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SECOND SESSION
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Bill No. 209—An Act to Amend The Prairie Farm Assistance
Act, 1939

TUESDAY, MAY 30, 1950

STATEMENTS BY

Right Honourable J. G. Gardiner, Minister of Agriculture and Honourable
I. C. Nollet, Minister of Agriculture, Saskatoon Saskatchewan.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1950

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: A. J. BATER, Esq.

Messrs.

Anderson	Decore	Lapalme
Argue	Demers	Leger
Arsenault	Diefenbaker	Lesage
Aylesworth	Dumas	MacKenzie
Bennett	Fair	McCubbin
Black (<i>Chateauguay- Huntingdon-Laprairie</i>)	Fontaine	McLean (<i>Huron-Perth</i>)
Blue	Gauthier (<i>Lapointe</i>)	Murray (<i>Oxford</i>)
Browne (<i>St. John's West</i>)	George	Murray (<i>Cariboo</i>)
Bryce	Gosselin	Quelech
Catherwood	Gour (<i>Russell</i>)	Richard (<i>St. Maurice- Lafleche</i>)
Cavers	Harkness	Roberge
Charlton	Hatfield	Ross (<i>Souris</i>)
Clark	Hetland	Sinnott
Cloutier	Jones	Studer
Corry	Jutras	Thomson
Cote (<i>Matapedia-Matane</i>)	Kent	Whitman
Courtemanche	Kickham	Wood
Coyle	Kirk (<i>Antigonish- Guysborough</i>)	Wright
Cruickshank	Kirk (<i>Digby-Yarmouth</i>)	Wylie
Darroch	Laing	

Clerk: ANTONIO PLOUFFE

REPORT TO HOUSE

TUESDAY, May 30, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be empowered to sit while the House is sitting.
2. That it be given permission to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

A. J. BATER,

Chairman.

ORDERS OF REFERENCE

TUESDAY, 28th February, 1950.

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

Messrs.

Anderson,	Cruickshank,	Laing,
Argue,	Darroch,	Lapalme,
Arsenault,	Decore,	Leger,
Aylesworth,	Demers,	Lesage,
Bater,	Diefenbaker,	MacKenzie,
Bennett,	Dumas,	McCubbin,
Black (<i>Chateauguay-</i> <i>Huntingdon-Laprairie</i>),	Fair,	McLean (<i>Huron-Perth</i>),
Blue,	Fontaine,	Murray (<i>Oxford</i>),
Browne (<i>St. John's West</i>),	Gauthier (<i>Lapointe</i>),	Murray (<i>Cariboo</i>),
Bryce,	George,	Quelch,
Catherwood,	Gosselin,	Richard (<i>St. Maurice-</i> <i>Laflèche</i>),
Cavers,	Gour (<i>Russell</i>),	Roberge,
Charlton,	Harkness,	Ross (<i>Souris</i>),
Clark,	Hatfield,	Sinnott,
Cloutier,	Hetland,	Studer,
Corry,	Jones,	Thomson,
Cote (<i>Matapedia-</i> <i>Matane</i>),	Jutras,	Whitman,
Courtemanche,	Kent,	Wood,
Coyle,	Kickham,	Wright,
	Kirk (<i>Antigonish-</i> <i>Guysborough</i>),	Wylie—60.
	Kirk (<i>Digby-Yarmouth</i>),	

(Quorum 20)

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

FRIDAY, 10th March, 1950.

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

FRIDAY, 19th May, 1950.

Ordered,—That the following Bill be referred to the said Committee, viz:—

Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

MONDAY, 22nd May, 1950.

Ordered,—That the name of Mr. Argue be substituted for that of Mr. Her-ridge on the said Committee.

TUESDAY, 30th May, 1950.

Ordered,—That the said Committee be empowered to sit while the House is sitting.

Ordered,—That the said Committee be given permission to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

Attest.

LÉON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 30, 1950.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Mr. A. J. Bater, Chairman, presided.

Present: Argue, Bater, Bennett, Bryce, Catherwood, Charlton, Corry, Courtemanche, Cruickshank, Darroch, Decore, Diefenbaker, Fair, Gosselin, Harkness, Hetland, Jones, Jutras, Kent, Leger, Lesage, McCubbin, Murray (*Oxford*), Murray (*Cariboo*), Quelch, Roberge, Ross (*Souris*), Studer, Wright, Wylie.—(30).

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; Honourable I. C. Nollet, Minister of Agriculture, Saskatoon, Saskatchewan; A. M. Thomson, Director of Lands, Saskatchewan; and Messrs. G. J. Matte, Associate Director, Prairie Farm Rehabilitation and R. E. Motherwell, Private Secretary.

The Chairman acknowledged with thanks the honour of presiding over this Committee.

The Orders of Reference were taken as read.

On motion of Mr. Wright,

Resolved,—That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Leger,

Resolved,—That the Committee obtain permission to print from day to day, 500 copies in English and 200 in French of its minutes of proceedings and evidence.

The Chairman read a telegram from Mr. G. Atkinson, Secretary of the Saskatchewan Farmers' Union.

The Committee began its study of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Clause 1.

Right Honourable Mr. Gardiner made a lengthy statement and was questioned.

Honourable Mr. I. C. Nollet read a brief and was questioned.

Mr. Thomson supplied answers to certain aspects of the question.

Mr. Ross (*Souris*), read into the record an Order for Return tabled in the House on March 15, 1950, in answer to one of his questions.

At 1.10 o'clock p.m. the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,
Tuesday, May 30, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen, we have the Right Hon. Mr. Gardiner with us this morning and if it is agreeable to the committee we will hear Mr. Gardiner first and then I am going to suggest we give Mr. Nollet an opportunity to speak. Mr. Nollet has come a long way to attend the committee, and he informed me he has made reservations to go back to Saskatchewan tonight, and in case the meeting goes on after today I think Mr. Gardiner would like him to speak while he is here. We also have Mr. Thomson, the Director of Lands for the province of Saskatchewan here, and I suppose you know that Mr. Nollet is the Minister of Agriculture for the province of Saskatchewan.

Mr. JUTRAS: Mr. Chairman, I fully agree and am quite willing to give Mr. Nollet the floor as soon as possible to accommodate him. However, I have a few general questions I would like to ask on the P.F.A.A. I can wait until later if I am not precluded then from asking my questions.

The CHAIRMAN: I was going to suggest that Mr. Gardiner and Mr. Nollet be given an opportunity to speak and finish without questions, but before calling on Mr. Gardiner I want to read a telegram I received yesterday:

We feel proposed amendments to exempt certain Crown lands from benefits of P.F.A.A. payments is discriminatory strongly urge reconsideration we believe question of marginal lands can be dealt with more effectively by other means.

G. ATKINSON, *Secretary,*
Saskatchewan Farmers Union.

I thought I would read that telegram to you.

Mr. ROSS: Mr. Chairman, following what my good friend has said, I presume we can ask either of the ministers questions when they are through. I have some questions I would like to ask the Saskatchewan Minister of Agriculture.

The CHAIRMAN: Yes.

Mr. DECORE: Do I understand the Minister of Agriculture for the province of Alberta is also coming in?

The CHAIRMAN: I believe Mr. Gardiner will explain that in his address.

Right Hon. Mr. GARDINER: Mr. Chairman and gentlemen, in regard to the question which has just been asked, I think I can best answer that by saying that after the discussions which we had in the committee of the House of Commons, and on the second reading of the resolution, we had a communication from the province of Alberta and also from the province of Saskatchewan. The communication from Alberta was to the effect that they wanted to know whether their minister would be received by me Monday, a week ago, if he arrived in Ottawa that day. I wired him back that I would be prepared to see him, but that this committee was meeting later on and he would be welcome to come here to present any objections or suggestions he had to this

committee. He came on Monday and I saw him, and he went over the amendment as it is now suggested to the committee, which I will read in a moment to you and which will be distributed. He stated that was entirely satisfactory as far as he was concerned, and he went back to Alberta, and so far as I know at the moment there is no objection from there as to the amendment as it is now proposed.

Now, it will be recalled when we had the Bill in the House that it was referred to this committee. The amendment which was presented had in it subsection (c) of section 1. Section 1 of Bill 209 reads:

1. Subsection three of section three of The Prairie Farm Assistance Act, 1939, chapter fifty of the statutes of 1939, as enacted by section two of chapter forty-three of the statutes of 1947, is amended by adding thereto the following paragraph:

(c) with respect to lands held under a lease or licence of occupation from His Majesty in right of Canada or a province or from a municipality, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to lands held by a settler or veteran under a contract made under the Soldier Settlement Act or The Veterans' Land Act, 1942, or lands vested in His Majesty in right of a province and held by a veteran pursuant to an agreement made under section thirty-five of The Veterans' Land Act, 1942.

The amendment reads:

"(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine—"

Now, to make that intelligible I think one has to recall that in the main Act they are reciting the lands upon which payment is not made and payment is not made with respect to lands held under lease or licence of occupation from His Majesty in the right of Canada or a province or from a municipality.

"—and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

(i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942—"

Probably I should say before going on with that that I am not going to discuss the other two paragraphs. I assumed we were in fair agreement on them and any questions you wish to ask afterwards can be discussed. I think the main discussion will be on this first section of the bill. When we were discussing that in the House I intimated we had already provided in the bill for payment made to co-operative farms in Saskatchewan. I was under the impression when I said that that we had so stated in a section of the Act similar to the one we are dealing with here, but when I went back to my office and read the Act I found the draftsman had taken a short cut to making that true by amending the definition, and in defining what a farmer was they said a farmer included those who were on cooperative farms. When we started to take the land out it was interfering with what we had provided for by saying these farmers did come in, so it became necessary to have some amendment suggested and since the bill had had its first reading we could not have it reprinted including the amendment, and I have it here.

Now, when the people from Alberta were here we indicated to them, as a result of discussions in the House, that we had already decided to introduce by

way of amendment to this proposed section a subclause which would provide those who are in the special areas in Alberta could be paid prairie farm assistance provided they met all the other conditions.

Then, in addition to that, as a result of the nature of the discussions, we thought it was better to word the resolution or proposed amendment right from the beginning in a different way, that is, not to refer to the lands leased but to refer to lands which were still held by the Crown at a certain time rather than what they did with them. I should say, too, we made provision for school lands and we have also made provision for lands with respect to which agreements have been entered into between the government of Canada and the governments of the provinces, and the reasons for that I will bring out in a few moments.

Before going on to that I will read the proposed amendment which I would recommend the committee send back to the House as amended. Section 1 (c):

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine—

Now, that is the date the Prairie Farm Assistance Act became effective, so that any lands which had not been sold by the government before that time would be excluded from payments under the Prairie Farm Assistance Act, and the remainder of the section is the same as it was in the first proposal:

—and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
- (ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act."

The effect of subparagraph (c) is that it cuts this land out from the prairie farm assistance and the effect of what takes place from (1) on is that these lands remain in as they have been.

Subparagraph (ii) reads:

(ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta.

I think I should explain that the reason that is worded the way it is is that there is an area, which the member from Medicine Hat will know very well, which is known as the English block, which is not now in the special area, but it was in the special area when this Act was drafted and it shows on this map of Alberta as being in the special area. I think at this point if we just hold the map up we can let the members know where the areas are. The areas defined in the Special Areas Act 1939 are shown on the map of Alberta. Municipalities were disorganized back in 1928 to begin with, and later on in 1939 they put through further legislation which they are now operating under.

In these areas where the municipalities were disorganized the province took over a portion of that land and they operate those areas under special legislation. In that special legislation they took over lands that had been homesteaded or purchased by railways or others; in some cases land companies, and farmers had been established on them. Farmers found they could not maintain themselves there and the province set up a plan, set out in special

areas legislation and we have drawn this amendment in terms which covers the English block as well. There is a reason for that, because if we put it in any other form the English block would be out. That is really not serious because very few people are living on it and the present arrangement is the province or ourselves will undertake irrigation there, in which case it will not be under the Prairie Farmers Assistance Act. There are two small areas up near the river which were in the original special areas but are not now in there, but which are operated in the same way as the areas in the special areas. Because this takes care of the lands which were in the Act from the beginning it covers the areas referred to as they should be dealt with.

