel below the maximum set by our board.

(*Translation*)

Mr. CLERMONT: My next question is in the field of inspection. You say there is a team of inspectors at Baie Comeau Elevator. Is Baie Comeau a public, semi-public or private elevator?

(*English*)

Mr. HAMILTON: Baie Comeau is classed as an eastern elevator under our Act.

Mr. CLERMONT: Yes, but at Baie Comeau elevator you have a group of inspectors, according to your report. Are there such inspectors at Montreal, Sorel, Three Rivers and Quebec? Your report mentions only a group of inspectors at Baie Comeau elevator. There is no mention of Quebec.

Mr. HAMILTON: Our office, of course, is in the city of Montreal, and, on request, we service all the elevators on the St. Lawrence.

Mr. CLERMONT: On request only.

Mr. HAMILTON: All export grain must be inspected, but on request we do this for American grain.

(*Translation*)

Mr. CLERMONT: My other question is in regard to statistics. If the reserves seem to be too low at certain periods, for domestic purposes or for export, do you advise the Canadian Wheat Board of that fact?

(*English*)

I am speaking for the eastern farmer. Say, for instance, during the winter months? You have said that you inspect the elevators and weigh the grain, and so on. If your inspectors find out, for instance, that the wheat or barley reserve is too low to meet the market demand, would your inspectors advise the Canadian wheat board?

Mr. HAMILTON: No, Mr. Chairman, we do not normally enter into this side of it at all.

Mr. CLERMONT: That means that it is up to the Canadian wheat board to have sufficient wheat, barley and oats, for instance, at Fort William to meet the eastern demand?

Mr. HAMILTON: Yes, Mr. Chairman, that is it.

Mr. CLERMONT: Regarding elevators, I understand for the east you have one at Prescott. Is it province or government owned?

Mr. HAMILTON: This elevator is owned by the national harbours board. It is owned by the government.

Mr. CLERMONT: What is the difference between what you call the terminus elevator or Prescott elevators?

Mr. HAMILTON: I will ask Mr. Baxter, who licenses these elevators, to answer this question.

Mr. BAXTER: Mr. Chairman, with regard to what the members probably recognize, from its physical structure, as a large size terminal elevator—in other words, in comparison to a mill or a country elevator—there are two principal classes. There is the semi-public licence, which applies to the elevators chiefly at the Lakehead, Churchill, the Canadian government elevators on the prairies and the elevators on the Pacific coast. The other class of licence covering these large 5 million or 10 million bushel size elevators is the eastern licence.

The semi-public elevator has several distinctions as against the eastern elevator in that in the semi-public elevator our inspectors and weighmen are in the elevator inspecting all the grain that is received, weighing all the grain in, and inspecting and weighing the same grain as it is discharged.

These elevators are limited in the type of operation that they may perform with respect to this grain. The principal distinction is that there is no mixing permitted in the top grades of wheat. They perform other functions in cleaning and drying—processing the grain in that sense—again under the general supervision and control of our inspectors. Their stocks must be registered and the registration of these documents must be validated by the board of Grain Commissioners.

The eastern elevators originally built and operated as transfer elevators for the forwarding of western grain and eastern-grown grain for export have certain limitations, in turn, on their operations in that they are not allowed to mix any grain. Their principal function is that of a transfer elevator. They do not process grain in the sense of cleaning it or treating it by drying, or anything of that sort. This class of eastern licence, applies to those elevators

extending from the bay ports—that is, Port McNicoll, Collingwood, et cetera—through to Baie Comeau and down to Halifax and Saint John.

Does this answer your question?

Mr. CLERMONT: You mentioned that the eastern elevators are mostly for export grain. Why do we hear complaints from the eastern farmers that, during certain periods of the year, especially in the spring, there is a shortage of stocks available and that prices are going up at these periods? Secondly, is it in your line of duty to report to the government if there is a shortage of elevators in a region or part of the country?

Mr. HAMILTON: No, we do not feel this is within our responsibility at all.

The CHAIRMAN: It is beyond the scope of the Board of Grain Commissioners.

Mr. CLERMONT: I note in the estimates for 1966-67, Mr. Chairman, that for overtime there is an estimated increase of $50,000. Do you expect more overtime work?

Mr. HAMILTON: Because of the unprecedented demand for Canadian grain our staff are required to work more overtime this year than ever before.

Mr. CLERMONT: Does that mean that there would be an increase of about $75,000 on overtime work?

Mr. HAMILTON: I expect so.

Mr. CLERMONT: Thank you, Mr. Chairman.

Mr. HORNER (*Acadia*): At the bottom of the first page you suggest that "—in addition to the above branches, the board is required under the Canada Grain Act to constitute committees on grain standards—" and then you go on to say "—and grain appeal tribunals." What constitutes, and how does one get a sample to appear before, a grain tribunal?

Mr. HAMILTON: Mr. Ainslie, will you answer this, please?

Mr. AINSLIE: Mr. Chairman, the normal process of re-inspection on an official inspection of a carlot, or a cargo, is for the party who has shipped the grain to ask the chief inspector to perform a re-inspection, and if, in his opinion, he does not get satisfaction from this process—in other words the grade is not changed, or the dockage—then he may ask to have the sample placed before the grain appeal tribunal. This generally applies to carlot shipments received into licensed terminals. To do this he makes out an application for appeal and the sample in its entirety and the application are turned over to the chairman of the appeal tribunal. This is out of the scope of the inspection branch of the board at this point. There is a $3 fee for appeal and it goes before the tribunal. The chairman calls one from both sides, a representative of the producers and a representative of the grain trade, and they sit on the appeal and they set the final grade and dockage for the sample. From this there is no recourse.

Mr. HORNER (*Acadia*): This has to do with carloads or boat loads, and not direct truckloads from the farmer?

Mr. AINSLIE: That is correct. The only process for official inspection, for example, of grain received into a country elevator, is through the provisions and the regulations of the board for samples to be drawn by both parties and submitted to the chief inspector, or his representative, subject to grade and dockage.

Mr. HORNER (*Acadia*): I have an example here where a farmer claims that he sent two samples of identical wheat in to the Board of Grain Commissioners and got two different grades back. He was naturally condemning the Board of Grain Commissioners.

Mr. AINSLIE: Mr. Chairman, we have heard of this in the past where, in some cases, farmers actually sent in as many as five samples supposedly from the same pail of grain. When it came down to the final comparison the samples were not exactly the same.

Mr. HORNER (*Acadia*): I did not see the grain and therefore I cannot say, but this was a complaint to me earlier this spring. He gave me the tickets and everything else.

With regard to Baie Comeau, what percentage of this elevator is used by Canadian wheat?

Mr. HAMILTON: Mr. Baxter, will you run over the licensing?

Mr. BAXTER: Mr. Chairman, the arrangement under which the licence at Baie Comeau is issued is that their stocks of United States grain are regarded as in reverse. Their stocks of United States grain must not at any time exceed one per cent of their total storage capacity.

Mr. HORNER (*Acadia*): In other words, we have up to 60 per cent?

Mr. BAXTER: We have up to 60 per cent.

Mr. HORNER (*Acadia*): With regard to the government elevators on the prairies—I am thinking of Saskatoon and Lethbridge, and possibly Calgary—has the Board of Grain Commissioners at any time had the urge, or has there been any demand by the public for the Board of Grain Commissioners to operate these as licenced country elevators? Have you ever given some thought to doing this?

Mr. HAMILTON: Mr. Chairman, as far as I am aware there has been no demand from the public, but there is a great feeling on our part that we would like to operate these as country elevators—become licencees of the Canadian wheat board—and we are taking steps in this direction right now in a submission to the Canadian wheat board.

Mr. HORNER (*Acadia*): This would really put you people in the business of buying your own grain, in a sense, and it would also make use of this storage space which has gone idle for many years.

Mr. HAMILTON: This is true. We must depend completely now on the Canadian wheat board for any business, and if we could become licencees we could go out and get a little business.

Mr. FORBES: Could I add a supplementary? On this matter of storage, would this not add to the cost of handling this grain by field workers?

Mr. HAMILTON: Yes, there is an additional charge involved. The railways levy a stop-off charge because they have to take the grain in there and then go back and take it out again. But the storage rate of grain in Canadian government elevators is less than it would be in a country elevator. It is one forty-fifth of a cent a bushel a month—

Mr. FORBES: I am speaking of the final payment to the farmer. Is this going to reduce the final payment?

Mr. HAMILTON: No. We do not think this would reduce the final payment to the producer.

Mr. FORBES: If it is another charge what other effect could it have?

Mr. HAMILTON: Storage is considerably less in the Canadian government elevators than it is in a country elevator.

Mr. HORNER (*Acadia*): If I am wrong, Mr. Chairman, you can correct me, but if you operated them as a licencee you would be receiving the wheat directly from the farmer the same as another country elevator and there would be no real double charge? Am I right.

Mr. HAMILTON: This is true, yes.

Mr. HOWARD: Mr. Chairman, not wanting to disappoint Mr. Jorgenson and others. I do have an interest primarily in the activities of the Board of Grain Commissioners as they relate to the terminal elevator in Prince Rupert. Primarily, why I came along this morning was to see whether I could get some information. The first bit is that I take it that the board is not in a position, either because of finances or because of tradition, to finance the expansion of grain elevators, or to build grain elevators itself.

Mr. HAMILTON: This is quite true. We must get our money from the government of Canada.

Mr. HOWARD: Then I cannot very well argue that you should do something at Prince Rupert. I had assumed that this was the situation.

I wonder whether I could have the view of the board with respect to the proposed doubling of the capacity at Prince Rupert, or the twinning of the facilities there, from the point of view of what this would mean in an increase in volume of shipments? I am assuming that you have looked at all of these potentials in assessing the desirability of increasing the elevator facilities there, and I just wonder what it would mean in terms of increased shipments, or total potential shipments, on an annual basis; whether the increase would permit the elevator to expand into the shipment and handling of more than one grain, which I understand is the situation at the moment; and what would be the increased working capacity? That is about it, I think.

Mr. HAMILTON: Thank you, Mr. Howard.

The reason we are anxious to have an addition to the elevator at Prince Rupert is not primarily to increase the total shipments from the elevator. The fact is that the boats that are presenting for loading at Prince Rupert are now as large or larger than the elevator, and this means that there is no spare storage space in the elevator for screenings or any off-grades. It means that we

are required to work overtime, around the clock almost. The increased storage capacity was to give us a little bigger margin of safety in the operation at Prince Rupert.

As you are well aware we can handle only one grade at a time and one kind of grain, and it happens that the kind of grain that we require does not always come down. By the time it gets there and gets official inspection we find we have the wrong grades. These take up existing bins in the elevator and this further reduces the capacity of that terminal. Therefore, we are anxious to have an increase in capacity mainly to give us a more efficient operation rather than to see an expanded volume go through the elevator.

Mr. HOWARD: What would be the savings in overtime and casual rates?

Mr. HAMILTON: Offhand, I cannot answer that. We can get that figure for you.

Mr. HOWARD: I thought perhaps you would have had that. You had it in 1962 when you advanced the arguments that the elevator should be expanded. I think it was an estimated saving of some $75,000 a year at that time. I just wondered if this had altered since then.

Mr. HAMILTON: Once again, we are solely dependant on the Canadian Wheat Board for the amount of business that goes through that elevator.

Mr. HOWARD: Have you worked out the effect, if they come into being, of the proposed increase in seaway tolls by the Seaway Authority, which would have an application to grain shipments? As I gather, it would tend to move the line of demarcation, so far as transportation costs are concerned, further eastward than it is now. If the tolls, as proposed by the seaway, go through what would this mean in terms of potential increased grain shipments through western or Pacific ports.

Mr. HAMILTON: This is really not a question for our board, Mr. Howard. It is obvious, as you say, that the higher the charges are going out through the east the more the breaking point is going to move towards the east.

Mr. HOWARD: I do not think there is any doubt that this breaking point will move, but just where is doubtful at the moment.

Mr. HAMILTON: That is true. We are responsible for establishing maximum lake freight rates, but since the advent of the seaway the rates have come down so far that they are away below the maximum established by the Board of Grain Commissioners.

Mr. HOWARD: Is your board consulted on, or do you take part in any way in, the engineering aspects or the preparation of plans for the elevator expansion in Prince Rupert?

Mr. HAMILTON: Yes, we do. Any terminal which hopes to be licensed by the Board of Grain Commissioners must have their plans approved by the board.

Mr. HOWARD: What is happening with respect to the plans for Prince Rupert? Are you reviewing this from the point of view of either re-engineering it in the hope of obtaining lower bids for its construction, or looking at it from the point of view of resubmitting it for tender in the hope that construction

companies will be a bit more sensible in their bids? Just what are you doing in this regard?

Mr. HAMILTON: An engineering study has been completed. We are certainly reviewing the plans we have received from the engineers to see whether it is not possible to resubmit in some different form which would be acceptable to the government.

Mr. HOWARD: Have you got any timetable on this?

Mr. HAMILTON: We are anxious to see it go through as soon as possible.

Mr. HOWARD: I wish you had a bit more influence with Mr. Greene.

Thank you very much, Mr. Chairman.

The CHAIRMAN: Thank you. Is this a supplementary, Mr. Schreyer? There are about four other members who have their names down before you.

Mr. SCHREYER: I would like to speak about Prince Rupert.

The CHAIRMAN: Mr. Jorgenson, what was your question?

Mr. JORGENSON: I believe it was Mr. Baxter in reply to a question from Mr. Horner, who mentioned that the producers were represented on tribunals. I was wondering who normally represents the producers?

● (10.30 a.m.)

Mr. HAMILTON: Mr. Jorgenson, there are no producers on the appeal tribunal. There are producers on the western standards committee.

Mr. JORGENSON: I thought he said that there was a representative of the producers on the appeal tribunal, and I wondered who was normally selected as the representative of the producers.

Mr. HAMILTON: Mr. Ainslie, would you answer this?

Mr. AINSLIE: Mr. Chairman, I may have left the wrong impression there. What I intended to indicate was that they are indirectly represented through the co-operatives.

Mr. HOWARD: Through the co-operative elevators?

Mr. AINSLIE: On the western appeal tribunal there are representatives of the Saskatchewan wheat pool, the Manitoba pool, united grain growers, and these people are appointed by their companies and approved by our board and appointed by our board to the appeal tribunal. Indirectly they do represent the producers' point of view.

Mr. JORGENSON: I have another question here. I notice in the details of your expenditures that there is an increase of $10,000 in advertising and publicity from $1,400 to $11,400, and also a considerable increase in publication of reports and other material. I was just wondering how you involve yourselves in publicity and public relations, and whether Parkinson had taken over here, as well.

Mr. HAMILTON: Not that I know of, Mr. Chairman. We have a film which we find very useful to show visiting foreign groups, and we are in the process

now of having a new film made up that will combine the work of our board and the Canadian wheat board. This is what the publicity item covered, Mr. Jorgenson.

Mr. JORGENSON: I notice a considerable increase in the construction or acquisition of buildings, works and lands from $475,000 to $1,551,000. I was wondering what this entails?

Mr. HAMILTON: This was the money, Mr. Jorgenson, which we had hoped to get for Prince Rupert, and it is still in our estimates. It has not been cancelled; it is just a hold-out.

Mr. JORGENSON: I see.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if they could give me the figures on the terminal elevators at Fort William and Port Arthur? This would be how many times the grain—the capacity—is turned over in a year.

Mr. HAMILTON: Mr. Chairman, the capacity at Fort William is just over one hundred million bushels. This year it is likely that the volume out of Fort William will probably run in the order of 300 million to 350 million bushels, which would be roughly three-and-a-half to four times turnover.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I am very interested in these inland terminal elevators. I realize that the Canadian wheat board comes up with the argument that the reason for not using them is the stop-off charges and the storage charges involved in handling grain. We have a capacity of 33 million bushels in the inland terminal elevators which, since the 1960-61 crop year, have handled only 47 million bushels; that is all that has been shipped out in the last five years. It seems to me that there is possibly a complete lack of use of these elevators, and if, as Mr. Hamilton mentioned, it had been recommended that these be turned into elevators which I presume farmers could use, was it the intention that deliveries would go straight to the elevators from the farms?

Mr. HAMILTON: Yes, Mr. Watson, that was the intention of our proposal.

Mr. WATSON (*Assiniboia*): Would they be used strictly for farmer delivery and be done away with as terminal elevators?

Mr. HAMILTON: The Canadian wheat board would still be free to use them for any emergency that should arise, such as drying, or cleaning grain for Churchill, and uses of this sort.

Mr. WATSON (*Assiniboia*): I have another question. Who actually controls the setting of the storage rate on these elevators? Is it the Board of Grain Commissioners, the Canadian wheat board—?

Mr. HAMILTON: The Board of Grain Commissioners controls storage rates. We control the maximum rate.

Mr. WATSON (*Assiniboia*): Has the board ever considered doing away completely with the storage charge on these terminal elevators?

Mr. HAMILTON: Not to my knowledge, Mr. Watson.

Mr. WATSON (*Assiniboia*): Is there any reason why it could not be done away with so that we would not have the arguments in the Canadian wheat board that this is the reason that they are not being used?

Mr. HAMILTON: We would be in hot water with the Auditor General. We are already, over the operation of our elevator at Lethbridge.

Mr. WATSON (*Assiniboia*): Well, I had some figures on this and I realize that on these elevators the labour for the last five years has been approximately $4 million—$3,964,000—and the payments in lieu of taxes have been $109,000, and it would appear to me that we are spending $4 million a year and they are just absolutely no good to us. We are not getting any service out of them. This is my reason for asking why we could not do away with these rates. We have spent $4 million over the past five years, and this seems to me to be an exorbitant rate to be paying just to keep in operation a terminal elevator that we are not using.

Mr. HAMILTON: Certainly use is being made of the Canadian government elevators, Mr. Watson. It is just unfortunate that the one at Moose Jaw has not been used very much in the last few years.

We have some figures on receipts and revenues here: I can run over the receipts and shipments at the Moose Jaw elevator for the past four or five years, if this would be of interest to you.

Mr. WATSON (*Assiniboia*): Actually, the Moose Jaw one is not too much different from any of the other ones. I am specifically referring to Moose Jaw, Saskatoon, Lethbridge, Calgary and Edmonton.

Mr. HAMILTON: It just so happens that both of these elevators are very busy right now. As you are aware, Churchill was not filled last year. Therefore, before we start shipping from Churchill this year it must be filled and they used the Canadian government elevator at Saskatoon to clean up grain and ship clean grain to Churchill. They are working full blast on this right now.

The elevator at Moose Jaw, so far as I am aware, has an order for two million bushels of grain to be taken in and cleaned, and the grain is to be shipped as clean grain to Vancouver, at the request of the Canadian wheat board.

Mr. WATSON (*Assiniboia*): Mr. Hamilton, I believe that last week when Mr. McNamara was down here with the wheat board he stated that they were only going to put, I believe it was 600,000 bushels of wheat into Moose Jaw, and this was No. 6 wheat which was coming in from Alberta.

Mr. HAMILTON: I stand to be corrected, but there were to be two million bushels of wheat go in there very recently.

Mr. WATSON (*Assiniboia*): Into Moose Jaw?

Mr. HAMILTON: Yes, sir. I would like to add, Mr. Watson, that in the past six years we have only lost money on the operation of the Canadian government elevators. For the 1965-66 year we are predicting a loss of $54,000.

Mr. WATSON (*Assiniboia*): This is on the five terminals combined?

Mr. HAMILTON: Yes; this is right. We have made money every year in the past five years, but this year we are forecasting a loss of $54,000. Therefore, they do pay their way.

The CHAIRMAN: Have you any further questions, Mr. Watson?

Mr. WATSON (*Assiniboia*): No, I will pass.

Mr. RAPP: Mr. Chairman, on these terminals, I would like to get an answer to the complaints of farmers and the Hudson Bay Wheat Association and other prime organizations that the port of Churchill is not used to the full capacity. During the shipping season the most that was shipped, I think, was about 22 million bushels. The argument is that if, as you have just said, clean grain could be shipped from these country terminals to Churchill that would expedite the export of grain to this port.

Could not an effort be made, particularly this year, since we have lost about 30 million or 35 million bushels through the strike, to ship more grain to that terminal, to advance the season maybe a week or, maybe more, and also lengthen the season by maybe two or three weeks? People who know something about the Hudson Bay and its associations say that the season for shipping grain out of this terminus could be much longer than it is at the present time. Could you tell us, Mr. Hamilton, whether this could not be done?

Mr. HAMILTON: It is really not my business, Mr. Rapp, to even guess at this. I believe an all-out effort is being made and has been made to make the maximum use of Churchill. The elevator will be full of grain before the first boat presents itself. I do not see how it is possible to make greater use of Churchill. We feel that the elevator is being used to maximum capacity right now.

The CHAIRMAN: You are next, Mr. Schreyer. Are you finished Mr. Rapp?

Mr. RAPP: No, I am not. There must be some reason for an organization like the Hudson Bay Wheat Association talking about having the season advanced and also stretched out at the end. It is my opinion that whether it be the wheat board, or the grain board, or the grain commissioners, they should perhaps look into this matter and find out whether there is any reason for the complaint that there is not enough wheat going to Churchill and Hudson Bay.

Mr. HAMILTON: Mr. Rapp, the movement of grain through Churchill is strictly a Canadian wheat board matter. As I say, we are satisfied that the best possible use is being made of the elevator at Churchill right now.

The CHAIRMAN: I think, Mr. Rapp, if you consider the line of questioning by Mr. Jorgenson and the extra advertising which the board is contemplating for this year, that perhaps this will have the effect of keeping the people properly informed on the use of the elevator, and that it is being used to its capacity.

Mr. SCHREYER: Mr. Chairman, my question has been answered, at least in part, by Mr. Hamilton's last answer.

In the course of the last few years it has seemed more and more obvious that the length of the shipping season out of Churchill has been shorter than

natural conditions allow. I gather from Mr. Hamilton's last answer that this is something which has to be decided by the Canadian wheat board.

There is a second aspect to this, though. What about the decisions that have to be made relative to the size of terminal facilities there? Is this, too, something completely outside the jurisdiction of the Board of Grain Commissioners.

Mr. HAMILTON: Mr. Chairman, this elevator at Churchill is operated by the National Harbours Board people and is outside the jurisdiction of our board.

Mr. SCHREYER: I have one other unrelated question, Mr. Chairman. When changes were made in the grading standards as regards moisture content, I would assume that this resulted in a loss to grain producers. I would ask whether you have any estimates or figures with regard to the loss to grain producers as a result of the change in grading standards.