I may say we had a definite undertaking in writing from the Alberta government at that time that there would be no change, that the lands would be maintained in the same relationship as when the Prairie Farm Assistance Act was passed. The undertaking has been carried out right to the present and we are quite satisfied with the results.

Then the next section:

(iii) lands approved by the Board and held by a co-operative farm association.

Mr. DIEFENBAKER: What board is that?

Right Hon. Mr. GARDINER: That is a board under this Act which is a three-man board. It means when a co-operative farm is set up that the board has some say as to whether these are lands which should go in under the Act. Co-operative farms as they now are are accepted.

The next is school lands, subparagraph (iv). Now, you all know what school lands are. There are two sections in every township in the west that were set aside for school purposes and we are not interfering in any way with them. They are sold by auction to farmers from time to time and if a farmer buys them these school lands are under the Act the same as other lands.

Then, subparagraph (v) reads:

(V) Lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

These are agreements that we enter into from time to time with the province. For example, the province turns land over to us which they own, if we are going to flood it in creating a reservoir for irrigation purposes. That land is turned over to us by the provinces and it remains with the government of Canada as long as we are utilizing it for that purpose. Then, too, when we set up irrigated areas we sometimes take over land that belongs to the province.

In cases where we have community pastures set up we may arrange to take over a better piece of land outside the pasture. We are not eliminating those. We do not pay prairie farm assistance in any district where we have irrigation unless the crop is of a very poor kind, and that is all set out in the Act.

The general terms of the Act will apply, but where we have established agreements between the provincial government and this government in advance and it is agreed at the time we are doing it that it comes under the Prairie Farm Assistance Act, that land operates under the Prairie Farm Assistance Act.

Those are the amendments about which there was some discussion in the House and which was the reason we had the matter submitted to the committee. I would like to ask your indulgence for a few moments while I go over the history of the matter.

The reason for bringing in the Prairie Farm Assistance Act, as you recall, in 1939, was to make it possible for persons who were dried out to obtain assistance. I may say at the time when we were bringing it in we only had in mind drought, but in our discussions we brought in grasshoppers and a lot of other things, but it was drought we had in mind at that time. It was said that

the federal government had some responsibility for people having been put on those lands in the south and central part of the prairies that had been afflicted rather regularly with drought, and it had been said we had done so in the face of warnings, and having been the cause we ought to assume some responsibility, now that the lands were turned over to the provinces, for the cost of rehabilitating that area. Well, the government of the day assumed some responsibility and we have added to those responsibilities since by enlarging upon the P.F.R. Act, which was put on the statute books by a previous government, and by bringing in this Prairie Farm Assistance Act. The Prairie Farm Assistance Act was brought in to make it possible for people who were living on land which had been dried out one season to be able to carry themselves over to the next season without adding store bills, grocery bills, clothing bills and that sort of thing to their indebtedness. When drought followed one year after another for four or five years it added to such indebtedness so that it was impossible for them to re-establish themselves. We brought this Act in to assist people who had been encouraged to go on the land prior to 1930, prior to the time that the dominion government ceased to have any responsibility for putting them there. You will note in these amendments we carry our responsibility further than that; we bring it down to the time we assumed responsibility when we passed this Act, which was in 1939, or about nine years later. On that question I do not think there can be very much doubt as to whether we have acted fairly in connection with the matter of dealing with the obligation which should be assumed by the federal government.

I should probably say, in addition to that, when the resources were turned over in 1930 there was a commission set up which had established some obligation on the part of the federal government. That commission was set up by the King government. The government was defeated in the meantime and Mr. Bennett re-established the commission with a little different personnel and they went on and held other sittings, and the result of their hearings was they established a certain amount that each of the provinces was entitled to. Saskatchewan's proportion was a little over \$5 million, Manitoba was granted a certain amount, and Alberta a certain amount. The Saskatchewan government of the day did not accept the \$5 million, largely because of the fact their representative on the commission had recommended that they be paid \$33 million—it was something over \$30 million, in any case. Last year the government of Saskatchewan accepted a settlement of \$5 million plus the interest, which with accumulation of interest amounted to something over \$8 million, so there is an argument to the effect that some payment was made by the federal government in lieu of any responsibilities that they should assume as a result of the terms on which the land was turned over to the provinces. Nevertheless, when we set up this Act we did accept some responsibility for the rehabilitation of these people and for sustaining them on their lands until such time as we could provide a better means of rehabilitation than had been provided up to that time.

Now, this bill intends to say that we are not responsible for what has been done by the provinces since, and it intends to make it clear that if the provincial governments have gone ahead since and opened up lands which had not been previously opened up, or settled, that settlement should be made on a basis which would make it possible for the individual to live there without getting the prairie farm assistance, that the conditions under which he settles ought to be such; that he can live without assistance under P.F.R.A. I am going to explain to you just why we take that position. There are—and I am going to go over that in a minute—large areas in the southern part of Saskatchewan and Alberta and a limited area in Manitoba that a Commission of a few years ago determined were not fit for agricultural cultivation, and it is not, so far back as some of us may think. That Commission was set up by the Borden government in 1912 with Mr. Pope as the chairman and two other members.

They reported in 1914, and their report was adopted and put into effect. I would just like, if you can see if from where you are sitting, to show you a map that indicates that Commission's findings.

Mr. Ross: Was it pretty much the Palliser Triangle?

Right Hon. Mr. GARDINER: No, it is the ranching area. However, we will come back to that in a moment.

Well, now, to get back to the settling of the west. At first it was determined that there were about 170 million acres of land in western Canada that might eventually be opened up. Now, some of that is prairie land, some of it is forest land, some of it is mining land, and so on. That matter was all discussed in the House of Commons many years ago. It was determined that there were about 170 million acres, but by the figures that were finally compiled, it turned out there were 203 million acres.

Mr. DIEFENBAKER: When was that estimate made?

Right Hon. Mr. GARDINER: That estimate was made in 1908 by Mr. Oliver when he was laying out his policy.

Now that I have the map, I better clear up what I was at a moment ago. This is a map of the southern part of the provinces. The eastern boundary of the land mentioned for cultivation in the opinion of the Commission runs up along the Soo line. It is shown by this black line running through the dirt hills and north to about where the dam is proposed, on the South Saskatchewan River. The north boundary runs right across to the mountains and the west boundary down along the mountains to the American boundary.

Mr. HARKNESS: Could you indicate that to us on the big map?

Right Hon. Mr. GARDINER: It starts about here and runs up along there and then across to the north of Calgary down the mountains and right across the boundary line.

Mr. JUTRAS: Does it go into Manitoba?

Right Hon. Mr. GARDINER: No.

This was the area which the Pope Commission, set up in 1912, said it was not suitable for agricultural cultivation. The black area which extends north and south on either side of the Alberta-Saskatchewan boundary is the present ranching area about and on all sides of the Cypress Hills. It was under lease for ranching, and those leases ran all the way from a few acres to an individual farmer up to 100,000 acres, which was the limit they put on it. That is, it was provided that a man or an organization could obtain up to 100,000 acres for ranching. The ranching area was down along the dirt hills south of Moose Jaw, it was in the area south of Wood Mountain, south of Bengough. There is still some ranching done, there. It extended on toward the west. I think, this area is about south of Swift Current, and covers where our large pasture of 110,000 acres is now, and then extended along the boundary line, a narrower strip south of Shaunavon and then it takes in all the area around the Cypress Hills and around Medicine Hat, which is known more or less as the cow country. It extends out into different strips to Alberta along the American boundary to the foothills where the ranching is still actually carried on. The report indicated that as ranching land at that time.

Mr. Gardiner was referring to the map on page 441 of Volume II of *History of Prairie Settlement and "Dominion Lands" Policy* by Morton and Martin, (Toronto: The MacMillan Company of Canada, Limited, 1938).

The area which the Minister indicated is enclosed by a line upon the map starting from the International Boundary at Range 16, W2nd (approximately south of Weyburn, Sask.) and running diagonally in a North-Westerly direction to Range 8, townships 28, West 3rd (in the vicinity of Outlook, Sask.) and thence in a due Westerly direction at Range 28, passing somewhat south of Kindersley, Sask., and slightly north of Alsask, Sask., slightly south of Drumheller, Alta., to the mountains at township 16, Range 28, W. 5. From this point the line follows the British Columbia-Alberta boundary back to the International Boundary at the 5th meridian.

Now, having pointed that out I just want to indicate what the position is on these lands, and while I am at it I might show you here another map of Alberta which bears out what the Alberta government afterwards did. They marked out special areas north of Medicine Hat up toward Hanna. The record I have here gives an indication of what happened to all these lands.

I may say this book I am quoting from is a book written by Morton and Martin. Morton is professor of history in Manitoba university and Martin is professor of history in Toronto university but was at one time professor of history at Manitoba university. In this table they show what happened to the 203 million acres that I spoke of: 56 million acres of it were homesteaded.

Mr. WRIGHT: Under the dominion government?

Right Hon. Mr. GARDINER: Yes, much under the Canadian government. I think all of this 56 million acres was under the Canadian government.

And that includes the military homesteads. At the end of the first war you remember there was a special provision made that took the lands out of ordinary homesteading and put them in the position where military men had first chance at them. The total there is 56 million acres in round figures. The area granted to railway companies was 31,700,000 acres. We usually speak of it as 32 million acres. The land which was still under grazing lease in January of 1928, which was just about the time the resources were turned over, was an area of 6,200,000 acres. The land which was in forest reserves and parks, which we are not concerned about under this Act, was almost 26 million acres, and then the only other large area is the area reserved for forestry parks and pulpwood purposes, that is about 6 million acres, and the other large amount is an area undisposed of, an area that is already surveyed but has been undisposed of, and it is part of this area we are concerned with when we are drafting this amendment, that is 23,167,000 acres.

Now, the point I wish to make is that we had federal legislation on the statute books which provided for railways getting land grants if they built railways in different parts of Canada. The last grant was made in 1894, and the railways were given until 1908 to select the lands that they were going to claim as a result of these grants, and they went out and claimed 31 million and some odd acres. During that same period of time free homesteads were allowed, and up till 1896 some 10 million acres had been put in free homesteads. Since 1896, that figure has been increased through free homesteads and, I think, preemptions as well, to 58,225,000 acres. Now, the two figures there, you will see, work out at about 90 millions acres, and then there have been additional amounts up to about 8 or 9 million acres which bring us close to 100 million acres, over 99 million acres of land in that area, leaving out the forests and that kind of thing, which in that area has been taken up for cultivation. But there is only a portion of it which has been actually cultivated or, as we call it, improved, and that proportion would be about 60 per cent or a little better of the total acreage, and it has been, of course, this improved land that we have been concerned about under this Act. We pay on what might be called improved lands. We call it cultivated land. It may be land that is in grain, it may be land that is in seeded pasture that cattle are running on, it may be land that is being summer fallowed, but it is land that is being cultivated. Now, we say under the Act and regulations that if any of this land has once been allowed to go back to prairie—and we define what we mean by going back to prairie: if a fellow just quits working, says the land is no good and says I am not going to work it any more and does that for a year—then prairie farm assistance should not be paid on that land. In other words, these amendments have nothing whatever to do with land which was once in cultivation and is going back into prairie. We do not pay on that land anyway. The only thing that this legislation has to do with is land which on the dates mentioned in the amendment had not been disposed of by the government. Now, when you search for the reasons as to why it had not

been disposed of there are a number. I think Mr. Martin and Mr. Morton expressed the main reasons as I read them in *Hansard*, which I have here, expressed by Mr. Oliver and by others. He expressed them in these words:

It was charged against the Conservative administration of Dominion Lands that they had put an end to the railway land grant system in 1894 only because they had come to the end of eligible land grants of odd numbered sections 'fairly fit for settlement' for the railway companies.

Now, that was the statement made at that time and, I think, accepted by most persons, that there were not any more odd numbered sections that the railways would accept as being of sufficient value to make it worthwhile for them to go ahead and build a railway based on the gift of this land.

Mr. Ross: That statement was in 1908.

Right Hon. Mr. GARDINER: This statement is made in this history on the subject by a person who is presumed to be disinterested; he is a professor of history in the university.

Then he goes on to say this and I presume this is his own opinion rather than the opinion expressed by any others: "It may perhaps be added that the Liberal administration brought the free homestead system virtually to an end in 1930 only because the resources of the Dominion Lands fairly fit for settlement were now also coming to an end." In other words, what he is saying as a historian is, it was pretty well agreed at that time the reason they stopped attempting to get railways built by giving land grants in 1894 was that so far as the odd sections were concerned there was not very much left that was fit for cultivation in the ordinary sense of the term.

And then he goes on to say—and he bases his statement on a lot of information that is in this book, some of which I have read and some of which I have not—he goes on to say that he has concluded that the reasons the Liberals in 1930 decided to give the resources back to the provinces and not go along any further with homesteading were that the even sections that had been homesteaded before which were suitable for cultivation, and the odd sections which had been taken over in 1908 and put under preemptions, had run out too, and therefore, they said: we are not going to have any more homesteads or any more sales of preemptions, and we will turn them back to the provinces. That is his argument.

I showed you a map a minute ago which indicates what the commission said. That was pointed out in 1912, and it bears out all that; it indicates very clearly that the lands inside the black lines are certainly not suited for cultivation because—and he gives as his reason for that—the officials of the land branch of the then Interior Department had surveyed this land and said these particular lands were only suitable for ranching, and they determined that only 100,000 acres could be leased to any one individual, but any amount up to that could be leased, and there were a great many leases. The figures are given.

Mr. DIEFENBAKER: What was the northern limit of that area in Saskatchewan.

Right Hon. Mr. GARDINER: The northern limit at the boundary line between the provinces is right across by the South Saskatchewan River where it crosses at Empress.

Mr. DIEFENBAKER: South of Saskatoon?

Right Hon. Mr. GARDINER: Yes, it is south of Saskatoon; it is about Empress.

That I think is it pretty well. It is north of Calgary, about thirty miles north of Calgary, and right straight across until it strikes Long Lake in Saskatchewan.

Now, the point I am making is this, that first the inspectors of the Department of Interior in Ottawa went out and inspected this land and they said these particular lands should be kept out of cultivation and should be left to ranching under lease. That was done during the time that the dominion government were administering the resources and the lands. Now, on the other question of the suitability of the land for cultivation we decided in 1908 that now that the railways had made their selections of their 32 million acres that all the lands that remained would be thrown open for cultivation, other than these ranching lands, and that they could be taken up either under homesteading arrangements or under a purchase arrangement at \$3 an acre as preemptions, and I think about 5 million acres of that land was sold under the preemptions. In other words all this land about which there was some question was submitted to settlers who were going in, they were given an opportunity of taking up whatever they thought was fit to live on, and in many cases they took that land up because they were able to lease a piece of land alongside of it that they used as pasture and with the pasture and the land which they themselves owned they were able to make a living, and it was on that basis they went in there. Now, the picture as we see it is this: at the time that we put this legislation on the statute book there were lands which had been disposed of, first by the federal government and then from 1930 down to 1939 there were lands that were disposed of by the provincial governments, and we are saying that no matter how they were disposed of or no matter what may be thought about it we are prepared to assume some responsibility to the federal treasury for prairie farm assistance paid until such time as these people can be resettled in some way or other. They may be resettled, by giving them more of this ranching land about them, or they may be settled by taking them off a piece of land that is in pasture and putting them outside of pasture, making it possible for them to raise feed for their livestock.

Now, I think the question Mr. Nollet has in mind comes up just there. To take the large pasture which was known as the Burns pasture south of Cadillac—between Cadillac and the boundary south of Swift Current—will picture it to many of you; that is 110,000 acres. If any member around this table were to go across that 110,000 acres, he could walk down into a valley and pick out one of the best pieces of land he had ever seen, and that piece of land would grow a crop most years. In other words it is rolling land and a lot of it is heavy clay land, and when water falls on it it runs off the heavy high land very quickly and down into the low places. It is those well grassed valleys that makes it good land, but that is what makes it land that you can run stock on as a ranch. What the government has done with regard to that land is to take it over from Burns. We bought out what he held, we put a permanent fence around it and we made it possible for the people who were living outside that fence to put their livestock inside the fence at no capital cost to them and then farm on the lands that are outside the pasture. They are able to get along on that basis. We have agreed to do that with any or all of this land that is in that area, land that many different authorities have described as not fit for cultivation, and we could not do that unless that land is kept so well intact that there are enough of these valleys, enough of these good spots to make it possible for cattle to be carried over in the poor years as well as in the good years. We do not desire to take part in the financing of any plan which may result in bringing into cultivation these lands which have been condemned so often, not only by ourselves but even by provincial authorities later on, after they had taken them over. This land was not acceptable as land that people should be allowed to homestead. If people should go on freely buying or leasing it, we do not think

that under this Act we should say to these persons: well, now that you are on there we must take care of you. We say to the local authorities or to the individual: if you want to go on to that land and take your own chances, or if you want to put people on there and help them to get along, it is your own affair and your own policy, but we do not think that under this Act we should say to them: now, go on there and after you have gone on you are going to get prairie farm assistance, two-thirds of which is paid out of the treasury and the other third by grain farmers.

The area on which prairie farm assistance is paid starts at the American boundary and runs up to about Battleford in most of the years. The east and west boundaries follow closely the lines which were shown on the map with regard to these acreages a few months ago. Almost every year of the ten the drought has persisted in the area we were warned by every authority to keep out of here.

Now, all we are suggesting is that we could not, either ourselves or have anyone else putting people on to that land mainly because they can get from \$200 to \$500 under prairie farm assistance. If they want to go on that land in spite of the fact that they are not going to get P.F.A.A., either because they have some arrangement with the province or the municipality or some arrangement with their neighbours, if that is what they want to do, and then they do that deliberately, well, that is their affair and the affair of the province, it is not ours. But in so far as paying on land which everyone has decided is not suitable for agriculture and therefore is still owned by the government, we do not think we should induce people to go on to this land, and we say so under this amendment, and that is all we are saying; and if it does say anything else we would like to have suggestions to have it changed further. But so far as the government is concerned we have pretty well established in our minds that we cannot continue to do that and if we do, that is going to result in criticism being made of our legislation which eventually will run us into difficulties and run the people we are trying to take care of into difficulties too.

That is all I have to say at the moment. Are there any questions?

Mr. WRIGHT: One question regarding that Act; is it not right you have paid prairie farm assistance outside of the lands you have suggested there?

Right Hon. Mr. GARDINER: Oh, yes, and I should have said there were years when it ran up past Battleford to near Meadow Lake. If I had the map here to show it you could see there are areas for five, six and seven years, and you would see a certain area is covered by seven years, and a very considerable part of it is covered by the ten-year map. In other words, we have paid in these areas every year. I think the governments agree with us—I know Alberta does—and Mr. Nollet will tell you what he thinks. We consider it is not a good policy generally speaking to put people on these lands which have been admitted to be submarginal.

Mr. DIEFENBAKER: How many have moved into the areas such as you have designated within the last two years?

Right Hon. Mr. GARDINER: I do not know about the last two years.

Mr. DIEFENBAKER: Within a year?

Right Hon. Mr. GARDINER: I think Mr. Nollet has the figures to indicate there may have been some 4,000 taken care of altogether, the greatest number of which are returned soldiers. I think it may be about 1,400 who were not.

Mr. Ross: The Act does cover entirely the three prairie provinces, does it not?

Right Hon. Mr. GARDINER: Yes.

The CHAIRMAN: I do not wish to stop you asking questions, but I have promised Mr. Nollet a chance to address the committee and I think he should have that chance. He has come a long way and I think we should hear him now.

Mr. WRIGHT: I agree, but there are two short questions I wanted to ask with regard to school lands, which may be of interest to Mr. Nollet.

Right Hon. Mr. GARDINER: That is eliminated under your amendment.

Mr. WRIGHT: That is the point; are all school lands which may be brought in from now on eliminated?

Right Hon. Mr. GARDINER: No, all school lands are left in under the Prairie Farm Assistance Act no matter when they were disposed of.

Mr. WRIGHT: No matter how or when they were disposed of?

Right Hon. Mr. GARDINER: Yes.

Mr. CRUICKSHANK: Is there any objection to making this all-inclusive, to include all the provinces of Canada?

Right Hon. Mr. GARDINER: The one objection is that it was only in the prairie provinces we ever had control of natural resources. The natural resources in all the other provinces were under the control of the provinces, but in the three prairie provinces up until 1930 we had control, and the prairie provinces have been able to place some responsibility on us for having done things we should not have done, and have said we should right them.

Mr. CRUICKSHANK: Why not make it inclusive of all provinces? We in the province of British Columbia would like the same benefits; we would like all provinces to have it.

The CHAIRMAN: I think we should leave that.

Gentlemen, it now gives me great pleasure to introduce to you Mr. Nollet, Minister of Agriculture for the province of Saskatchewan. Mr. Nollet.

Hon. Mr. I. C. NOLLET: Mr. Chairman, the right hon. minister and hon. members, I want to say first of all we appreciate the opportunity of being able to make a presentation to the Committee on Agriculture with reference to this matter. We have prepared a very small brief in connection with our presentation and before reading this brief I would just like to say I was very much interested in Mr. Gardiner's historical review of the background of the present Prairie Farm Assistance Act. I want to say this most emphatically: we are only here for one purpose and are only making representations in connection with land that has been very carefully classified by experienced farm men in our lands branch on which cultivation leases have been issued on a thirty-three year basis. That is the sum total of our representations to this committee today and I want to add we are heartily in support of any concrete move that will result in solving some of the basic problems that make agriculture so unstable and difficult in Saskatchewan not only from the provincial government view but also the recurring expenditure of public money on the part of the dominion. To that extent we have endeavoured to co-operate to the full in all dominion policies, particularly the prairie farm rehabilitation policy which strikes at the root cause of our problem.

Now, Mr. Chairman, having said that, I would like to read this brief to your committee, and I will give you a copy for your own use and after I have read this brief, if all has not been said, I shall be very pleased to answer any questions in connection with this matter that may have raised doubt in the minds of any members. For that purpose I have brought with me the Director of Lands, who was in charge of the Land Utilization Board previously, a board set up for the purpose of taking submarginal lands out of cultivation

and putting them to proper use. I want to say that in the lands branch we have had a whole lot of difficulty and expense, and we have taken on extra staff, people well qualified for the job, to put the land to its proper use.

In bringing in the thirty-three year lease policy the first object was the proper use of the land and the second object was to lease this land on an equitable rental basis, based on the productivity of that land, which would encourage the lessee to practise good soil husbandry.

The brief is as follows, and it is a brief of the Saskatchewan Department of Agriculture with respect to Bill 209, Second Session, Twenty-First Parliament, 14 George VI, 1950, of the House of Commons of Canada, an Act to amend the Prairie Farm Assistance Act.

I should mention too that the amendment suggested by Mr. Gardiner has met our problem in so far as school lands are affected, but it still leaves provincial lands, which in many cases may be suitable for cultivation purposes. At any rate our brief, I think, is applicable although I recognize some of our requests have been met in part. We say:

Class (c) of Section 1 of Bill 209 if enacted will exclude from the operation of the Prairie Farm Assistance Act certain lands farmed under lease from the Saskatchewan Department of Agriculture excepting such of these lands as are leased to veterans who have received assistance under Section Thirty-five of the Veterans Land Act 1942.

To ascertain the effect of the proposed amendment, if enacted, one should have knowledge of the acreage under lease by the Saskatchewan Department of Agriculture for general farming purposes.

About 916,000 acres administered by the Saskatchewan Department of Agriculture are leased, under 33 year agreement, for a combination of cultivation and grazing.

In a sense an exception has been made of school lands and I would say that the greater part of this 916,000 acres is school land. Is that not correct, Mr. Thomson?

Mr. THOMSON: Yes, about two-thirds.

Hon. Mr. NOLLET: Out of that 916,000 total there have been only 641,000 acres that have been classified as arable. In other words, only 641,000 out of 916,000 acres can be put under cultivation. This does not include range leases or leases allocated for grazing purposes. These are only lands on which cultivation leases have been issued and are under the thirty-three year agreement.

The agreement provides that portions classified as unarable by the lessor shall not be cultivated for the purpose of growing grain crops, 69 per cent of the total 916,000 acres is classified as arable and 31 per cent can be used for pasture purposes but must not be kept under cultivation.

Examination of a map, prepared by the Department of Agriculture of Canada, which shows the number of bonus payments in each township, and checking the map with a list of these leased lands reveals that more than 66 per cent of the total acreage is situated in townships where payments have been made in five or less years since the advent of P.F.A.A.