Mr. HAMILTON: I can just answer generally that any loss felt immediately by the producer will be more than overcome by the benefits so far as exports are concerned. Increased pressure from American exports was one of the factors which caused us to make this change. We feel that in the long run the producers will benefit from this.

Mr. SCHREYER: Mr. Chairman, did other major wheat exporting countries adopt the same standards at that time, or since?

Mr. HAMILTON: The Americans have made a change, but I think Canada has the dubious distinction of exporting so-called dry grain, with the highest moisture limit in the world.

I could add that of the complaints we have received from overseas in the past year complaints regarding moisture constitute the largest single factor.

The CHAIRMAN: Have you finished your questioning?

Mr. HERRIDGE: Mr. Hamilton, I want to ask you a question as a socialist. First of all, I want to congratulate you on your operation which was socially inspired.

You mentioned to some other member of the Committee that you have a film which you show to foreign groups. Why could not the same film be shown to other organizations throughout Canada to indicate the work that the federal government is doing in this direction? I am always a believer in informing people as far as possible of what comes from the federal government in our economy. Has any consideration been given to this?

The CHAIRMAN: Showing it to farmers groups?

Mr. HERRIDGE: Yes, and labour organizations, and so on.

The CHAIRMAN: If I may state, I have already asked Mr. Hamilton and he said he could have it here in one day if the members of the Committee wish to see this. It is only 20 minutes long.

Mr. HERRIDGE: That would be very interesting to see. Of course in this instance, we are nearly all almost persuaded socialists, but I am talking about regardless of party. I am thinking of in the country, throughout Canada generally, so the people themselves will realize the function played by the

federal government in the marketing and distribution of wheat. Has that ever been considered?

Mr. HAMILTON: Mr. Herridge, the film is in fairly wide distribution. It is in the library of the national film board. We do show it to every farm organization that we can. It is shown to 4-H groups, and people of this nature. It is available to anyone.

Mr. HERRIDGE: Have you done anything to bring it to the attention of other groups such as, for instance, labour organizations and commercial organizations like boards of trades, or women's institutes, so that they know that this film is available through the national film board.

Mr. HAMILTON: No; we have not promoted the showing of this film.

Mr. HERRIDGE: Would you do something to promote it so that there is a better understanding of this aspect of our economy?

Mr. HAMILTON: We will look into this.

The CHAIRMAN: We will make note of that, Mr. Herridge. Mr. Schreyer, do you have a supplementary?

Mr. SCHREYER: No, I wish to return to terminal elevators.

The CHAIRMAN: Pardon me, have you finished your line of questioning, Mr. Herridge?

Mr. HERRIDGE: Yes, Mr. Chairman. I understand that Mr. Hamilton is going to look into this matter, and we hope there will be favourable results.

Mr. SCHREYER: Mr. Chairman, is there any particular advantage or necessity in having most terminal elevators come under the authority of one agency of the government, the National Harbours Board, and having one or two remain under the authority of the Board of Grain Commissioners? Why is this so, and what is the advantage or necessity? Is it just because it happened this way and this carries on from year to year?

Mr. HAMILTON: Mr. Chairman, this is a very good question. This is something that we have wondered about ourselves.

Mr. SCHREYER: You have not, Mr. Hamilton, made any recommendations or suggestions to the government?

Mr. HAMILTON: As a matter of fact, we have, but no action has resulted as yet.

Mr. BEER: The National Harbours Board and the Board of Grain Commissioners and the Canadian Wheat Board are all involved to a greater or a lesser degree in the handling of grain. What type of liaison is there between these organizations, or these groups? Is it close, or is there room for improvement? What is the situation?

Mr. HAMILTON: We are about one block away from the Canadian Wheat Board building in Winnipeg, and there is daily communication. We are very close and very free, as far as I am aware.

Mr. BEER: What about the National Harbours Board?

Mr. HAMILTON: We treat the National Harbours Board as being just another licencee, operating the elevators. We have no problem there.

Mr. BEER: In other words, the co-operation is complete?

Mr. HAMILTON: Yes; I am satisfied that it is very good.

The CHAIRMAN: But you are of the opinion, I gather from what you told Mr. Schreyer, that it would be better if it was under one authority?

Mr. HAMILTON: We feel, Mr. Chairman, that there is certainly room to take a look at this.

Mr. PUGH: Mr. Hamilton, when you were making your presentation you stated that the European complaints were not so much in the nature of formal complaints as just snags. I wonder if you would enlarge on that?

Mr. HAMILTON: I should think the main concern probably is the price of Canadian wheat and it is only natural, when a new agreement is coming up, that they are going to try to soften us a little, I suppose; and we seem to get a rash of little snags concerning our grain.

Mr. PUGH: Would this have anything to do with the weighing, for instance, or the grade? The complaints are pretty well on that, are they?

Mr. HAMILTON: Yes. For. example, Mr. Martens and I have just returned from China, and although we have not received a formal complaint, when we spoke to the Chinese they raised the matter of wheat seeds in the grain, a few cases of infestation and shortage on out-turn weights of a few vessels, but they were not prepared to put this on paper. They were anxious to discuss it verbally.

Mr. PUGH: This comes within the realm of a snag rather than a formal complaint. Do we get many European complaints as against the other side of the world?

Mr. HAMILTON: Most of the complaints that we get would have to do with shortages in out-turn weights.

Mr. PUGH: Which might occur through dry out, or something like that?

Mr. HAMILTON: Yes. We feel that the large scales used in Canada give us a definite advantage here. We do know that some of the weighing in Europe, and particularly in Asia, is done in very small drafts.

Mr. PUGH: Where are these complaints directed? Do we have representatives in the various large shipment areas. For instance, in Europe or in China? Do we have somebody on tap there all the time to answer complaints and check them quickly?

Mr. HAMILTON: Our complaints usually come direct from the grain broker, although they use the trade commissioner service quite a bit. We get a chance to brief all the young trade commissioners before they go overseas, and this is a point we stress all the time, that if they receive a complaint to direct it to us immediately.

Mr. PUGH: By "to us" do you mean here in Canada?

Mr. HAMILTON: Yes.

Mr. PUGH: And what is the procedure then?

Mr. HAMILTON: We investigate as thoroughly as possible, and reply.

Mr. PUGH: Do you have representatives over there to carry out your investigation?

Mr. HAMILTON: We have no people who are stationed over there. Our technical scientific staff are travelling continually and they do run down.

Mr. PUGH: If there is a fairly serious complaint someone goes over?

Mr. HAMILTON: Oh, yes, sir.

Mr. PUGH: With regard to that film, I think we should take it as standard, Mr. Chairman, that any film available is shown to the Committee right at the beginning. It might help us with our questioning, particularly those who are not conversant with the grain trade.

I was wondering about Prince Rupert. I would be very interested, naturally, in seeing more capacity there. What about the rates to Prince Rupert as against Vancouver? I am talking about freight rates. Is it cheaper delivered down there than Vancouver?

Mr. HAMILTON: As far as I am aware, there is no difference in rates between Prince Rupert and Vancouver.

The CHAIRMAN: Mr. Herridge, do you have a supplementary? Just one question, because we have to be out of here at 11 o'clock. We come back at one o'clock.

Mr. HERRIDGE: I was interested in Mr. Hamilton saying that he had just returned from China. Could he tell the Committee where he went in China? This would be very interesting, I am sure, to members of the Committee. Did he find that the Chinese representatives had a good knowledge of what they were buying, our grades, and things of that sort? Could you give us a little rundown on your visit there?

Mr. HAMILTON: Mr. Herridge, we met the Chinese representatives in Hong Kong first. Then we went into Canton to look at their trade fair and their display of cereal grains, and went through one of their communes. We went to Peking to meet the top ranking Chinese who would be our counterparts in the Chinese government and had a face to face discussion on some of these problems that are arising as far as grain is concerned.

I can assure you that they certainly have a very good knowledge of procedures in Canada and an extremely good knowledge of the government setup of Canada.

Mr. HERRIDGE: Would you say they were pretty good business people?

Mr. HAMILTON: Yes, extremely so.

The CHAIRMAN: Thank you. We will adjourn until one o'clock.

Mr. JORGENSON: I have no further questions. Does anyone else have any further questions?

The CHAIRMAN: There were several who indicated that they wanted to ask questions. We will see how long it takes. We may not be too long if we can get back here at one o'clock.

AFTERNOON SITTING

THURSDAY, June 16, 1966.

● (1.00 p.m.)

The CHAIRMAN: I think we will start right away. We hope there are more members coming. Who has the first question?

Mr. WATSON (*Assiniboia*): Mr. Chairman, this morning when we adjourned I was going to ask Mr. Hamilton if he could give us the figures on the total cost of operation of the terminal elevators and, included in this, would have to be Prince Rupert because it is on the west. I am not sure, for the information I am trying to secure, that the Lakehead elevators are all that important. However, if these figures were available too, I would appreciate having them.

And then I wonder if we could break down the receipts and shipments of the grain and the profits of each one of the elevators; this is a key point, and I imagine that you have this information. Profits would come out of your receipts from storage. Also would Mr. Hamilton check and see whether his figures this morning were correct; that there was going to be two million bushels of grain put into Moose Jaw elevator. On checking my figures, I find the most that has ever been put in there since 1960—the highest year—was 1,000,374 bushels and that the 1961-62 crop year was 584,000. The two years I am concerned about are the 1963-64 and 1964-65 crop years. One year only one carload of wheat went into the terminal elevator; this amounted to 1,397 bushels. The next year there were only 1,146 bushels. This is the whole crux of the point I am trying to make —why we have a 5½ million bushel elevator and are reduced to receiving only one carload of wheat a year.

Mr. HAMILTON: Mr. Chairman and Mr. Watson, I would like to correct the figure of 2 million bushels I gve you for Moose Jaw; this was probably another elevator. Our advice is that there will be a total of 400 cars in all; this will mean that between 600,000 and 800,000 bushels will be going into the Moose Jaw elevator.

With regard to the other part of your question, Mr. MacLeod has the figures on the Canadian government elevators.

Mr. W. J. MACLEOD (*Secretary, Board of Grain Commissioners*): Mr. Chairman, and Mr. Watson, what years would you like for the revenue and expenditure?

Mr.WATSON (*Assiniboia*): Well the figures I had covered as far back as the 1960-61 crop year. I am again referring specifically to Moose Jaw because it is naturally close and, as I said earlier, is the one with the poorest record, with only a carload of wheat in each of the two years that I mentioned.

Mr. MACLEOD: Mr. Chairman, I have the revenue and expenditure figures for 1961-62 up to 1965-66 for each elevator. Moose Jaw, 1961-62, the revenue

$440,745, expenditure $213,019. For 1962-63, revenue $289,762, expenditure $244,941. For 1963-64, revenue $237,058, expenditure $231,158. For 1964-65, revenue $10,105, expenditure $194,712. For 1965-66, revenue $12,189, expenditure $206,353. Mr. Chairman, we only have receipts and shipments for three years. Perhaps Mr. Baxter may have figures previous to that.

Mr. WATSON (*Assiniboia*): That is fine. Could you give us the expenditures and receipts for the other terminal elevators?

Mr. MacLEOD: The other Canadian government elevators?

Mr. WATSON (*Assiniboia*): Yes.

Mr. MacLEOD: For the same five years, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. MacLEOD: For Saskatoon—revenue 1961-62 $488,090, expenditures $258,261. For 1962-63 $253,311, expenditures $250,219. For 1963-64 revenue $190,523, expenditures $267,019. For 1964-65 revenue $137,813, expenditures $219,615. For 1965-66 revenue $129,861, expenditures $308,005.

Mr. MacLEOD: Shall I go on, Mr. Chairman, with the other four elevators?

The CHAIRMAN: You want all the figures, Mr. Watson?

Mr. WATSON (*Assiniboia*): Yes, please.

The CHAIRMAN: Yes.

Mr. MacLEOD: Calgary—1961-62 revenue $182,604, expenditure $257,026. For 1962-63, revenue $163,961, expenditure $215,350. For 1963-64, $139,543, expenditure $189,369. For 1964-65, revenue $230,921, expenditure $182,622. For 1965-66 revenue $230,662, expenditure $210,156. That was Calgary, Mr. Chairman.

Edmonton—1961-62 revenue $221,841, expenditure $311,986. For 1962-63 revenue $152,549, expenditure $216,728. For 1963-64 revenue $118,777, expenditure $222,103. For 1964-65 revenue $339,863, expenditure $234,906. For 1965-66 revenue $295,915, expenditure $236,510.

The Lethbridge elevator—revenues for 1961-62 $63,947, expenditure $115,620: 1962-63 $32,330, expenditure $104,356; 1963-64 revenue $24,820 expenditure $155,218; 1964-65 revenue $71,246, expenditure $130,605; 1965-66 revenue $78,740, expenditure $139,120.

For the Prince Rupert elevator, Mr. Chairman, revenue for 1961-62 $499,313, expenditure $369,598; 1962-63 revenue $145,862, expenditure $275,853; 1963-64 revenue $394,273, expenditure $343,733; 1964-65 revenue $506,573, expenditure $387,702; 1965-66 revenue $725,240, expenditure $465,046.

I have covered all the elevators Mr. Chairman.

Mr. SCHREYER: A supplementary question, Mr. Chairman. May I just ask if the expenditure referred to in each case is the annual current operating expenditure. There is no amount here for capital costs.

Mr. MacLEOD: There is a small capital cost, Mr. Chairman.

Mr. HAMILTON: I might add that we have just gone through a very extensive program of concrete restoration on these elevators, painting and converting our drying equipment from coal and steam to oil and the elevators are all in first class condition now.

Mr. SCHREYER: That cost would be reflected in the last expenditure figures?

Mr. HAMILTON: Yes, it is all included in here.

The CHAIRMAN: Mr. Watson, did you a have a further supplementary?

Mr. WATSON (*Assiniboia*): Just a supplementary to that. These figures then, being the cost of operation, would take in the cost of repairs that had gone into these elevators over the past five years?

Mr. HAMILTON: That is correct.

Mr. WATSON (*Assiniboia*): That is for modernization of the drying equipment and everything?

Mr. HAMILTON: That is correct.

The CHAIRMAN: Mr. Pascoe, was yours a supplementary to do with the same subject?

Mr. PASCOE: To do with the same subject, yes, Mr. Chairman. But the first question has been pretty well answered now. These elevators are in first class condition, if their use is required. I know this is a hypothetical question and that you may not want to comment on this, but if there should happen to be a seaway strike, those elevators would be useful, would they not, for storing wheat that could not otherwise be moved?

Mr. HAMILTON: Yes this is correct, Mr. Pascoe. And, further, they could be used to clean up grain to export standards and it could be shipped west. The limiting factor at the west coast is really the cleaning equipment.

Mr. PASCOE: Do you see a possibility of more than 400 carloads being used to prepare wheat for shipment west? I am thinking of a possible big crop coming and there is approximately 300 million bushels still left on the farms, I believe, and you may want to move some of that to make room for the new crop coming in. The elevators would be quite useful then, would they not?

Mr. HAMILTON: Yes this is quite true. They could be used.

Mr. PASCOE: Just one more question, Mr. Chairman. Under the Temporary Wheat Reserve Act the government pays for storage over 178 million bushels, or something like that. If those elevators were used to take the wheat off the farms to make room for the new crop, and the total amount in storage came over 178 million bushels, the government then would be paying the storage on that and it would not come out of the province?

Mr. HAMILTON: It is my understanding that any grain in storage above 178 million bushels at the end of the crop year is eligible for storage to be paid by the Temporary Wheat Reserve Act.

Mr. PASCOE: This would be a loaded question. Do you think that is one reason why the government is not using these, because they would have to pay the storage under this act?

Mr. HAMILTON: I think the main reason which limits the use of the Canadian government elevators are the two charges, the stop-off charge levied by the railways and the diversion charge.

Mr. PASCOE: They would come out of the province profit, both charges?

Mr. HAMILTON: Yes, indirectly.

The CHAIRMAN: Mr. Watson on a supplementary question.

Mr. WATSON (*Assiniboia*): Mr. Chairman, are any of these government elevators equipped to receive grain from trucks; in other words from farm deliveries? I do not believe the one in Moose Jaw is equipped this way. Have you any estimate on what it would cost to convert these elevators for modern handling from trucks?

Mr. HAMILTON: Well, the elevator at Moose Jaw, for example, is not presently equipped to handle trucks. It would just be a case of laying a few planks down over the railroad tracks so that the trucks could get in there and dump. This could be done for a matter of $400 at the outside. Our elevators in Alberta are equipped to handle trucks.

Mr. WATSON (*Assiniboia*): With a hoist for lifting and dumping, the same as we would have in our country elevators, or not?

Mr. HAMILTON: They dump in the hopper that would be used for unloading.

The CHAIRMAN: A truck would have to have a dumper on it?

Mr. HAMILTON: Yes. Equipment could be installed, of course.

The CHAIRMAN: Mr. Clermont has intimated that he wants to ask a question, but Mr. Rapp has a question and I wonder is it on the same line of questioning?

Mr. RAPP: No, it is not.

Mr. CLERMONT: Mr. Chairman, this morning when statistics were under discussion, I asked whether the inspectors of the board grain find that reserves seem to be low in certain parts of the country, especially in the eastern part. If these facts were made known to the Canadian Wheat Board I understand, after a conversation I had after our proceedings this morning, that a correction could be made on the reply that was given to the Commiteee this morning.

Mr. BAXTER: Mr. Chairman, as a co-operative venture or as an indication of the co-operation between the two grain boards, the statistics division of the Board of Grain Commissioners serves as the statistics division for the Canadian Wheat Board and the reports filed with us by all of the elevator operators, with respect to their stocks and handlings, are conveyed immediately to the Canadian Wheat Board as a basis for their assessment of the grain position.

Mr. CLERMONT: Mr. Chairman, on the figures given to us on revenue and expenditures, what is the main source of revenue?

Mr. HAMILTON: The main source of revenue would be the elevation and storage charges. These are set by the Board of Grain Commissioners.

Mr. CLERMONT: And would the figures on expenditures be for labour for expenditures or repairs?

Mr. HAMILTON: Salaries, Mr. Chairman, is the big expenditure of the whole Board of Grain Commissioners.

Mr. CLERMONT: Is the decision of the appeal board final when there is such an appeal?

Mr. HAMILTON: Yes, this is correct. It is final.

Mr. CLERMONT: Mr. Chairman, coming back again to the elevators in the east. I understand all these elevators are coming under the national harbours board or private industry, for instance, Prescott, Montreal, Trois Rivières, Sorel, Quebec and Baie Comeau. Are they all under national harbours board?

Mr. HAMILTON: No, Mr. Chairman, they are not. The elevator at Baie Comeau is a private concern—Carghill Grain. Sorel is another one.

Mr. CLERMONT: And Montreal; is that national harbours board? Prescott?

Mr. HAMILTON: That is correct. Three Rivers and Quebec city.

Mr. CLERMONT: My last question, Mr. Chairman, is this. Does the commission have available the figures for, say, stock at the end of December 31, 1965 at Prescott, Montreal and Quebec; and the same thing for March 31, 1966? Or, if not available presently, can they be made available to the Committee later on?

Mr. BAXTER: Mr. Chairman, in an attempt to be as current as possible, I have the stocks at June 1 but I do not have the stocks available with me for either December 31 or the March 31. However, this information can be obtained and entered into the record.

Mr. CLERMONT: It would be appreciated because although the June figures would be interesting, I am more interested presently in the stock available, at December 31, 1965 and March 31, 1966.

● (1.30 p.m.)

Mr. RAPP: Mr. Chairman, I would like to deal with another subject; not with storage, but with edible oil. I would like to know whether the grain commissioners could not change the grading. For instance, in our area we have municipal by-laws to the effect that mustard cannot be planted. Since we try to keep our rapeseed as clean as we can, not only for our domestic use but for export, would it not be possible for the grain commissioners to bring in some ruling to keep this grain as pure as possible.

I attended a symposium held in Saskatoon before Christmas of all the processors who have these mills and they complain that the No. 2 rapeseed is not fit for use as edible oil because its colour is not clear. A suggestion was made that instead of having three grades, as at present, No. 1 should be allowed a little more percentage of cracked wheat seed, and so on and so forth, and do away with the No. 3. So that the No. 2 rapeseed would never be used for edible oil.

Another suggestion made at this symposium, was that it be brought to the attention of the Board of Grain Commissioners that mustard is sometimes planted in the same area as rapeseed and that stricter rules should be implemented for rapeseed processors, thus giving the elevators power to reject rapeseed containing even a small percentage of mustard. This is the only way to

force municipalities to bring in a municipal by-law, in areas where rapeseed is planted, that no mustard should be planted. Would that be possible for the Board of Grain Commissioners to bring about?

Mr. HAMILTON: Mr. Chairman, I would like to say, first, that we certainly appreciate how important the rapeseed crop is and will be to the prairies. We did call a meeting in Winnipeg, with Dr. Weinberg from the Department of Industry and all the rapeseed processors in the prairies, to try and establish standards for rapeseed oil and for by-products, rapeseed meal, et cetera. I would like Mr. Ainslie to comment further and then maybe Dr. Irvine will have a few words to say.

Mr. AINSLIE: Mr. Chairman, the present statutory grades for rapeseed were established in 1962—I think they were effective April 1, 1962—and, under the new grades, the tolerances of other seeds and other conspicuous material set a fairly high standard for no. 1. This was to meet the requirements that we understood were necessary by both the domestic and export markets. The export market takes the largest part of our rapeseed production and it has worked out fairly well. We have had no complaints at all on quality of rapeseed shipped in the export market.

We have heard from some of the domestic crushers, the oil processors, that they have had some difficulty because they are bying in individual localities and they do not just buy No. 1 as is generally the practice by our overseas buyers, but they buy also No. 2, No. 3 and some sample grades. When they try to produce domestic oils for edible purposes, they do have some difficulties because of the colour of the oil not being up to scratch and perhaps not acceptable to the oil users.

We have been making a study of this and it is possible that we might recommend some change in our rapeseed standards as a result of the talks we have had on this subject, although it appeared that the problems of the domestic crushers were localized and the real serious problem has been that of wild mustard seed in the rapeseed. These are virtually indistinguishable except by a very careful examination under a microscope. I think perhaps we are making some progress towards making some recommendation for a change in grades.