While the acreage leased to veterans, who come under Section (35) of the Veterans Land Act, would not be affected by the proposed amendment, more than 50 per cent of the total number of lessees, and this group includes certain veterans as well as non-veterans, would be deprived of assistance under the P.F.A.A. insofar as a crop failure on their leased Crown lands was concerned.

The Saskatchewan Department of Agriculture considers that the proposed amendment would cause an unfair and unjust discrimination against these lessees and would not be in keeping with the spirit of joint Canada and Saskatchewan

programs for the purpose of stabilizing prairie agriculture. The Agricultural Committee of the House of Commons, therefore, is asked to give careful consideration to the following:

1. Regardless of the location of Saskatchewan Crown land under a 33 year lease for general farming purposes no land which is considered by the Department to be unarable is made available for cultivation purposes, regardless of where it may be in Saskatchewan.

2. The majority of 33 year leased lands which would be affected by the proposed amendment are partial units only. These partial units are essential parts of the farms of the lessees and if the lessees did not have them their units would be uneconomical and the lessees would not be self sufficient to the extent they now are.

3. The Saskatchewan Department of Agriculture during the next two or three years, plans to lease about 200,000 acres of new land considered to have a high percentage of arable portions, to farmers who need to be rehabilitated.

Hon. Mr. NOLLET: Those 200,000 acres, for the benefit of the committee, will be in the northeast part of Saskatchewan where prairie farm assistance payments are practically unknown. Those 200,000 acres of additional land will therefore contribute to the prairie farm assistance fund.

4. While the proposed amendment would exempt the lessees of partial units and the lessees of new rehabilitation units from assistance under P.F.A.A. in years of crop failure these same lands will be high producers and the crops therefrom will be subject to compulsory deductions contributed to P.F.A.A. funds.

5. If the proposed amendment were enacted a lessee of arable land from the Saskatchewan Department of Agriculture would be excluded from P.F.A.A. and a lessee of unarable land from a private owner would receive aid in crop failure years.

6. The Land Disposition Policy of the Saskatchewan Department of Agriculture is aiding in the stabilization of agriculture in Saskatchewan.

Now, I am coming to the figures for unpatented provincial land.

The following dispositions of unpatented provincial land as at March 31, 1950, reveal how this program is working out:

	Acres
Leased for cultivation	641,388
Leased for grazing and hay	5,087,733
Included in P.F.R.A. community pastures	172,937
Included in Provincial community pastures	193,323
Included in other Provincial projects	15,780
Reserved for proposed community pastures	174,080
	6,285,241
	6,285,241

In addition to the above lands which never have been privately owned the Saskatchewan Department of Agriculture, controlled as at March 31, 1950, 571,601 acres acquired by the Saskatchewan Land Utilization Board:

I might mention that the purpose of this board was to take over title to submarginal land in order to remove that land from cultivation and we have found, as I think every other agency has found, that the only real control you can exercise over the problem is to obtain title to the land.

The dispositions of these lands are:	Acres
Included in P.F.R.A. community pastures.....	158,044
Included in Provincial community pastures.....	5,360
Included in other Provincial projects.....	14,857
Reserved in proposed community pastures.....	119,040
Reserved for municipalities to sublet for grazing and hay.....	169,755
Vacant.	104,545
	571,601
	571,601

That makes a total of 571,601 acres controlled by the Land Utilization Board that will either go into community pasture or will be taken out of cultivation.

7. The part that Saskatchewan through the Land Utilization Board has played in the development of community pastures illustrates that the Saskatchewan Department of Agriculture is making progress in converting abandoned unarable cultivated land to grass. The Department chose the areas included in P.F.R.A. pastures and has made land available to the P.F.R.A. as follows:

	<i>Acres</i>
Crown land transferred to Canada.....	569,578
L.U.B. land transferred to Canada.....	331,562
Crown land to be transferred to Canada by lease or title.....	172,937
L.U.B. land to be transferred to Canada by lease or title.....	158,044
	<hr/>
	1,232,121
Acquired by P.F.R.A. with improvements thereon.....	15,413
To be acquired from municipalities.....	12,849
To be acquired from private owners.....	55,537
	<hr/>
	1,315,920
	<hr/>

The 55,537 acres that are presently owned by private people are within community pastures and for the benefit of the committee I might mention that the larger percentage of that acreage is owned by the C.N.R., so apparently the railway companies did get some of this submarginal land when the grants were made to them, and in fact they got a lot of it, and indeed that is one of our problems in Saskatchewan.

In conclusion the foregoing information clearly indicates that during recent years the Saskatchewan Department of Agriculture has been judiciously disposing of lands for the purposes for which the lands have been found suitable when classified. The Department, therefore, does not consider land which it disposes of for cultivation in order to set up a new economic unit or to add to a partial unit in order to make it economic should not come under the P.F.A.A. the same as deeded land which an occupant controls by way of a lease agreement. The Department is of the opinion that its lands under 33-year lease agreement will make substantial contributions to P.F.A.A. and the lessees should receive assistance to which they should be entitled and thus have whatever degree of security which may be obtained from this source.

That concludes my brief, gentlemen, and I might add just one thing further in connection with the thirty-three year cultivation leases: these leases become taxable and come under the direct jurisdiction of the Saskatchewan Assessment Commission. If any of our lessees complain because of excessive assessment the Saskatchewan Assessment Commission will go in there and re-assess that land and if it should be found in a category not suitable for cultivation it will be taken out of cultivation. In other words, I assure the committee that the Saskatchewan Department of Agriculture is very conscious of the whole problem. We have plenty of headaches ourselves; we do not appreciate having to furnish seed to people who have had nine crop failures in ten years. We are just as much concerned, and you can be sure the Saskatchewan Department of Agriculture will contribute 100 per cent. We will co-operate with both hands to that program of overcoming some of our major agricultural difficulties in Saskatchewan.

Mr. Ross: First of all I would like to offer my congratulations to you, Mr. Chairman, on your election to the chairmanship again. This has been my first opportunity to attend a meeting of the committee but as some of you know, the chairman and I used to sit as presidents on the municipal unions in our respective provinces.

The Minister of Agriculture has given an historical account which was very interesting to us, and the hon. minister from Saskatchewan has given a very good account of conditions there.

I was very much interested in reading a speech by the right hon. minister last winter where he stated there was a real problem with a lot of people dry farming in southwestern Saskatchewan who should be moved out under P.F.R.A., and that it was not good business for them to continue as they were. I think that is right, is it not, sir?

Right Hon. Mr. GARDINER: Yes, that is right.

Mr. Ross: In respect of that I have a very interesting return, a sessional paper. I was the mover and the questions were:

1. Under the Prairie Farm Assistance Act, 1939 to date, what amount of money has been deducted from sale of grain at 1 per cent, and paid into fund by the producers within the provinces of (a) Manitoba; (b) Saskatchewan; (c) Alberta?

2. What amount of money has been or will be paid out, 1939 to the end of the 1949 crop year, to producers by provinces under the Act?

3. How many townships or part townships in each province have qualified for payments under the Act during 1949?

4. How many of the same townships, by provinces, have qualified under the Act since and including 1939, (a) 2 years; (b) 3 years; (c) 4 years; (d) 5 years; (e) 6 years; (f) 7 years; (g) 8 years; (h) 9 years; (i) 10 years?

Answer of Department of Trade and Commerce

1. (a) Manitoba.	\$ 7,282,403.06
(b) Saskatchewan.	24,607,978.74
(c) Alberta.	13,109,306.60
Unallocated	
as at December 31, 1949.	9,198.91

Answers of Department of Agriculture

1. Being answered by the Department of Trade and Commerce.

2. Manitoba.	\$ 2,547,590.77
Saskatchewan.	94,884,155.58
Alberta.	26,444,884.05
	\$123,876,630.40

3. Manitoba.	82
Saskatchewan.	1,731
Alberta.	1,126

4. Manitoba. (a) 23; (b) 9; (c) 8; (d) 5; (e) nil; (f) nil; (g) 1; (h) nil; (i) nil.	
Saskatchewan. (a) 42; (b) 114; (c) 136; (d) 193; (e) 294; (f) 329; (g) 294; (h) 162; (i) 44.	
Alberta. (a) 152; (b) 109; (c) 64; (d) 58; (e) 71; (f) 71; (g) 121; (h) 177; (i) 41.	

I think that is a rather significant lot of information and fits in with the history we have heard this morning.

Now, I wish to deal with some points made by the hon. minister from Saskatchewan, because while Manitoba is much less affected than the other two provinces, we have many of the same situations you have in your province

about future school lands which may be taken care of and provincial lands. Our department in Manitoba has set aside property for veterans and up to date civilians could not buy that land, but they have set up land for settlement in Manitoba and I do hope assistance is provided.

Now, I know the operation of this Act is difficult, but we have been trying to get it down as much as possible to an insurance scheme for the individual farmer. I could give you a concrete example now and it is opposite to what the hon. minister pointed out, all with the very best of intentions on the part of everybody, municipal, provincial and federal. We have, for example, one particular project which comes to mind in connection with the flooding of the Souris river. Our Souris river winds around and passes through the corners of four townships and the river winds in and out through these four corners. Last year only one of these townships qualified for crop failure assistance. The other three lost just as much but did not receive any assistance at all so there were a great many hardships. I do realize this is a difficult matter, but I wanted to make that point clear because we have great difficulty in pointing out to these people that they cannot receive the bonus under P.F.A.A. There are all those difficulties to contend with, and I want to add further, and I think the minister from Saskatchewan made the point too, there was a bit of duplication of public federal funds being spent under P.F.R.A. where the P.F.A.A. are rather working against them. If I understood the Right hon. minister right, I believe those people are still remaining in large community pastures, and I know about the difficulty of removing them. Did I understand the Right hon. minister to say they were still qualified under P.F.A.A.:

Right Hon. Mr. GARDINER: No, they do not qualify for payment.

Mr. ROSS: There are large areas there where the people should be moved and that was the spirit I read into the speech delivered by the hon. minister from Saskatchewan; that these people should be moved out because there is a tendency for them to stay there. The minister pointed out they would get a few hundred dollars every year if there was a crop failure. I am afraid we will have to deal with that situation and straighten it out. I do not want to be misunderstood, I am in favour of the P.F.A.A., but I think we have to avoid duplication in the expenditure of public money. They have done a magnificent job, but we have to be careful not to have duplication in future.

Right Hon. Mr. GARDINER: There is one thing I would like to point out. On the first page of the brief in paragraph 5, it says that while the acreage leased to veterans who come under section 35 of the Veterans' Land Act would not be affected by the proposed amendment, more than 50 per cent of the total number of leases, and this group includes certain veterans as well as non-veterans, would be deprived of assistance under P.F.A.A. in so far as crop failure on their leased Crown lands is concerned.

The only case in which I could see that would happen would be where just because a man happens to be a veteran it does not bring him in; he has to come under the Veterans Land Act. If a veteran leases a piece of land from the provincial government without reference to the Veterans Land Act he is just another individual. What I would like to point out is that he has the opportunity of coming in under the Veterans' Land Act and still being subject to payment under this Act.

Mr. ROSS: If he takes the land under the Veterans' Land Act?

Right Hon Mr. GARDINER: Yes; that is his business.

Hon. Mr. NOLLET: I would like Mr. Thomson to clear up that point.

Mr. THOMSON: Mr. Chairman, in connection with this point there are leases of provincial land given to veterans who are established under the Veterans' Land Act under section 9, where they purchased land and had already

received their grants. The lease that was given to them by the province does not then come under section 35 of the Veterans' Land Act, it is a lease given to them of additional land in order to have a better unit. There are instances where land has been purchased under the Veterans' Land Act for the veterans, and they have suggested to us they take an additional quarter-section of provincial land suitable for cultivation.

Right Hon. Mr. GARDINER: He has it under the Veterans' Land Act.

Mr. THOMSON: He received the first purchase under section 9, but then this other one-quarter section of provincial land does not come under the Veterans' Land Act at all. He does not get the same lease he would get where he leased from the province under section 35 of the Veterans' Land Act and under the provincial Land Act, in order that he might qualify for a grant from the dominion under the Veterans' Land Act.