Mr. HAMILTON: Have you anything to add to this? It might be interesting, Mr. Chairman, to note that 80 per cent of the rapeseed cars are officially graded grade No. 1 Canada rapeseed and the stocks of rapeseed in store, week ending June 1, 1966—this is total stocks across the country—No. 1 Canada rapeseed 1,526,000; No. 2 Canada rapeseed 71,000 bushels; No. 3 Canada rapeseed 44,000 bushels. This gives you an idea of the proportion.

Mr. RAPP: Many municipalities say they are aware, now, of the fact that they can destroy their own area by having mustard planted in some areas. I would just like to know whether the Board of Grain Commissioners may be penalized or may not even accept the rapeseed wherever there is mustard planted. For the simple reason, this is not any more a small revenue for our farms. Last year we had over 22 million bushels of rapeseed and this year, if some of the late wheat crop is broken down again on account of wild oats, they might plant rapeseed yet. They could have a very large crop and I am sure

nobody would be interested in spoiling our reputation in the Asian countries of being exporters of good rapeseed.

Mr. HAMILTON: Mr. Chairman, I would like to reassure Mr. Rapp that we are very conscious of this problem he has brought up and we are doing what we think is best.

The CHAIRMAN: Any further questioning, Mr. Rapp?

Mr. RAPP: No, I think I will pass.

Mr. DANFORTH: Mr. Chairman, I was very interested in the remarks of Mr. Hamilton this morning regarding inspection and the method of handling complaints on quality. In view of the fact that in the world grain trade quality is such a vital factor in competition, I am aware that the board faces a real responsibility in this regard.

Mr. Chairman, if my memory serves me correctly, there was a complaint of a very serious nature perhaps one or two years ago, of some of the export wheat shipments containing glass. Was that cleared up to the satisfaction of all parties concerned; was the trouble isolated; and have there been any further incidences in that regard?

Mr. HAMILTON: Mr. Chairman, this was a very serious affair but there was never an official complaint lodged by the Russians over this. At the time we were made aware of the complaint, our chief inspector was in Europe. We instructed him to proceed directly to Moscow to deal with the Russians on this. They are satisfied that we are taking all possible steps to prevent a repetition of this. I think it is quite common knowledge in the grain business that everyone who exports grain in quantity has this problem of glass. It starts right at the producer level by pigeons flying through farm windows, and the biggest glass problem is window glass; country elevators. Terminal elevators the same thing. We are doing our best to overcome this but it is a continuing problem. It just never becomes public and, if it does, usually it is at the customer's request. In the case of the glass affair with the Russian shipment, it did become public. But this is a continuing problem.

Mr. DANFORTH: Then may I ask, Mr. Chairman, if the problem, although it is a continuing one and, by the explanation, I can well understand it whether the incidences are increasing in number, or are they what the board would term normal occurrences in this particular field?

Mr. HAMILTON: No. We have never had this glass business brought to our attention since the unfortunate—

Mr. DANFORTH: Officially or unofficially?

Mr. HAMILTON: That is correct; since the incident in Montreal.

Mr. DANFORTH: Mr. Chairman, if I may go along this line with perhaps one or two supplementary questions. I was very interested this morning in the remarks that the inspection staff is continually travelling to investigate the more serious complaints, or as the Board feels is justified. May I ask whether we have, in the opinion of the Board, adequate staff to take care of this, or has there been a backlog building up with regard to these matters?

Mr. HAMILTON: Mr. Chairman, I consider that we do have adequate staff, but you know the way the world is going; we are living in a world of technicians, experts and scientists and, more and more, the people who decide the source of supply for the mills are the chemists and we are becoming more and more involved in this. There is more travelling required of our scientific staff and our professional people. But, so far as I am aware, we are not short of staff.

Mr. DANFORTH: Well may I ask, Mr. Chairman, due to the fact that we have, as the committee is well aware, in the past three or four years taken on comparatively new customers who require tremendous quantities of all the grains we produce, is there any particular field in which the quality of the grain is questioned? You spoke this morning of wheat seeds and short weight and infestation. Are there any other new fields where the quality of Canadian grains are being questioned, either of an official or an unofficial nature?

Mr. HAMILTON: The big concern of Canadian grain, I suppose would be the price of it. I think it is safe to say it is probably the highest priced grain in the world and, as a result, people expect to get a first class product. We are satisfied they do.

We did foresee this build-up of travel by professional people and, about two years ago, in co-operation with the Canadian wheat board, we enlarged our research arrangement with a technical services group who are now free to travel with the Canadian wheat board and supply any professional advice which is required when the wheat board people travel. I would like Dr. Irvine to say a few words on this as Dr. Irvine used to be in this position some years ago.

Mr. IRVINE: Mr. Chairman, the major effort, I would say, in terms of technical travel in order to investigate conditions, possible complaints, changes in usage, and so on, is anticipatory. That is, we have a regular program of visiting old and new market areas to determine what the requirments are and, in this way, we usually manage to avoid direct complaints. We establish good firm relationships with scientists in these areas; with technicians, with the milling companies, and so on. And, as a result, as was referred to earlier this morning, we have many communications from people overseas which we do not regard as complaints but where they are raising particular questions with respect to certain shipments of grain. We do complete analytical studies on these. We know the kinds of methods that they themselves use in order to assess quality. We apply these methods which are used in the overseas country and also our own methods through an analysis. We send back a report and, generally speaking, the reputation of the laboratory and the calibre of the work done in the laboratory is such that our findings are accepted by people overseas.

The major factor, I think, in our technical service travel is to maintain these good relations which we have, to be able to anticipate difficulties and, as a result, keep all the what might be potential misunderstandings and complaints to the level of inquiries and exchanges of information. We perhaps do not have adequate staff to do this now because it takes a long time to train people to the stage where they can go out and deal with virtually any problem. We think we have this in mind; we have the allocation to take on staff and we are doing our

best to train these people as rapidly as possible so that we will have adequate staff to deal with the technical problems as they multiply.

Mr. DANFORTH: Mr. Chairman, if I may pursue this a little further. We all appreciated Mr. Hamilton's remarks about the evolution of the grain trade industry and the ever new fields that are opening up. May I inquire whether or not there is a trend, in the demand for quality, of developing the chemical composition of the grain itself? If I may illustrate, a demand for definite protein analysis and a guaranteed analysis as far as protein is concerned, or any of the other essential elements. Is this a field that is expanding? Is the trade demanding more and more intimate information in this regard and are we equipped to take advantage of this as a trade tool?

Mr. HAMILTON: Mr. Chairman, this is a very good question and it is certainly true that customers are demanding less and less variation within the grades and want a constant product. As I said, we grade our grain by visual means but, behind that visual means, we have the resources of our research laboratories and these people work very closely with the inspection branch.

We were so concerned about this very problem that some two years ago we took Mr. Conacher, who used to be our chief grain inspector, out of this job and set him up to take a really good look at this whole business of the way we grade grain in Canada. This study is really under way now and, if some changes appear necessary, we intend to recommend to parliament that they be made. If no changes are necessary, we will not recommend any, of course. But this study will take, I think, about one more year. It is a very, very interesting field.

Mr. DANFORTH: One more question, Mr. Chairman, and I will be prepared to pass. I certainly have no experience in the grading or inspection of grain, but I do have some experience in other fields of agriculture. Is there, in the grain trade, a pattern which develops, and from which you can almost anticipate major or minor complaints from certain sources? It seems that it would be a pattern of the purchaser to find a major fault and that there would be continual demands for readjustment from some sources that Canada must do business with?

Mr. HAMILTON: In our very sophisticated markets, United Kingdom, West Germany and Japan—three extremely important customers of course—the weather that we have in the prairies will decide what sort of crop we have; high protein, low protein, high bushel weight, low bushel weight. They are aware of this, just as well as we are, and so we know that if there appears to be a low protein content in the crop coming up, we are certainly prepared for some observations along these lines from our customers.

Mr. DANFORTH: There are definite patterns that you are well aware of and are accustomed to and prepared to meet?

Mr. HAMILTON: That is right.

The CHAIRMAN: Mr. Pascoe intimated to me that he had a question. Is yours a supplementary, Mr. Pascoe?

Mr. PASCOE: It is based on the estimates.

The CHAIRMAN: Mr. Watson had a supplementary.

Mr. WATSON (*Assiniboia*): My supplementary is one Mr. Danforth touched on as a result of Mr. Hamilton this morning having mentioned, I believe, weed seeds in some of the grain that went to China. Is it right that all the grain shipped from Canada is cleaned before it is shipped?

Mr. HAMILTON: This is right, Mr. Watson. It is all commercially cleaned.

Mr. WATSON (*Assiniboia*): By "commercially cleaned", what standard would this be? Is this really just a scalping to take out the heads and the rough, or down to what standard?

Mr. HAMILTON: I will ask Mr. Ainslie to answer this one.

Mr. AINSLIE: Mr. Chairman, our export standards set the maximums of foreign material that can be in grain that is shipped for a particular grade. For example, No. 2 Northern is probably our biggest grade. It has been, in the last few years, our biggest grade to be shipped and our export standard for this grade limits the total foreign material to 0.3 per cent, including a maximum of .15 of wheat seeds including wild oats. A maximum of .05 of wild oats. So that is our standard of cleanliness for that grade, which is cleaner than any grain that is received into a terminal elevator. It requires careful cleaning and handling.

Mr. WATSON (*Assiniboia*): To get to this standard, what was the percentage of clean out among the grain?

Mr. AINSLIE: Perhaps Mr. Baxter could give an exact figure of the average clean out per car. I think it runs in the range of 2½ per cent to 3 per cent.

Mr. BAXTER: It is 2.98 per cent.

Mr. WATSON (*Assiniboia*): How did you come up with the explanation to the importing country that there was the problem of weed seeds in the shipment of grain?

Mr. HAMILTON: Mr. Ainslie had to prepare the letter so I will let him show you.

Mr. AINSLIE: Mr. Chairman, the explanation really is that, generally speaking, in fact I think it is infallably so, that when a buyer has a complaint over foreign or extenuous material in grain it is the result of something that has happened in the handling of it. In other words, if you had a good average sample of the total cargo, he would not have a complaint, but he may get a small portion of a cargo that has been handled and rehandled and, in the rehandling, some of the light material may stratify, such as a very small percentage of chaff or lightweight material or seeds that happen to be heavier and tend to go to the bottom in getting a small portion of the shipment. He may get more than the average that is contained in the shipment and therefore, from his point of view, he has a complaint.

Mr. HAMILTON: We check these out very carefully, Mr. Watson, and you can realize that as the vessel is being unloaded the grain tends to float down and if a sample should be taken from there of course you will have a concentration of foreign material. So far, we have always been able to explain it satisfactorily. I am not saying we have the best buyers in the world, but they are pretty skilful at times.

Mr. RAPP: This is a supplementary, about frost and frozen kernels. What percentage is allowed in an export sample or how many frozen kernels are allowed?

Mr. AINSLIE: Mr. Chairman, by our Canadian grading methods we do not set a tolerance for any particular type of superficial damage such as frost damage. It is taken into consideration in the general quality and the appaernce of the sample. In other words, a sample of No. 3 Northern might contain a very high percentage of very light frost, but it also might contain very little frost of a severe type. This is a matter of judgment of the quality as compared to the standard.

Mr. RAPP: Well if we have 2 per cent of frozen kernels we get about a grade 4.

The CHAIRMAN: If they froze really hard.