Right Hon. Mr. GARDINER: If I understand you correctly, the man buys one-half section or a quarter-section under the Veterans' Land Act and leases another quarter-section from you, which may be right alongside it, and what you say is he should come under section 1 as well.

Mr. THOMSON: Yes, that lease does not come under section 35 of the Veterans' Land Act.

Right Hon. Mr. GARDINER: He would be affected if he has not enough to qualify for his two hundred acres in the first place.

Mr. THOMSON: I am speaking of the case, sir, where he may have, say, one-half section and we lease him a quarter-section. If my understanding is correct, does he have to have four hundred acres under cultivation before he can qualify for the maximum of four hundred?

Right Hon. Mr. GARDINER: Yes.

Mr. WRIGHT: Also if he bought land under section 9 of the Veterans' Land Act, which is the section whereby a man can purchase on his own, he would not qualify at all.

Right Hon. Mr. GARDINER: It would not matter whom he bought from. If he bought land from the province under that Act he would come under it.

Mr. WRIGHT: Only if he bought it under section 35.

Right Hon. Mr. GARDINER: No, under the Veterans' Land Act.

Mr. THOMSON: We can imagine a hypothetical case where the veteran comes back and takes over a one-half section of land and leases from his father a quarter-section; he would not get it either. He is in the same position as the veteran who buys under the Veterans' Land Act. He gets one-half section or whatever size of parcel they consider best. He has obtained all the grants and assistance he can qualify for under the Veterans' Land Act, but it is decided to give him an additional one-quarter section because that is considered the best disposition that could be made of that land.

Hon. Mr. NOLLET: We have had cases where the people have said, "We will buy this land provided we can get this Crown land next to it."

Mr. WRIGHT: What are the terms of your lease?

Mr. THOMSON: It is a thirty-three year lease and crop sharing is based on the fertility of the land running from one-sixth on the very best to one-tenth.

Mr. ARGUE: Mr. Chairman, I would like to join with these others who have congratulated you on being elected chairman this year. Our relations in the past have been happy and I am sure will continue to be so in future.

I listened with a great deal of interest to the right hon. minister, Mr. Gardiner, giving his history on land settlement and the responsibilities of

the different governments to that end. I am sure we all agree with him, particularly those of us from the west, that there is a continuing responsibility on the federal government to the people who were settled in that area of western Canada which is subject to drought from time to time. I agree too with the Saskatchewan Minister of Agriculture that their program is right in so far as the provincial government is concerned, namely, that all lands under the control of the provincial government should be allocated to their best use. We are all, I am sure, grateful that we have an Act like this, but we do feel that we are entitled to it. There have been improvements made from time to time in the past and as far as I can remember most amendments have received our support.

Now, I just want to make a point qualifying the wording of this new clause (c). If I read it correctly it does change the original bill by even more than the further additions. As has already been pointed out, while veterans under the Veterans' Land Act are eligible for payment, veterans will not obtain payment on land leased from the provincial government in addition to whatever land they may have obtained under the Veterans' Land Act. It exempts special areas in Alberta and I think that is an improvement and it exempts co-operative farms as such, and school lands.

Now, as I understand the bill, the first clause of the bill when it was originally drafted was that land leased from the municipality, the provincial government or the dominion government was not eligible for prairie farm assistance with the exception of land taken under the Soldiers' Settlement Act. Now, the new clause (c) reads as follows:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
- (ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

Now, that seems to say this to me, and I am asking the minister if I am correct, that if any one of these three governments owned land prior to January 3, 1939, and between that date and this date they sold that land under the freehold title, the purchaser of that land will not be now eligible for payment, whereas in the way the clause was originally drafted the province or the dominion or the municipality continued to have the right to sell the land and the purchaser of the land continued to have the right to draw prairie farm assistance the same as anyone else. If the provincial government sold land within the last ten-year period, or if they sell land in the future, will the purchaser of that land be eligible for prairie farm assistance?

Right Hon. Mr. GARDINER: If they have sold land any time since the 3rd of June, 1939, this amendment says that payment is not made on that land, subject to the last five conditions. If they sold the land under the Soldiers' Settlement Act to veterans it is paid. If the land was provided for in the special

areas in Alberta, or if the land is approved by the board as being proper land to go into a co-operative farm association it is paid. In other words, the only thing they would be concerned about is whether it would be suitable land; that comes in, and any school lands that have been sold come in. If the P.F.R.A. makes an arrangement with the provincial government for handling of land in a manner which would permit it, it comes in. In other words, the land which is eliminated is the land which the government sells to somebody or leases to somebody, to which they held title in 1939.

Mr. ARGUE: If a man in 1942 purchased land from the provincial government and does not come under any of these five parts, he is not eligible for prairie farm assistance?

Right Hon. Mr. GARDINER: That is right.

Mr. ARGUE: I want to object to that in the strongest possible terms. I do not think a man who purchases land from the provincial government or any body else in the last ten years should be discriminated against. You are taking one per cent from him and you are continuing to take it, but you say because he purchased land from a governmental body he cannot obtain payment. When the minister was discussing this in the House I thought he was dead set against the lease policy, but as I read the new amendments he is discriminating against people who purchased land on the basis of freehold title, and if I might bring a little philosophy into it, that to my mind would seem a free enterprise system of dealing with land. I do not object to it, and I do not object to the lease method of dealing with land. I think there is room for both, and certainly I would not suggest a change so that people should have land on a free title basis rather than a lease basis, but now the minister is saying if you lease land in the future, that is new land that is opened up, and you cannot get the bonus.

Right Hon. Mr. GARDINER: Only in case it wasn't opened up before 1939.

Mr. ARGUE: Now, if land is opened up in the northeast part of Saskatchewan and sold, then the people who purchase that land will not be eligible for payment because that land was held by the government previous to June 3, 1939. The Minister of Agriculture here is saying to the provincial governments, "You have to keep your land under the thirty-three year lease basis because if you sell it the individuals will not become eligible." Putting it under the thirty-three year lease does not bring it in unless he is a veteran.

Right Hon. Mr. GARDINER: The thirty-three year lease does not bring it in unless that is an equivalent.

Mr. ARGUE: Yes, or a co-operative farm. Now, let us take a case in Alberta. A certain area is set up on a co-operative basis—although it is not free enterprise I am all for that basis—although if in Alberta it is agreed that those farmers should have a right to purchase that land, well, I think they should have a right to receive a bonus the same as co-operative farmers taking it on a lease basis since they have still to pay the one per cent. I would like to know why the minister is exempting it under the free hold basis.

Right Hon. Mr. GARDINER: I admit there is a change in the wording which leaves out lease and deal with the land as such and it was what we had in mind, what we were trying to do when we started, but my honourable friend's criticisms in the House indicated to me that may be he had something.

Mr. ARGUE: I did not want you to go this far.

Right Hon. Mr. GARDINER: And we tried to word it in order to take care of it. The position which is taken here is, that the federal government is prepared to accept on behalf of the taxpayers of Canada the responsibility for the decisions which the federal government have made, and government after government warned people this land is not good, you better not go on it; but we say, even in spite of that, we did let them go on the land they are on it,

and every person who is in that south country has had the opportunity, ever since he went into it, whether in 1900 or 1914 or after, to buy any land that is round about him, he has had the opportunity to homestead any land that is round about him, but he himself has decided that the land is not good enough. He says; I do not want to buy it, I do not want to even homestead it, neither does any of my family want to homestead it; and so it stayed there in that position up till 1930. The provincial government then took that land, and the first government of which I know something—the province of Saskatchewan—decided to try and sell that land, they put it up for sale, but none of it was bought. We came back in 1934, and we put lands up for homesteading, and they were not homesteaded. Now, in 1939 they were still there, five years after that, nobody thought they were good enough to want to take them up. Now, we brought in an Act in 1939 which makes it possible for a man to draw \$1.50 and up to \$2 an acre on this land if he cultivates it and he get either a cultivation lease or he buys it,—I do not care which way he handles it,—he gets it subject to an inducement which he has in this Act. The figures which were quoted to you this morning indicates that 900,000 and some odd acres have gone back, some 600,000 into cultivation, but the other one-third, the land they can pasture attached to the other, and that is the way we all farm—

Mr. ARGUE: Has it gone back into cultivation?

Right Hon. Mr. GARDINER: Some 600,000 acres have gone back into cultivation, a great deal of it to veterans, some 200,000 acres, I understand, is land which under this Act is land which could not be paid on.

Now, the fact remains, however, that 600,000 acres of these lands that everybody prior to 1935 agreed were not fit for cultivation are now being cultivated, and one of the reasons why that land is being cultivated is that they get a \$2,300 grant under the Veterans Land Act, and another reason why it is being cultivated is that we undertake to pay them from \$1.50 to \$2.00 an acre to farm it.

Now, I am saying we may justify it with regard to returned men who want to live near their families, but it is a little difficult to justify it in regard to other people, and you even have to stretch it a bit for returned men. If there is any discrimination in this it is discrimination in favour of returned men. We do not object to that but when other people come on the land then we think there must be a better reason than that. I am concerned a little myself about the returned man, his \$2,300 will run out a lot quicker than he thinks, and when his \$2,300 has gone he may want a good farm. We may not be doing him a favour in doing this, but everybody wants it that way and we are doing it and I make no excuse for saying that this is the policy on lands that were declared by some three or four different tribunals to be unsuited for cultivation and should not be encouraged to come under cultivation.

Mr. JUTRAS: I just wonder if the minister has any idea of how this amendment will affect the province of Manitoba? What I am thinking of is that we in Manitoba have had, and I have always contended that we have had, rather small benefits out of this Act.

The CHAIRMAN: Pardon me, if you are going to speak about Manitoba—

Mr. JUTRAS: It is on this particular question. We have heard the story about Saskatchewan and I want to protract that into Manitoba.

The CHAIRMAN: It was only on account of Mr. Nollet—

Mr. ROSS: You are making a comparable point, Mr. Jutras?

Mr. JUTRAS: Yes, a comparable point to this. Now, we have had the round figures. On the whole we get back about one half the money we put in; Saskatchewan gets back three times more than they put into this fund. What I would like to get is an idea of how this amendment will affect Manitoba. For instance,

some of the land or most of the land that is now benefiting under the Act is to be taken out by this amendment. Will it be that this will make the situation even worse in the province? If so, my attitude naturally would be affected. Has the minister any idea, has it been discussed, or what has he in mind? Has he any idea on how it will affect the province of Manitoba?

Right Hon. Mr. GARDINER: The province does not think it does or it would have been represented here. I do not think it does. I do not know of an acre in Manitoba that is affected by this. There may be some, as the member from Souris mentioned a moment ago, and that is taken care of. That is, the Manitoba government still has some lands they want to settle and they refuse to let anybody else settle them until they take care of returned soldiers. If they take care of returned soldiers on this land it is still under this Act, there is no question of that.

Now, you have these small pastures, which the Manitoba government has the administration of. We helped set them up. If, in setting up one of these pastures they want to move somebody and they have a piece of land they want that man to settle on outside the pasture fence, they enter into an agreement under subsection 5 of this section and that is done, and they are taken care of. I asked Mr. Nollet the terms of the lease: the terms of the lease are one-sixth or one-tenth of the crop. If the crop is a good crop it is one-sixth, I presume. Well, a good crop is twenty bushels to an acre and one-sixth of twenty bushels comes to about three and a half bushels and at \$1 a bushel that is \$3.50 and I think that one of the methods by which prairie farm assistance can be taken care of is to say in a poor year that they are not going to charge for any rent and that is a matter that can also be dealt with under the thirty-three year lease.

Mr. ARGUE: But in a poor year there is no rent, there is a poor crop.

Right Hon. Mr. GARDINER: Why should the provincial government get rent on land that is not suitable for cultivation? I think there could be some justification, with respect to this land that everybody has declared is not suitable for cultivation, for letting a fellow who lives alongside of it have it and cultivate it, and telling him: you do not need to pay rent, and nobody is going to pay you if you do cultivate it but if you let enough cultivate it you will have that country blowing away in a short time.

Mr. WRIGHT: As a matter of fact, the basis of the share of the crop is not the growth of the crop that year; it is based on the amount of the crop which is grown in that particular year. The minister made the point that 641,000 acres had gone back into cultivation—

Right Hon. Mr. GARDINER: No, I assume that that has come into cultivation for the first time.

Mr. WRIGHT: You are assuming they came into cultivation, but according to the figures I have, 499,000 acres of those 641,000 are school lands; only 142,000 of them are provincial lands and in the 142,000 acres there will be a considerable amount of veterans' land, so in actual fact all that 641,000 acres that is now under cultivation was not under cultivation before. We will still be paying P.F.A.A. on 75 to 80 per cent of it under the amendment we are proposing at the present time. The other point I want to make is this, that any one who has purchased provincial land since 1939 purchased that land in good faith that he was going to get P.F.A.A. That was the law at the time they purchased the land, and now we are saying in this Act, retroactively, that he shall not receive P.F.A.A. from now on. It seems to me that is retroactive legislation, something that the individual purchaser did not take into account when he was purchasing the land, and I would object very strenuously to retroactive legislation. The other point is that of the 200,000 acres which the provincial government is proposing to bring

under cultivation, is all in the northeastern part of the province in the Carrick river valley or north of the main C.N.R. line that goes through Sturgess and that area there. Normally, very seldom will there be P.F.A.A. on it, but nevertheless it will be subject to the one per cent levy. Now we are saying that it does not matter what should happen there, even if once in twenty years it happened they should have a crop failure, they do not come under P.F.A.A. but they will have to continue to pay the one per cent levy on a large volume of grain grown. There is a large volume of grain grown in that area, and it does not seem to me to be fair that you should collect a one per cent levy on land which you said you will never pay P.F.A.A. on. I think it would be much fairer to leave them under the P.F.A.A. because they will not collect probably once in twenty years and probably not even then.

Hon. Mr. NOLLET: Just one thing and I think we will be through in this committee. I would just like to make an explanatory comment with reference to the 641,000 acres that apparently has come under cultivation since 1939. As Mr. Wright mentioned, and as we mentioned in the brief, most of that is school land. Therefore, there would be a small part of that which would be provincial land on which P.F.A.A. is paid, but we only make the representation with respect to lands that have been carefully classified; and I can say this, that on all of the 641,000 acres of arable land, either school or provincial, they have thirty-three year leases, and proportionately these crown lands pay more than any other lands in the province contributing to P.F.A.A.

Mr. LEGER: By whom were these lands classified?

Hon. Mr. NOLLET: I will let my director of lands make a statement on the classification.

Mr. LEGER: Was it by a federal or provincial board?

Mr. THOMSON: With respect to lands leased by the Saskatchewan Department of Agriculture, before any parcel of such land is leased it is carefully inspected and classified according to the system of classification of lands used today in Saskatchewan. The developers of that system of land classification were the soil department of the University of Saskatchewan. The Saskatchewan Assessment Commission uses that system of land classification, and land so classified is identified as to soil type of the land. All the factors that affect the productivity of the land are taken into consideration, and after all that is considered, it is determined whether the land is, on the basis of what we know, suitable for cultivation or not. That is done before the land is made available. Now, the Saskatchewan Department of Agriculture is responsible for that classification first, and if the Veterans' Land Act officials want to inspect the land when it is made available to veterans, they likewise classify it. Subsequent to that the Saskatchewan Assessment Commission would classify it. Now, we are in this position in Saskatchewan, with respect to any land we lease for cultivation: there are in some cases three checks and in all cases there will be at least two checks to determine whether that is considered to be arable land. There are lands in all parts of Saskatchewan that are considered by parties to be suitable for grain production regardless of where they may be. There is an area though in the southwest that has not much of that land but even in the southwest we have certain parcels of crown lands that it would be inadvisable to keep out of grain production because you get the maximum of net income from them. The sceptre clays which you have heard about are the outstanding examples. Now, in respect to these school lands a lot of them have been under cultivation before 1939. Some of the contract purchasers of these lands did not make good their contracts and the lands came back to the Saskatchewan government. They were held from the commencement of the war until they could be made available for veterans' settlements.

Mr. ARGUE: Would you mind telling us roughly how many acres of that land were in cultivation before 1939?

Mr. THOMSON: I cannot give you that figure but I would guess that at least 50 per cent of the land that has been made available to veterans has been under cultivation since before 1939.

Right Hon. Mr. GARDINER: And gone back to prairie?

Mr. THOMSON: No, it never reverted.

Right Hon. Mr. GARDINER: What was done with it in the meantime?

Mr. THOMSON: Much of it was leased to civilians who could carry it on with their own farm units knowing they could not acquire it because it was reserved for veterans; that was put on in 1940.

Right Hon. Mr. GARDINER: It is not affected at all by this amendment?

Mr. THOMSON: No.

Mr. LEGER: Gentlemen, we do not understand at all what Mr. Thomson is saying. He seems to be carrying on a conversation with the minister.

Mr. THOMSON: These lands that I am talking about comprise a very considerable percentage of these 641,000 acres which the honourable minister from Saskatchewan was talking about.

Mr. LEGER: May I ask a question? Mr. Nollet said a little while ago that he was going to lease some land, the province was going to lease some land. I wonder if any of these lands are included in the 110,000 acres which had been fenced for pasture by the federal government?

Hon. Mr. NOLLET: No.

Mr. LESAGE: You said that all this land which was under lease had been classified very carefully and it was very good land. If it is such good land, why do you need assistance?

Mr. THOMSON: The point we are trying to argue is that this land is suitable for cultivation and it should be treated the same as any other land which is operated by the owner or which is leased to the occupant; that this land which makes payments to P.F.A.A. should in times of crop failure receive benefits under P.F.A.A.

Mr. CORRY: In connection with this land or land classification do you take into consideration rainfall, the likelihood of rainfall, or are you only basing your classifications on the type of soil?

Mr. THOMSON: The system of classification rates the soil types and the rating of the soil type takes into consideration the climate which affects that land. Now, there are certain soils in the southwestern part of the province—true the frequency is not high, but there are certain soils there that have a good record of reproduction and many of the lands that are under those leases we are talking about have such soils.

Mr. DECORE: I just want to put a question to the minister from Saskatchewan. Has the Saskatchewan provincial government ever been approached by the federal government to make a contribution under this Act so as to take care of some of these farmers who did suffer crop losses but who have found themselves ineligible for payments?

Hon. Mr. NOLLET: No, we have never received any formal request, although it was suggested if we wanted extended benefits of P.F.A.A. certain areas of the province might take some responsibility.

Mr. DECORE: What was your attitude?

Hon. Mr. NOLLET: We feel if we started that it would never end. There would be no place where you could draw the line.

We would get into a mess. We have assumed the responsibility for killing all the grasshoppers and that, incidentally, Mr. Minister, brings the yield up, relieves you of P.F.A.A. benefits, and maybe we ought to have said to heck with the grasshoppers, let them eat it all up, but we did not. In addition, we are taking the responsibility for a lot of other things, furnishing relief, and seed. We are paying now approximately \$3 million odd, Mr. Gardiner, in assuming the responsibility for the old seed grant obligations, paying that off over the years, with interest; and we are pretty conscious of this problem.

Some MEMBERS: It is one o'clock.

Mr. LEGER: Could the Right Honourable the Minister tell us how many million dollars are paid from the Canadian treasury to assist western farmers under both the P.F.R.A. and the P.F.A.A.?

Right Hon. Mr. GARDINER: I would just like to suggest that if we are not too hungry we might sit five minutes and let Mr. Nollet clear up what he is trying to answer.

With regard to the last question I do not think it would be fair to answer unless I were to tell you how much the apple growers are getting too, and how much is being paid to send grain down here and, if we are going to get into a question of how much is being paid to the east or to the west the only answer I would give is that it is just about balanced.

The CHAIRMAN: Gentlemen, has any member any question to ask Mr. Nollet or Mr. Thomson?

Mr. DARROCH: What is the assessed value of the land, per acre?

Mr. THOMSON: The average assessed value is some figure that I do not know, but I will make this statement. It would be my opinion that the average assessed value of the land under lease for cultivation by the Saskatchewan Department of Agriculture would be somewhere around \$2,000 per quarter section, or more if all the land in the quarter section is under cultivation.

Mr. ROSS: That is the assessment?

Mr. THOMSON: Yes. You might find a quarter section of land with a much lower assessment where there would be some arable land in the quarter section due to it being a different soil type entirely from the rest of the quarter section. You might find such a quarter section assessed at \$1,000, where twenty acres of that land would be worth more than 140 acres of grazing land.

Mr. DARROCH: In arriving at the share of one-sixth or one-tenth, is the assessed value taken into consideration or just the character?

Mr. THOMSON: The valuation put on the land, or what we call the soil rating.

Right Hon. Mr. GARDINER: May I state what I think Mr. Nollet is asking us. He is asking us to consider one question—whether the 33-year leases should be entirely exempted.

Hon. Mr. NOLLET: Yes, Mr. Gardiner, and lands which have been classified as suitable for cultivation by the land branch. That is the only land we are worried about.

The CHAIRMAN: Carried.

The committee adjourned.

SESSION 1950

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE

AND

COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

Bill No. 209—An Act to Amend the Prairie Farm Assistance
Act, 1939

No. 2

THURSDAY, JUNE 1, 1950

STATEMENT BY

Right Honourable J. G. Gardiner, Minister of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950

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ON
AGRICULTURE AND COLONIZATION

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and

Messrs.

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Arsenault	Diefenbaker	Lesage
Aylesworth	Dumas	MacKenzie
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Darroch	Laing	

Clerk: ANTONIO PLOUFFE

MINUTES OF PROCEEDINGS

THURSDAY, June 1, 1950.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Argue, Bater, Bennett, Blue, Bryce, Catherwood, Charlton, Coyle, Darroch, Diefenbaker, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jones, Jutras, Kent, Leger, McCubbin, Murray (*Cariboo*), Quelch, Roberge, Ross (*Souris*), Studer, Wright, Wylie. (28)

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; G. J. Matte, Associate Director, Prairie Farm Rehabilitation, and R. E. Motherwell, Private Secretary to the Minister.

The Committee resumed consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act. 1939.

The General discussion on Clause 1 was continued.

The Minister of Agriculture answered questions.

Mr. Ross (*Souris*), moved,—That the Committee recommend:

(a) That the Report of the Canadian Wheat Board for the year 1948-49 tabled in the House of Commons be referred to the Standing Committee on Agriculture and Colonization, and

(b) That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things having to do with the operations of the Canadian Wheat Board.

The Chairman felt inclined to rule this motion out of order on the grounds that a Committee receives its directions from the House.

Mr. Diefenbaker quoted from a copy of a letter from Mr. Ketcheson, Secretary Treasurer of the Rural Municipality of Arm River to the Minister.

At 1.15 p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

OF THE

BOARD OF DIRECTORS

OF THE

AMERICAN

SAVINGS BANK

OF

NEW YORK

AND

THE

STATE

OF

EVIDENCE

HOUSE OF COMMONS,

THURSDAY, JUNE 1, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11:30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen, will you kindly come to order. This morning we are resuming consideration of Bill No. 209, "An Act to Amend the Prairie Farm Assistance Act, 1939." We are still on Section 1, subsection (c), which is the section which deals with "no award."

Mr. ROSS: Mr. Chairman, might I raise one point before we proceed?

Mr. JUTRAS: Mr. Chairman, on a point of order: it was my understanding that we had not actually got down to the sections. I have a general question to ask on the first item before we go into the sections of the bill.

Mr. ROSS: That was true. There was one question I wanted to raise in view of the many statements made in the House. I think it would only be fair to the people concerned, so I move, seconded by the hon. member for Calgary East, as follows:

(See motion in the minutes of proceedings.)

I so move at this time because the minister has said that he would facilitate it, provided this standing committee wished to consider the report of the wheat board. Therefore if we decide that we want to study and examine the report it would only be fair to give the officials of the Board due notice in order to prepare themselves and to be here. We started morning sittings today. Moreover, this is only the second meeting of this committee, so I am not pressing for a vote now. However, you will have time to consider it, and you have due notice accordingly.

Right Hon. Mr. GARDINER: I do not want to discuss the question whether we should or not deal with the report but I do suggest it is a little irregular.

Mr. ROSS: If it is a little irregular, it is the fault of the Minister of Trade and Commerce.