Mr. WATSON (*Assiniboia*): Mr. Chairman, you just stated something there, froze really hard, and this brings up a very good point with regard to what Mr. Rapp said. Last fall was a pretty good example of this. The grain was not harvested, it was laying out in the sloughs and, as far as I am concerned, there is still a big argument on whether there was ever frost damage. But immediately we were getting docked in the elevators because it was frozen.

Now, when you are selling such grain to foreign countries, which the Canadian wheat board buys from the farmer and knocks down to a No. 4 or a No. 5 on account of frost damage do these countries buy this wheat the same as if it was not frosted?

Mr. AINSLIE: Mr. Chairman, our export standard samples which they do have a portion of and decide their requirements on the basis of them, do contain all of the types of damage that the buyer can expect to receive. He may get somewhat more frost in a shipment than was contained in the export standard sample, but the sample would be better in other respects. So there is a matter of judgment here.

Mr. RAPP: Another supplementary. Actually the frost does not do much damage to the flour, does it?

Mr. HAMILTON: To the quality. Dr. Irvine will you speak on that?

Dr. IRVINE: Mr. Chairman, this statement is not true in the way it was made. This depends very much on the degree of frost damage. Very superficial brand frost has very little effect on the milling and baking quality, although it does have a large effect on the bushel weight, which may be responsible for degrading it. But when you get down to badly frozen wheat, both the milling and baking quality are very very seriously affected.

Mr. HAMILTON: I would like to add something to Mr. Watson's question. Any producer can have a sample of grain graded by the chief inspector at no charge. What usually happens is that the producer will bring his samlpe to the country elevator, and unless he specifically asks to have the chief inspector look at it, that sample will go to the head office of the grain company. Every time the chief inspector looks at grain, a card is mailed back to the producer, and although we have these complaints that we are getting a lot of frost damage,

and that the grades are being knocked down, every time we run these things down, we find almost invariably the sample went to the company inspectors rather than to the chief inspector and we are doing our best to educate producers to this trap that they sometimes fall into.

Mr. WATSON (*Assiniboia*): In other words then, if we have any complaints early in the fall, in the case of last year, our sample should be sent direct to the Board of Grain Commissioners.

Mr. HAMILTON: To the chief inspector.

Mr. WATSON (*Assiniboia*): I did not want to confuse the issue when I was speaking about last fall because the doctor here has mentioned badly frozen grain. Now, I think we all realize that when it falls into this category it is late standing grain that has been frozen standing. What I was specifically referring to was frosted grain that has completely matured and this has happened in the slough, possibly as a result of moisture.

The CHAIRMAN: Mr. Horner has been waiting patiently. There are two, Mr. Pascoe and then Mr. Southam.

Mr. SOUTHAM: May I have a supplementar supplementary question, Mr. Chairman?

The CHAIRMAN: I am just a little dubvious of supplementaries because we have left Mr. Horner for six people here.

• (2.00 p.m.)

Mr. SOUTHAM: I am quite willing, Mr. Chairman, to defer to Mr. Horner at the moment. I just have one supplementary question on the outside.

Mr. HORNER (*Acadia*): Thank you Mr. Chairman. My question is along a little different line and maybe you will rule it out of order completely, I do not know. The Board of Grain Commissioners, in a sense, police the export of our commodity, police it in the sense that it is pure, and that it moves without hindrance to our ports and to export. Has the Board of Transport Commissioners in their duty as watchdog, one might say, ever considered getting into the insurance field? Would it facilitate the grain movement if the Board of Transport Commissioners took it upon themselves to insure cargo through the St. Lawrence seaway, for example.

The CHAIRMAN: The board of which?

Mr. HORNER (*Acadia*): The Board of Grain Commissioners, rather.

Mr. HAMILTON: Mr. Baxter?

Mr. BAXTER: The board, through the Canada Grain Act, has supervision over the specific section of the act Section 102 which applies to insurance, requiring that the grain stocks in licensed positions is properly and adequately insured in country elevators against fire and inherent explosion in other positions; that is the terminal elevators.

Referring specifically to the grain when waterborne, this does not come under our jurisdiction in that particular respect, but the cargoes moving within the inland system are generally all completely insured against cargo damage,

that is quality damage, and against loss through terminal mishandling while on board the ship or prior to being received into the elevator.

Mr. HORNER (*Acadia*): Who insures?

Mr. BAXTER: This will be commercial insurance companies.

Mr. HORNER (*Acadia*): Who would insure the lake vessels that store grain all winter?

Mr. BAXTER: This again, would be the same organization. The shipper would insist upon this as part of his charter contract with the vessel owner.

Mr. HORNER (*Acadia*): But supposing the vessel is declared a licensed storage vessel for the winter, as a number of them are? Let us suppose the grain still belongs to the wheat board and it is not even sold.

Mr. BAXTER: Mr. Chairman, perhaps there is a certain confusion here as to being declared a licensed storage. It is not declared as a licensed storage under the Canada Grain Act and the Board of Grain Commissioners.

Perhaps Mr. Horner is referring to the arrangement which applies with respect to eastern feed grains moving under the special feed storage arrangement whereby the feed agency and the shipper, in application to the Minister of Finance and the other responsible port officers of the government, were granted permission to categorize these vessels as storage positions on which the storage assistance would be paid. Is that right?

Mr. HORNER (*Acadia*): Ths could be an example of what I am thinking, yes.

Mr. BAXTER: Under those circumstances, Mr. Chairman, I am quite certain; I am not empowered to speak for the feed agency in this respect, but I am sure—

Mr. HORNER (*Acadia*): The feed agency has not been set up yet.

Mr. BAXTER: I refer there to the present administration organization. I am sure that, as a condition of this storage being paid, the proper insurance on this cargo would be required.

Mr. HORNER (*Acadia*): But the Board of Grain Commissioners do not insure it.

Mr. BAXTER: This is correct.

Mr. HORNER (*Acadia*): You believe it would be insured but you are not sure who insures it?

Mr. BAXTER: I believe it would be insured. Under those circumstances it would be insured as part of the original charter with the vessel company moving the grain and in whose vessel the grain was stored at that time.

Mr. HORNER (*Acadia*): In your supervision of the grain movement, and to go back to my original question, if you did get into the insurance business a little more, let us say, do you think it would facilitate more sales of grain? I am thinking here maybe of Fort Churchill. In western Canada, the general remark is often made that we cannot ship grain through Churchill because nobody will insure it in given months. I have often thought that the insurable days of grain moving through Churchill could be lengthened and that maybe Lloyds of

London should not set the days that Churchill should be used. Maybe we in Canada should. Now, would you comment on that?

Mr. BAXTER: Mr. Chairman, this of course, would be strictly a matter of opinion and this is not at present, as Mr. Horner prefaced his remarks, a function of the Board of Grain Commissioners at this stage. I would suggest that the world insurance market is sufficiently competitive that if the conditions prevailing with respect to movement from Churchill was such that the risk element was very low, the insurance people would move into that quite quickly as an opportunity for selling insurance.

Mr. HORNER (*Acadia*): The promoters at the port of Churchill, who have been before members of Parliament at various times—the Hudson Bay Route Association I think they call themselves—have maintained for a number of years that the season could be lengthened. It is logical to expect or to assume that with new technological advances with respect to radar and such, that the insurance season could be lengthened and I do not think it has been lengthened for the last—well, I do not know how many years. Am I right in that regard?

Mr. BAXTER: Mr. Chairman, I believe there was an extension of approximately 12 days made on the Churchill season last year in the date in which the insurance rates start to move up and become, as Mr. Horner has suggested, somewhat exorbitant from the point of view on the cost of shipping.

With respect to the present circumstances prevailing I believe that Lloyds, as the central agency moving in the marine field of insurance, have very extensive technical support, constantly looking at the risk element from the point of view of the, as Mr. Horner again suggested, new advances in radio technology, new hull construction, and all of the various other factors that enter as countering the risk element. Once again I would suggest that as these became definite and as the insurers are convinced of these safety features, they will indeed move into the market from the point of view of quoting a later date at which the rates progressively rise.

Mr. HORNER (*Acadia*): Thank you. I am pleased to hear that the season has been lengthened and by quite a bit. When you suggest 12 days in Churchill port, that is quite a lot. I am sorry to say that it only was lengthed last year. It could perhaps have been lengthened a number of years before.

One further question and then I will forego questions for a while, Mr. Chairman. Have you any off-track licensed storage facilities?

Mr. BAXTER: Mr. Chairman, at the present time, subsequent to the abandonment of certain rail lines in the prairies, an arrangement was established whereby the board would continue to license under a category that we classified as rail abandonment, those facilities from which the rails had been removed and the licence would continue until such time as the grain had been moved out of those facilities. No further grain was permitted to be received into those and it is my understanding that, by the close of the current crop year, practically all of those facilities will be emptied. I do not have with me the exact figures of any storage remaining at this time.

Mr. HORNER (*Acadia*): I want to follow this up just a little bit, if I may, Mr. Chairman. On this particular point, we in western Canada are well aware of

the proposed line abandonment and some of we farmers shudder at the thought of it. Why is it necessary that once those elevators are empty they must remain empty and you will no longer license them?

I am thinking of a statement made three or four years ago by the president of the Canadian National Railways, Mr. Donald Gordon, where he said it is quite feasible to move grain more cheaply by trucks than it is by rail, and quite recently, in fact within the last year or two, the Canadian National Railways is moving grain by trucks from one elevator to another. So let us suppose, for example, the Canadian National Railways and the Canadian Pacific Railway are both getting into the trucking business in a really big way. Why do we have to have a licensed storage facility on a track when we see the big transportation industry moving by truck?

Mr. HAMILTON: It is a requirement of the Canada Grain Act, Mr. Chairman, that elevators be on tracks.

Mr. HORNER (*Acadia*): I am well aware that it is in the act. But I can suggest to you, Mr. Chairman, and to the Board of Grain Commissioners, that there are elevators on track but the track is no longer used and those elevators are still licensed and are still receiving grain. Of what value is that track? It is laying alongside the elevators all right and meets the commitments of the act, because the elevator is on track, but there are no trains running along that track any more. What I am suggesting, in a round about way, is that perhaps the act should be changed. Would you agree with that?

Mr. MACLEOD: Mr. Chairman, the Canada Grain Act states that an elevator means any premises under which western grain may be received or out of which it may be discharged directly from or into railway cars or vessels.

Mr. HORNER (*Acadia*): I read the act myself a couple of years ago. But the point I am making is that I can name licensed elevators alongside a trackage, let us put it this way, but there has not been a train up that track for years. The farmers have fences across the track and the grain is moving out of those elevators by truck.

Now, as I am using this as an example, I can name the town and name the spot, if you like. But what I am saying is that in view of this—this, in a sense, is meeting the requirements of the act, it is alongside a trackage—should we not maybe change the act in view of the whole transportation system moving more towards the use of trucks and trucks getting larger and larger and roads getting better and better? Should the act not be changed? This is what I am saying.

Mr. HAMILTON: I am going to ask Mr. Baxter, who is responsible for licensing and bonding, to answer this.

Mr. BAXTER: Well, Mr. Chairman, perhaps as a background to this, I should refer back to the situation which developed at the time of the first major abandonment. I say major with respect to anything which had taken place up to that time, not with respect to any long run plan. But when several of the lines were being withdrawn, the Board of Grain Commissioners and the Canadian wheat board invited the trade—that is the pools, united grain growers, the line companies—to a joint meeting at which was discussed at considerable

length what should take place, what type of licensing should be granted with respect to these facilities and more or less forecasting what might be the future attitude.

Now, I quote, with special reference, the participation of the pools in this meeting from the point of view of their direct representation of farmer interest. At that time it was agreed that until the broad program of abandonment, if this was going to take place, was finally unfolded, the intermediate measure, at least, should be that which was finally applied in the form of the R.A. licence that I described earlier.

Now, one further point, just as an aside to this. Manitoba pools, in southern Manitoba, had an elevator that was being abandoned. They gave very serious consideration to the arrangement whereby the farmers who were members of this pool and who, in effect, owned that elevator, could continue delivering to that elevator and truck the grain from that one to the nearest continuing elevator on trackage. This was a case where it was right within their control. They could, under those circumstances, had they decided that this was a feasible proposition, have approached the Board of Grain Commissioners and asked for permission which might, in such circumstances, have required some dispensation from parliament with respect to this particular section of the act. However, after careful consideration, they decided that the costs involved were such that they would not make such representation.

Mr. HORNER (*Acadia*): Thank you, Mr. Baxter. In your example you have touched on the very crux of the problem. I know the pools speak for the western grain farmer, in a sense. But let us just be quite basic here. I am here representing the farmers. The pools are just like any other business; they want to make a profit. They are concerned with making a profit. I am looking after the farmer. We have, in Saskatchewan, something like nearly 600 miles of proposed rail line abandonment on the Canadian National Railways alone. This is going to leave a lot of elevators let us say sitting high and dry. In my own area, if they abandon some of the lines, I know farmers who are going to be 50 miles from the nearest on-track licensed elevator. Who is going to pick up the tab of hauling that grain the 50 miles? John Joe, the farmer. But if you people allow the elevator companies—and competition is still a pretty good means of forcing them to remain in the field, you might say—to remain in the business, whether or not that elevator is on a track, then I can see the elevator companies or the Canadian National or the Canadian Pacific footing part of the bill in my supposed illustration, of this 50 mile haul. I would like to pose this question: If the act were amended would you, as the supervising board, anticipate any real insurmountable problems in administrating the licences of an elevator that was no longer on a track?

Mr. HAMILTON: Mr. Chairman, I would like to say first that, with two exceptions as far as I am aware, we have never had an application from a licensee to be licensed off track. One exception was in Saskatchewan, at Makwa, which has been off track; the railroad was never built through. In this case the producers have the choice of delivering to Makwa and then having a commercial trucker take it to Meadow Lake for which they are charged five cents a bushel—this comes right off the cash ticket—or they can haul it to Meadow Lake.

The business of administering elevators off trackage would be pretty serious from my point of view. We try to get these country elevators weighed over about every two years or so, we allow them approximately .35 of a per cent over. Above that the fellow's job is pretty well right on the line. If you allow them to truck grain around the country, I really do not know. We would lose control.

Mr. HORNER (*Acadia*): I do not accept your explanation at all with regard to losing control. I can tell you, and I know you are well aware, of elevators that have not been weighed up in over two years; elevators that have not been weighed up for maybe as long as seven and eight years. You never lost control of these and maybe there were or were not some overages. Maybe I am blind but I fail to see any insurmountable problem you would have in supervising or licensing an elevator which no longer had tracks beside it. If it had a good paved road beside it I think it would be just as easy and, in fact, may be more easy because you would be able to slip down that bay just a little quicker.

Mr. HAMILTON: I will grant you, Mr. Horner, there are probably no problems that would be insurmountable. I am just bringing up some of the problems.

Mr. HORNER (*Acadia*): There is a way over and you have got to do it; you have to make a concerted effort to have it done. I am not comdemning the board because I know of some elevators that have not been done. I am not condemning the board at all. I know that this is a recurring problem and you are working at it all the time, and this would be still there. I do not anticipate any grain company going into the business of building a lot of off trackage elevators, not like we did have; curling rinks and this sort of thing. We have, though, a lot of grain handling facilities that will have to be abandoned, along with the track, unless a really good hard look is taken at this. We have a lot of grain handling costs which will have to be borne by the farmer unless a good hard look is taken at this act and this particular clause. As I said, I am here working for the farmer and I think there is no insurmountable problem in administration and that this act should be changed.

Mr. HAMILTON: Mr. Chairman, I would like to say, in answer to Mr. Horner, that as far as this board is concerned we do not think that the problem has yet become serious enough for us to take action on this. We realize the problem there.

Mr. HORNER (*Acadia*): Let us look at new construction. Many of the elevators in western Canada today are being rebuilt and modernized and I know of a number of points where the elevator or the grain companies would like to build but are hesitant. Now, this proposed line is up for abandonment. I can tell you that the line from Drumheller to Stettler, right through the greatest grain growing country in Alberta, Munson, Morley and up that way, is in the CNR plans for abandonment. You people know that line, just think of the grain terminals and the grain storage facilities along it. The grain companies would, I suppose, be hesitant, to build along that line. But if the act was changed or if some measure of assurance was given by you to the grain companies saying, "no matter whether or not the rails are pulled up we still

propose to allow you to licence; go ahead and build your $150,000 storage facility if you want", it would take away the fret and maybe encourage the odd grain company to move. You agree with me, I see, in this regard.

The CHAIRMAN: He says he is giving it very serious consideration.

Mr. SOUTHAM: Before I put my supplementary question I would like to go on record as supporting the immediate remarks of Mr. Horner regarding this off storage. I think we can foresee this problem developing and I am glad to hear Mr. Hamilton say that they are giving this serious consideration.

I was also very glad to hear our witness testify that our shipping facilities at Fort Churchill have been extended. I just came from the Transport Committee this morning and we were discussing this very point and, with the expanding market, this is important. I would like to suggest that further possible extension of this grain shipping season at the port of Churchill be kept under continual and active review with the view of keeping and expanding our port facilities.

The supplementary question I originally intended to ask was based on the subject introduced by Mr. Danforth. I had the honour and privilege of being an active member of the Agriculture Committee, several years ago, when this matter of broken glass came under consideration. I think, at that time, the investigation indicated it was from pop bottles, and so on. However, what interested me was Mr. Hamilton's remark that the big problem now is that of window glass; I did not realize that at the time.

My question is this: Is there any particular remedy being applied? Are you, as the Board of Grain Commissioners, giving any particular direction to the elevator companies themselves, to the port terminals, or even getting out literature to the farmers stating that in the construction or maintenance of elevators or port terminals glass should be covered with a protective screening to avoid breakage by pigeons and large birds, to which you attribute this? Is this within your purview?

Mr. HAMILTON: Mr. Chairman, I would like to assure Mr. Southam that we are doing all we can to educate producers. At the annual meetings of the grain companies this was brought up. We sent circulars to the grain companies and we are satisfied that sufficient steps have been and are being taken to control this.

Mr. SOUTHAM: You are getting co-operation?

Mr. HAMILTON: Oh yes.

Mr. SOUTHAM: In the case of elevator companies and terminals, I think the simple thing would be to have fine mesh wire over the windows inside and out and then the farmer himself would not feel he has to voluntarily come in as he does.

Mr. HAMILTON: This is primarily a producer problem.

The CHAIRMAN: One comment that I would make, from studying elevator construction. Is it not a fact that most elevators are not putting in windows? They use this corrugated plexiglass which is much stronger and takes quite a blow to break it and this is eliminating glass installation in new construction.

Mr. HAMILTON: I would just like to say that we do have a new section in our regulations covering this extraneous material, which states that no person shall wilfully or carelessly cause or permit glass or other extraneous material to be introduced into or remain in grain or grain screenings under the jurisdiction of the board, and until it arrives or is presented to the country elevator, it really is not under our jurisdiction.

Mr. SOUTHAM: I am glad to hear you say this. There has not actually been any complaint since this other episode, we were seriously concerned about.

Mr. SIMPSON: Mr. Chairman, I regret that I am not a member of this Committee but I would like to ask a question in reference to the remark made by Mr. Southam about the extension at the port at Churchill. I understand that the extension made last year was of 12 days. I would like to know is it planned to have the port shipping season remain open this year the same length of time as last year or to have a further extension?

Mr. BAXTER: Mr. Chairman, I would like to qualify my remarks with respect to the extension. The statement I made was that the insurance rates prevailing through the summer were extended for this additional period before the escalation started. Now I am not at the moment aware of any announcement with respect to the coming season. I would imagine that this would be decided at an early date, dependent upon the weather conditions and existing ice conditions, which is a further factor in the decision on these rates. Now, I am not certain just when that announcement would be made. I believe last year's announcement was made early in August, if I am correct.

Mr. SIMPSON: Could I ask one further question? I just walked in from another committee. Could I ask who makes these representations for the insurance rates to be extended for a longer period of time? Or who made them last year?

Mr. BAXTER: I believe this would be the carrier, Mr. Chairman, requesting the insurers to quote him a rate over a longer period of time. The carriers are naturally anxious to participate in the business as long as they can, under economic conditions, and the rates do govern these economic conditions.

Mr. SIMPSON: You mean carriers, plural, and nor just one carrier?

Mr. BAXTER: I think in this regard the Dalgleish Shipping Company is one of the principal carriers operating out of the port of Churchill. Dagleish has been a pioneer on the Churchill route and is a prime mover of any new developments in this movement and I think that this company if one of the strongest in making representations to the insurance market.

• (2.30 p.m.)

Mr. SIMPSON: Yes, I understand that; I agree with that part of it but, as of the present time, you have no knowledge of any extensions requested or granted for this season?

Mr. BAXTER: That is correct, Mr. Chairman.

The CHAIRMAN: Are there any further questions at the present time? My suggestion, as Chairman, is that if any members feel there should be further

questioning, we have made provisions to meet again at eight o'clock tonight. If you feel that there is no need for further questioning, I think a motion is in order that Item 15, the Board of Grain Commissioners of the Department of Agriculture, be moved, seconded and passed.

Mr. HORNER (*Acadia*): I so move.

Mr. CLERMONT: I second the motion.

The CHAIRMAN: Moved by Mr. Horner and seconded by Mr. Clairmont that this item be passed. Is that carried?

Item agreed to.

I do not think, then, it is necessary for the board to come back at eight o'clock tonight. I want to thank the board for their attendance here. I think, that both the questions and the answers have been good and we appreciate your way of handling the questions. It has been an education to us, as members of this Committee, and I am sure that if the Agriculture committee demand your attendance at a future date, you will comply. Thank you very much. The Committee is adjourned to tomorrow at 9:30 a.m.

APPENDIX "I"

CANADIAN WESTERN GRAIN IN STORE AND AFLOAT AT EASTERN ELEVATORS

W.E. Dec. 29, 1965.