Right Hon. Mr. GARDINER: Maybe he was a little irregular; I do not know. I think the matter should be submitted to us by the House rather than that we should submit something to them. I think it can be generally taken for granted that this committee is prepared to consider the matter if it should be referred to us. I think it would be generally agreed by all the members of the committee that we are quite prepared to sit and listen. In fact, we would have to do so anyway if the subject is submitted to us by the House. We could probably make arrangements that way and accept it. However, I can talk to the Right Hon. Mr. Howe and see what he has to say about it.

Mr. ROSS: Let me say that I agree with the right hon. the minister. However, you do know what happened in the House of Commons. I asked the minister when he tabled that report if it would be referred to the standing committee on Agriculture and Colonization for consideration, and he stated several times in the House that if we so desired, we would facilitate it. I think the minister should set forth the terms of reference and ask that they be referred to the committee. I want to bring that before this committee.

The CHAIRMAN: I think we shall continue now with Bill 209.

Mr. JUTRAS: Mr. Chairman, there are a few questions with regard to the administration of the Act which I would like to get clear in my mind. I have particular reference to that part of my constituency which is under water at the present time. As we know, the way the Act stands if there is no crop, those people will be entitled to P.F.A. But if for instance they do not have any opportunity of seeding any land, the question arises: Will they be entitled to P.F.A., if there is some land which is not seeded at all but which is left unseeded during the season? I was wondering what would be the score in that case?

And if they should get entitlement, still another question arises: How and on what basis will the assistance be based, because there will be no acreage upon which to base it? I wonder if we could get a little explanation on that point. It is very important to the people in my district because it might influence their operations. There is no question of their going on the land yet, but there is the possibility that land might show itself within a reasonable period of time. So I think it is very important that the question should be cleared up right now for the sake of those people, so that they may know what the score is under the Act.

While we are still on that subject—and I am still supposing—suppose it is not seeded and that they are entitled to assistance, because, after all, if it is not seeded, it is a complete crop failure? There can be no doubt about that. And I suppose if there is no crop seeded they would be entitled to the maximum, that is, the less than four bushels to the acre. I imagine that would be a good assumption to make. But on the other hand in a district such as that along the Red river where it is fairly rolling country there is a possibility that quite a few pieces of land might stick up out of the water and dry out in time to be seeded. Now, I do not suppose there will be any wheat. But the basis of the Act is placed upon the wheat yield. Where there is no wheat, I think there is a regulation which provides that coarse grains can be taken as a base. I am not quite sure about it, and I wonder if I might have an explanation as to what coarse grain is taken, whether it is both oats and barley or one of the two; and then, what is the yield corresponding to the zero of four bushels and four to eight bushels in respect to these coarse grains?

And then to pursue my argument a little further: Where is the line to be drawn between wheat and coarse grain? Suppose there is a total of 200 acres of wheat in a township and they switch over to coarse grain, would they lose those 200 acres because they number less than 250 or less than 500? Where is the line drawn at which you can drop wheat as a basis and take coarse grain? This matter is very applicable to my area.

Last year this point arose in the southeast corner of the province in my constituency. As a matter of fact I know that coarse grain was taken as a basis; but whether it was taken as a basis in all that area I do not know. I do not think there was very much wheat sown in that area; but it would be interesting to know where the officials draw the line at which to take wheat or to take coarse grain as a basis.

Right Hon. Mr. GARDINER: Of the two sections that are referred to, one is in the definitions. Section 2 of the Act reads:

(d) 'cultivated land' means land that in the year of award was seeded to crop or in summerfallow and includes land seeded to grass in any year if the productivity thereof was maintained in the year of award;

I think that is intended to cover almost all land that is being cultivated. The terms of it have been changed since the original Act was drafted. I think the original Act definitely said: All lands which had been allowed to go back to prairie, and it gave an interpretation that if they were not seeded for one year, that meant going back to prairie. But some confusion was created in determining whether lands which had been left out in summerfallow were included. One

inspector might come along and say: "Those are abandoned lands, and the fellow does not intend to seed them any more."

So I presume that land which is not seeded in that area will be cultivated as we cultivate summerfallow in the west, namely, the weeds will be kept down and it will be kept black with roughage on top, or some form of summerfallow, which means that it would be kept in under that definition.

The other point mentioned is to be found in the regulations. I think it is section 9 subsection (6) paragraph (e) which reads as follows:

providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purposes of such substitution;

That is determined by the Board of Review and there is a provision made for dealing with the situation as it develops. And then subsection 9 says:

Where no wheat was seeded in a township the yield of rye, oats or barley, whichever predominates, shall be used as the index for the purpose of determining the eligibility of the township; . . .

Mr. Ross: What yield would that have to be?

Right Hon. Mr. GARDINER: That is the regulation under the Prairie Farm Assistance Act that I am reading from now. The other is in the Act; the regulations can be changed from time to time by order in council. The regulation based on that reads now:

Where no wheat was seeded in a township the yield of rye, oats or barley, whichever predominates, shall be used as the index for the purpose of determining the eligibility of the township; where rye is taken as the index the yield per acre of rye is deemed to be the yield of wheat; where oats or barley are taken as the index two-thirds of the yield per acre of oats or barley is deemed to be the yield of wheat.

That makes it twelve bushels for oats and barley; that is the regulation. And as to that town in your area, I think it is just as likely to be corn or sugar beets in some of that section; and they may have to make a change under the regulations or to deduct under the terms of the Act to meet a situation which arises.

Mr. JUTRAS: If there is no wheat, they can take the predominant crop. And if there is more oats than there is barley they will take the oats, and if there is more barley than oats, they will take the barley?

Right Hon. Mr. GARDINER: They are not bound by that. The Act says that, and provides for any special situation. Now, a flood such as you have had is certainly a special situation; "providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purposes of such substitution". That is the only thing there is. Probably if it was in an area where sugar beets were grown—but that says grain, and there is just a possibility; but I can hardly conceive of a condition where there would not be any grain grown in a township. I think you could be quite sure it would be dealt with under this section.

Mr. JUTRAS: In spite of the fact there might be some grain; that might cause trouble; there might be just enough grain to spoil it.

Right Hon. Mr. GARDINER: I do not agree with the statement that they cannot seed barley down there. Few seed barley until after the 1st of June

and we have just arrived at the 1st of June today. I think there will be a lot of oats seeded as well, and if that land produces the crops down there which it does when there has been rain on it—

Mr. JUTRAS: Please do not get me wrong. I am not worried about there not being any crop at all. Last Friday I saw a picture of a house in Emerson where there was still water up to the roof. Last Friday's newspapers gave the story that it was drying up in Winnipeg; but there is very little land sticking out of the water yet. Moreover, it rained yesterday and it is quite possible that if another inch or so goes down with this type of weather it would not dry up; and if it takes another week to go down, it will take another week to dry up. The lands will then be in a pretty nice mess. They would have to be worked a little before being seeded and that would take us to the end of June. After the end of June there can still be some coarse grain planted.

Mr. JUTRAS: Now, after the end of June there could still be some coarse grain planted, but it is a gamble. With the grasshoppers we expect this year it is a big gamble and I understand they are coming out in full bloom the same as if there had been no flood waters. Let us suppose climatic conditions are very good from now on, there will still be land under water that will not be seeded. A township is a big area, and particularly in the river lots there are bound to be a few lots where there will be a crop. In that area when there is sunshine and plenty of moisture a crop does grow nicely, and one river lot can spoil the whole township as far as P.F.A.A. is concerned. There may be only one or two farmers with a crop and the other will have crop failure.

Mr. FAIR: If they had individual settlement it would be all right.

Mr. JUTRAS: Of course, everybody wants that, but the difficulty is how to do it. The question is, would we be ready to take crop insurance to that extent? It is the same as insuring your home against floods in that area. You can get insurance but of course you have to pay so high a rate it discourages people from doing it because there are recurring floods in that area.

Now, coming back to my point. If there is a very small crop planted and it is all oats, does that mean that the basis of wheat will be fixed on the yield of oats per acre for that little patch, or must there be a minimum seeded acreage before it is taken as a criterion?

Right Hon. Mr. GARDINER: I have just read the terms of the Act and you can interpret them as well as I can. There is no such thing provided for in the Act. The terms of the Act say that it can be all cultivated land, the whole township can be summerfallowed, seeded with coarse grain, or the whole township or parts of it can be in any one of these. You take all the grain that is grown in the township, and if it is wheat you divide it by the acreage that was in that grain and you get a certain yield. If there is only one farmer in there who is able to seed, you have an entirely different problem and one which was never intended to be dealt with by this Act. If we start discussing floods too much you will get this Act narrowed down a bit. It was never intended to deal with too much water, it was intended to deal with too little, but because of the terms of the Act we have not been able to deal with a lot of areas that have been flooded.

Mr. JUTRAS: I am not suggesting an amendment to the Act at the present time. As you say, the Act is a general appraisal. There are regulations drafted by the board of review now which may be interpreted in more than one way. As has been pointed out, they estimate a two-thirds' yield of coarse grain represents a yield of wheat. Now, that is something determined by the board of review.

Right Hon. Mr. GARDINER: No, you are wrong on that, that is not determined by the board of review. The board of review may make recommendations to the government and the government will determine it by order in council or otherwise.

Mr. JUTRAS: I am sorry, I mean regulations. The thing I would like to get clear in my mind is how do they apply the regulations, what criterion would they use to tell whether to switch from wheat to coarse grain.

Right Hon. Mr. GARDINER: I will be able to tell you better in September; there is no set regulation. If there is a set of peculiar circumstances which warrant the changing of the regulation, it will be brought forward at the time when all the facts are before us. The regulations may be changed within the terms of the legislation, but they cannot be changed outside the legislation. The only difficulty I can see in the legislation is that it is supposed to be grain and your crop may not be grain, it may be sugar beets. I do not think there is any provision here for taking sugar beets as a check for whether a farmer is getting sufficient returns, and I think it would be difficult to argue it would be a check, on account of the moisture they had in that area.

Mr. JUTRAS: I am sorry if I am insistant, but as I said, I would like to get this cleared up.

Right Hon. Mr. GARDINER: You are not going to get a decision from me because I do not make decisions, the board does.

Mr. JUTRAS: I am just trying to get to the core of the regulations. It is stated in the regulations that where there is not enough wheat they take coarse grain. I would like to know when they switch over.

Mr. Ross: It is whatever the greatest acreage is, is it not?

Right Hon. Mr. GARDINER: If we try to imagine in this committee what the weather is going to be between now and September, if any of us were able to imagine what it was going to be, we would all be millionaires tomorrow morning. I would not attempt to tell you what the weather is going to be this fall. I assume they are going to look at conditions at that time and determine it under the terms of the Act. If I was going to try to guess now how much that area was going to get under this Act I would guess not very much. I would do that for two different reasons: the first one is, if they seed coarse grain, there is nothing to stop a man seeding coarse grain until at least the middle of June, especially when he has all the moisture he needs and heat on top of that. If he seeds a crop he is going to grow a good crop though it may never ripen properly, but he is going to grow it. I venture to say that some of these fellows who had their land flooded are out seeding today. If the water has gone down two or three feet in Winnipeg it has gone down much more below there. My friend shakes his head, but I lived down in that area for some time and at this time of the year I used to go out over that area.

Mr. JUTRAS: It has not been like this for one hundred and fifty years.

Right Hon. Mr. GARDINER: I have seen people going up and down the streets in boats in my time, and I am not one hundred and fifty years old yet. It is not an entirely new thing. It may be a new thing to have the water thirty-one feet high at Winnipeg, but it is not a new thing to have Emerson flooded or all that area down south flooded. As a matter of fact, I think it may be said that I have never run across a farmer in the community who would trade his farm for one fifty miles away. That is the best farming area in Manitoba.

Mr. Ross: It is one that produces?

Right Hon. Mr. GARDINER: It produces because it is flooded; they get free flood irrigation.

Mr. Ross: What about all these American weeds?

Right Hon. Mr. GARDINER: After all, there are two sides to the story and I do not think you will find any of these farmers sitting down and doing nothing. I think every farmer who can is going to put in seed, and if he cannot put in seed he will summer fallow and if he can grow sugar beets he is going to grow sugar beets in certain areas. After they have done all that and made an effort to grow something, then this Act comes into play. If there is half a township in there that is removed from the other areas, that township can get in under this Act under the terms we put in last year. There is no question they come in under it, but to try to determine here what conditions are going to be and what we can do is not going to get us very far.