(in 000's of bushels)

Port and Elevator		Total Licensed Capacity	*Total All Grain in Store	WHEAT		Durum Wheat	Oats	Barley	Rye	Flax-seed	Rape-seed	Buck-wheat
				4 Nor. & Higher	No. 5 & Lower							
Collingwood	Collingwood Terms	2,000	1,910	866	98	—	434	256	33	—	—	—
Midland	Canada Steamship Lines	3,016	1,527	1,318	164	—	—	—	—	—	—	—
Midland	Midland-Simcoe	4,250	3,647	2,640	40	—	708	259	—	—	—	—
Midland (Tiffin)	Renown Investments Ltd	900	771	771	—	—	—	—	—	—	—	—
Midland (Tiffin)	C.N.R. Elevator	4,650	3,740	3,650	90	—	—	—	—	—	—	—
Owen Sound	Great Lakes Elevator	4,000	3,039	2,211	158	—	226	223	15	—	—	—
Port McNicoll	Marathon	6,500	5,071	4,519	266	286	—	—	—	—	—	—
Goderich	Goderich El. & Transit	3,000	3,584	969	618	—	845	539	276	—	—	—
Goderich	Upper Lakes Ship. Ltd	1,600	1,775	236	193	—	688	656	—	—	—	—
Sarnia	Maple Leaf Mills Ltd	5,400	4,383	2,303	96	—	111	123	23	—	—	—
Walkerville	H. Walker & Sons	1,250	707	80	—	—	—	—	68	—	—	—
Port Colborne	National Harbours Bd	3,000	2,223	874	62	—	155	199	—	—	—	—
Port Colborne	Maple Leaf Mills Ltd	2,250	1,290	1,050	—	—	—	—	47	—	—	—
Port Colborne	Robin Hood Flour	2,000	1,663	732	44	203	—	—	—	—	—	—
Toronto	Maple Leaf Mills Ltd	4,000	2,272	220	111	—	251	122	—	34	—	—
Peterborough	Quaker Oats Co	1,000	206	206	—	—	—	—	—	—	—	—
Kingston	Canada Steamship Lines	2,350	1,240	428	83	—	170	157	—	—	—	—
Prescott	National Harbours Bd	5,500	4,793	586	697	58	1,128	949	96	—	—	—
Montreal	National Harbours Bd	22,262	14,484	2,960	2,569	728	3,180	3,109	134	153	—	—
Montreal	Federee Elevators Ltd	750	428	175	52	—	71	108	—	—	—	—
Sorel	N. American Elevs	5,230	3,052	2,435	68	347	—	—	—	—	—	—
Three Rivers	Three Rivers Elevs. Ltd	9,300	3,284	1,344	254	16	341	225	6	—	—	—
Quebec	National Harbours Bd.	8,000	6,602	5	1,018	—	2,318	2,364	—	—	—	—
Baie Comeau	Cargill Grain Co	12,898	6,772	2,648	—	471	—	—	—	—	—	—
Saint John	C.N.R. Elevator	500	419	419	—	—	—	—	—	—	—	—
W. Saint John	Marathon "B" & "H"	2,577	1,957	1,661	—	269	—	—	—	27	—	—
Halifax	National Harbours Bd	4,152	2,739	1,031	681	—	554	473	—	—	—	—
Winter Storage Afloat			26,364	16,926	837	1,161	802	6,188	60	139	—	—
GRAND TOTAL		122,335	109,942	53,263	8,199	3,539	11,983	15,950	758	353	—	—

*Included in this total are Canadian Western, Eastern and Foreign grain stocks.

CANADIAN EASTERN GRAIN IN STORE EASTERN ELEVATORS

W.E. Dec. 29, 1965

(in ,000's of bushels)

		Total Eastern Grain	Wheat	Oats	Barley	Rye	Flaxseed	Corn	Buck-wheat	Soy-beans
Collingwood	Collingwood Terminals	223	124	—	—	—	—	99	—	—
Midland	C.S.L.	45	45	—	—	—	—	—	—	—
Owen Sound	Great Lakes Elev.	20	6	7	—	4	—	3	—	—
Goderich	Goderich Elev. & Transit	156	23	—	—	—	—	133	—	—
Sarnia	Maple Leaf Mills	1,727	678	3	—	—	—	103	—	943
Walkerville	H. Walker & Sons	151	—	—	—	121	—	19	—	11
Port Colborne		1,243	1,110	—	—	41	—	—	—	92
Toronto	Maple Leaf Mills	825	24	116	—	—	—	99	—	586
Kingston	C.S.L.	249	37	8	—	—	—	204	—	—
Prescott	N.H.B.	53	—	—	—	—	—	53	—	—
Montreal	N.H.B.	808	283	262	—	—	—	246	4	13
Montreal	Federee Elev.	22	—	—	—	—	—	22	—	—
Quebec	N.H.B.	29	—	—	—	—	—	29	—	—
TOTAL		5,551	2,330	396	—	166	—	1,010	4	1,645

UNITED STATES AND OTHER FOREIGN GRAIN IN STORE & AFLOAT EASTERN ELEVATORS

		Total U.S. & Foreign	UNITED STATES GRAIN				Foreign Grain
			Wheat	Barley	Corn	Soybeans	
Owen Sound	Great Lakes Elevator	186	—	—	186	—	—
Goderich	Goderich Elev. & Transit	181	—	—	181	—	—
Goderich	Upper Lakes Shipping	2	—	—	2	—	—
Walkerville	H. Walker & Sons	408	—	—	408	—	—
Port Colborne		567	—	—	—	567	—
Toronto	Maple Leaf Mills	709	—	—	92	617	—
Kingston	C.S.L.	153	—	—	153	—	—
Prescott	N.H.B.	1,226	—	—	1,226	—	—
Montreal	N.H.B.	843	—	—	843	—	—
Sorel	N. American Elev.	202	—	—	—	202	—
Three Rivers	Three Rivers Elevs. Ltd	1,098	—	—	438	660	—
Quebec	N.H.B.	868	—	—	868	—	—
Baie Comeau	Cargill Grain	3,653	2,678	58	723	194	—
Winter Storage Afloat		250	—	—	250	—	—
TOTAL		10,346	2,678	58	5,370	2,240	—

CANADIAN WESTERN GRAIN IN STORE AND AFLOAT AT EASTERN ELEVATORS

(in 000's of bushels) W. E. Mar. 30, 1966.

Port and Elevator		Total Licensed Capacity	*Total All Grain in Store	WHEAT 4 Nor. & Higher	WHEAT No. 5 & Lower	Durum Wheat	Oats	Barley	Rye	Flax-Seed	Rape-seed	Buck-wheat
Collingwood	Collingwood Terms	2,000	501	3	74	—	270	90	10	—	—	—
Midland	Canada Steamship Lines	3,016	486	394	63	—	—	—	—	—	—	—
Midland	Midland-Simcoe	4,250	666	310	8	54	189	105	—	—	—	—
Midland (Tiffin)	Renown Investments Ltd.	900	—	—	—	—	—	—	—	—	—	—
Midland (Tiffin)	C.N.R. Elevator	4,650	—	—	—	—	—	—	—	—	—	—
Owen Sound	Great Lakes Elevator	4,000	655	325	59	62	62	86	5	—	—	—
Port McNicoll	Marathon	6,500	538	142	—	396	—	—	—	—	—	—
Goderich	Goderich El. & Transit	3,000	1,606	316	217	—	400	254	173	—	—	—
Goderich	Upper Lakes Ship. Ltd.	1,600	607	35	68	—	223	281	—	—	—	—
Sarnia	Maple Leaf Mills Ltd.	5,400	1,679	321	12	101	50	70	—	—	—	—
Walkerville	H. Walker & Sons	1,250	773	177	—	—	—	—	62	—	—	—
Port Colborne	National Harbours Bd.	3,000	533	—	43	—	65	88	—	—	—	—
Port Colborne	Maple Leaf Mills Ltd.	2,250	706	678	—	—	—	—	7	—	—	—
Port Colborne	Robin Hood Flour	2,000	1,343	726	109	77	—	—	—	—	—	—
Toronto	Maple Leaf Mills Ltd.	4,000	1,780	679	139	52	113	62	—	44	—	—
Peterborough	Quaker Oats Co.	1,000	—	—	—	—	—	—	—	—	—	—
Kingston	Canada Steamship Lines	2,350	800	430	80	—	76	95	—	—	—	—
Prescott	National Harbours Bd.	5,500	1,981	282	322	—	391	360	15	—	—	—
Montreal	National Harbours Bd.	22,262	6,393	1,556	1,138	120	833	1,942	31	1	—	—
Montreal	Federee Elevators Ltd.	750	272	122	28	—	18	91	—	—	—	—
Sorel	N. American Elevs.	5,230	3,052	2,435	68	347	—	—	—	—	—	—
Three Rivers	Three Rivers Elevs. Ltd.	9,300	2,545	1,343	90	16	58	74	3	—	—	—
Quebec	National Harbours Bd.	8,000	1,569	5	266	—	416	533	—	—	—	—
Baie Comeau	Cargill Grain Co.	12,898	6,023	2,211	—	471	—	—	—	—	—	—
Saint John	C.N.R. Elevator	500	14	14	—	—	—	—	—	—	—	—
W. Saint John	Marathon "B" & "H"	2,577	1,249	1,249	—	—	—	—	—	—	—	—
Halifax	National Harbours Bd.	4,152	748	101	245	—	199	203	—	—	—	—
Winter Storage Afloat			9,313	3,968	—	489	—	4,856	—	—	—	—
GRAND TOTAL		122,335	45,832	17,822	3,029	2,185	3,363	9,190	306	45	—	—

*Included in this total are Canadian Western, Eastern and Foreign grain stocks.

CANADIAN EASTERN GRAIN IN STORE EASTERN ELEVATORS

(in ,000's of bushels) W.E. Mar. 30, 1966

Eastern Elevators		Total Eastern Grain	Wheat	Oats	Barley	Rye	Flaxseed	Corn	Buck-wheat	Soy-beans
Collingwood	Collingwood Terminals	54	8	—	—	—	—	46	—	—
Midland	C.S.L. Elevator	29	29	—	—	—	—	—	—	—
Owen Sound	Great Lakes Elevator	3	—	3	—	—	—	—	—	—
Goderich	Goderich Elev. & Transit	96	—	—	—	—	—	96	—	—
Sarnia	Maple Leaf Mills	1,125	636	—	—	—	—	95	—	394
Walkerville	H. Walker & Sons	534	—	—	—	68	—	432	—	34
Port Colborne		706	573	—	—	8	—	—	—	125
Toronto	Maple Leaf Mills	525	23	6	—	—	—	8	—	488
Kingston	C.S.L. Elevator	117	27	4	—	—	—	86	—	—
Prescott	National Harbours Board	16	—	—	—	—	—	16	—	—
Montreal	National Harbours Board	531	168	117	—	—	—	85	3	158
Montreal	Federee Elevator	13	—	—	—	—	—	13	—	—
Quebec	National Harbours Board	3	—	—	—	—	—	3	—	—
TOTAL		3,752	1,464	130	—	76	—	880	3	1,199

UNITED STATES AND OTHER FOREIGN GRAIN IN STORE EASTERN ELEVATORS

Eastern Elevators		Total U.S. & Foreign	UNITED STATES GRAIN				Foreign Grain
			Wheat	Barley	Corn	Soybeans	
Owen Sound	Great Lakes Elevator	53	—	—	53	—	—
Goderich	Goderich Elev. & Transit	150	—	—	150	—	—
Port Colborne		83	—	—	83	—	—
Toronto	Maple Leaf Mills	166	—	—	121	45	—
Kingston	C.S.L. Elevator	2	—	—	2	—	—
Prescott	National Harbours Board	595	—	—	595	—	—
Montreal	National Harbours Board	241	—	—	241	—	—
Sorel	North American Elevators	202	—	—	—	202	—
Three Rivers	Three Rivers Elevator	961	—	—	301	660	—
Quebec	National Harbours Board	346	—	—	346	—	—
Baie Comeau	Cargill Grain Co	3,341	2,560	58	723	—	—
TOTAL		6,140	2,560	58	2,615	907	—