Mr. JUTRAS: Let us get away from the flood area; let us take a township which last year grew coarse grains instead of wheat. I know of one or two, I am not sure about last year, but I know of several two years ago. Now, there was some little wheat sown, but not enough when they decided to switch over to coarse grain. That is the point I am trying to get at. Is there any criterion, is there any rule to go by when they switch from wheat to coarse grain?

Mr. FAIR: I do not know whether I am as quick to catch on as the others, but section 14 makes it clear, I think. If it is not clear the regulations can be amended to take care of any special circumstances that exist in Manitoba this year. Section 14 reads:

14. In any township in which no wheat was seeded the yield of rye or oats, whichever was more widely grown, shall be used as the index for the purpose of determining the eligibility of the township; where rye is taken as the index, the yield per acre of rye shall be deemed to be the yield for wheat for award purposes; where oats is taken as the index, two-thirds of the yield per acre of oats shall be deemed to be the yield of wheat for award purposes.

I believe that will give the present committee a lot to work on. A few minutes ago I interjected if they had taken the individual basis for settlement under the P.F.A.A., as we suggested last year, we would not have any difficulty. Mr. Jutras immediately switched to general crop insurance and I did not have that in mind at the moment. My remark was simply referring to P.F.A.A. assistance.

Mr. ROSS: The matter is not as simple as Mr. Fair has said. It says, "more widely grown"—does that mean acreage?

Right Hon. Mr. GARDINER: I wish you would not depend so much on these regulations. I wish you would read the Act.

Mr. ROSS: I have had no end of correspondence in my own area, and I can tell you we are going to have an awful lot of trouble coming up because it involves fringe areas of certain townships. A good many of these people are going to find themselves out in the cold when you come to this settlement in the fall. When you have this infiltration you are going to have the same thing happen as happened in the flood area, and a lot of these late seeded crops will be destroyed. I want to point out that the provincial Department of Agriculture are preparing for that now because they have made a survey of all the west to get fodder seed. The minister said that was the best farm land in the country and I am inclined to agree with him, and I would not part with my land because when you get a crop you get a real one. However, when you go four or five years and have to summerfallow every year and never get a crop, it is very hard to hang on and pay a heavy assessment for the land. The point I want to make is that you are going to get a lot of fringe areas around a township that might qualify. I have had correspondence with the department about this and with farmers in sections here and there that cannot qualify under the present regulations. As I know the Red River Valley, you are going to have a great

many fringe areas this year. In fact I am sure of it. I may be wrong—I have seen some miracle things happen. I have seen barley or flax sowed on the 1st of July and the farmers threshed 50 bushels to the acre. I would not recommend counting on that sort of thing, but we do get exceptions.

I will venture to say that the majority of the crop taken off in the Red River Valley will be nothing more than fodder, and you will get a tremendous lot of fodder to the acre if you have luck. That is not taken care of under the regulations, and the difficulty is going to be with the fringe areas of one township or half a township. There is nothing in the regulations to take care of those small groups or individual areas.

I am thinking here of my own riding. I gave an instance at the last meeting of the committee regarding the Souris river valley. I do not want to make any comparison with the Red River Valley because we are not suffering anything by way of comparison with those people; but I pointed out where the Souris jogged through divisions of four townships and there was only one township which qualified under the regulations. Because of a few people the average was up and others who lost due to flooding were not able to come in under this Act. I am sure that is an example of what you will find in the Red River Valley next fall with regard to these fringe areas of one half a township or a township which will not be able to qualify.

Mr. ARGUE: I would like to say a word on the flood area. I do not think it makes a great deal of difference in the final analysis whether the assistance to the farmers which Mr. Justras has spoken of is brought under this Act or whether it is done by a vote in the House. I think the important thing is that the assistance can be granted.

Mr. JUTRAS: A point of order. I do not agree there. I am not objecting to assistance I am discussing the Act. There is an Act to take care of crop failures and I want to get clear on this point; the question of assistance is another matter.

Mr. ARGUE: If you had waited until I had completed another sentence. I was about to say that I would support any necessary changes in either the Act or the regulations or both—changes in order to take care of the situation that has been described in the Red River Valley. From what Mr. Justras has said I think you will find a township where perhaps ten per cent of the acreage only has been seeded. There may be a forty bushel crop on the 10 per cent and the rest of the township may not have seeded. Of course, according to the Act, the remainder would not be eligible, so I think not only will the fringe areas be affected but also townships or half townships in the flooded area will be affected.

I think the only fair thing would be to change the Act and take the total yield of the areas seeded and divide by the number of acres and arrive at a township average of grain production. If the Act is not changed I personally do not see how many of these townships can obtain a payment. Certainly I think the main purpose of this Act is to assist those farmers who have had crop failures. The Act is called the Prairie Farm Assistance Act and the assistance should cover flood, drought, grasshoppers, or anything else.

Mr. QUELCH: Before leaving the point on flooded areas, I recall that in 1945, in the session before the election, a question was raised by the former member from Portage la Prairie, Mr. Miller, asking Mr. Gardiner whether it would be possible to take care of flooded areas, and I remember that Mr. Gardiner replied at that time that he felt the Act was wide enough to cover flooded areas.

Right Hon. Mr. GARDINER: Yes, and you may recall that the first time the matter arose was in connection with northern Alberta and the flooding of the Pembina river. We have a Pembina in Manitoba too, but I think that river flooded even prior to the time Mr. Miller brought the question up in the House. The area affected was northwest of Edmonton and the water rose nine feet higher than ever before and just wiped out farmers one after another.

I do not recall whether we were able to find a full township or not—which the Act called for then—but it was admitted by the Justice Department that, providing the terms were met and that it was a full township, it would come under the Act. They said we could go in there. It was after that decision by the Justice Department that Mr. Miller asked the question in the House and I then stated the terms were wide enough to deal with the situation; and that is still the case. We are dealing with something which is not before the committee at all under this amendment; it is in another section of the Act. I am not complaining because the matter has been brought up but I do want you to know what is in the Act as it stands. Section 5 states:

5. (1) A Board of Review shall be established to consist of three persons, to be appointed by the Governor in Council on the recommendation of the Minister, one of whom shall be named chairman.

We have that board and Dean McEwen, president of the Agricultural College in Manitoba is the chairman. It will be possible for people to get whatever consideration the board is giving in connection with the Act. The other members of the board are men with wide experience in this kind of matter.

Subsection (2) says:

(2) The Board shall examine all information and data regarding the average yield of wheat in any township for which an application for assistance has been received and shall determine the eligibility of such township for an award under this Act.

(3) The Board shall decide, under the Act and regulations, any question concerning the eligibility of any farmer or class of farmers for an award under this Act.

(4) The decision of the majority of the members of the Board shall constitute the decision of the Board.

(5) Any decision or determination of the Board shall be final.

Section 6 goes on to say:

6. The Minister may with the approval of the Governor in Council make regulations.

I will recall to the minds of some of the older members who were here some years ago that the board seemed to have been misreading that section. They did, like many of us, read the section with which they were concerned only and they sat down and began to make regulations. They made a lot of regulations, some of which they operated under for a month or two. We had to get them in here and tell them that they were making laws and that they had to stop. A lot of the regulations had to do with letting land of wives be counted in, or out, and land of sons in the same way. We had to tell them that they were bound by the regulations. Then, when you come down to (e) it says:

(e) providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purpose of such substitution.

Anything in the regulations with regard to that has been brought in by the government, on the recommendation of the minister—and in all probability it came to me on the recommendation of the board. That is the way the thing is done. However, you are asking me to say what regulation I am going to bring in next fall. Before I bring in any change to what is written here I am going to have a look at the situation and, then, I will have to get the consent of the government for a change; so, regarding the position in the Red River Valley, it is impossible for me to do anything more than to refer you to what is written here. I would point out, and it has already been mentioned by the member for Souris, that Mr. St. Laurent said in the House the other day that there was going to be some grant

made to Manitoba. I think that he said the grant would be made to the Manitoba government and that they would probably work through their municipalities. Any assistance that is given under this legislation will no doubt be considered by whoever eventually distributes that assistance.

If we have given assistance under this Act to the extent of \$1.50 an acre and if the assistance required is \$5 an acre, then the \$1.50 would be counted before they started to pay the \$5. There would be no difference in what an individual would get and nothing you do here is going to determine what the individual is going to get. There will be a certain amount set aside to take care of flood damage and the administration will be by the provinces and the municipalities.

Mr. JUTRAS: I apologize for taking so much time and I shall not rise again. The point I make is that there is an Act which provides for assistance in the case of crop failures in the three western provinces. I used the flood area as an illustration of crop failure in my province. There may be other reasons but there is the likelihood that the flood or flood water may be the reason for failure in our area. The clarification I was trying to obtain was not with respect to the flooded area of the Red River Valley itself but there is a condition of crop failure which arises every year somewhere in the three western provinces. Two years ago the situation developed in our area through drought—not though flood but drought—where there was not enough wheat so they took coarse grains. At that time I was a bit surprised and I did not know they were entitled to do that until the inspector showed me the regulations. I know that there are townships where every year there are borderline cases as to whether the basis should be wheat or whether it should be oats. I would like to know what the criterion is. If the information is not available now may I get it from the officials at a later date?

Right Hon. Mr. GARDINER: Well, in Mr. Nollet's area and in Mr. Bater's district it was said, when they brought the Act in, that they did not grow any wheat and that they only grew oats and barley.

Right Hon. Mr. GARDINER: There is another area down near the Yorkton district where they said the same thing. They said they did not grow any wheat, they only grew oats and barley. Both of these areas have come in under this Act since and they have been given the choice whether it would be oats or barley or wheat, and after they checked they said it would be wheat. In other words, they were not correct when they said there was no wheat grown in their district and, if they had put in oats or barley they would not have got as much as if they had put in wheat. That is the way the decision was made and I do not know of any other districts where it has been done up to now. If there is a district in south-eastern Manitoba where they only grow oats and barley they could operate under this section, but I venture to say if wheat had been grown there, they would have insisted on growing wheat.

Mr. JUTRAS: Are you saying, as a general principle, they are given their choice as to whichever is the most beneficial? You mentioned just now that certain areas did not grow wheat so the basis was coarse grain. I think there may be townships where wheat is grown one year and something else is grown the next year.

Mr. QUELCH: It will be called when the resolution preceeding this bill was introduced I objected to it on the ground it penalized the special areas of Alberta and it will be recalled that at that time the Minister of Agriculture stated it was not the intention of the Act to harm people who should not be harmed. Subsequently section (c) was brought forward covering special areas. At the last sitting of this committee the question was raised as to provincial and federal responsibility so I think it might be well for me to give a brief review of the special areas of Alberta in view of the fact that the largest part of them are in the constituency I represent, which is Acadia.

The special areas in Alberta comprise approximately 5½ million acres which were settled in the years 1909 to 1912, and it is well to remember that farmers were at that time encouraged to settle in those areas. That is the time I homesteaded, and it was more luck than good management I did not settle in the special areas because when I went to the Land Titles office I was not advised that the land was not suitable. This land was settled on a half and quarter-section basis. Due to the fact it was a dry area it very quickly got into financial difficulties and it was soon found impossible for a farmer to make a living on the one-half to one-quarter section basis.

It is interesting to note that during 1926 to 1927 the federal government turned the special areas over to the province four years before the natural resources were returned by the federal government. The first thing the provincial government did was to establish a policy of depopulation and in order to encourage that they made grants up to \$1,000 per farmer to help them move out. Over 60 per cent of the population moved out between that time and 1935. In 1935 large areas were put up for sale under tax sales, large arrears of taxes had accumulated, and the initial bid was set by the provincial government. The mortgage companies felt it was not worth while to bid that high and let the land go, and all the mortgages were written off. The provincial government then adopted a policy of leasehold.

The municipalities all went broke except Acadia valley, a small municipality on the east side, where there is very heavy gumbo land. At that time the provincial government wiped out all debts for seed and feed, but the federal government did not go so far, they made a partial reduction. There was a municipal debt of \$984,585 which the provincial government wrote down to \$100,000; in other words, \$884,585 of debt was written off. The area was turned into what is known as the Special Areas and was placed under the administration of a board. The provincial government bears 40 per cent of the cost of its administration and the balance of the revenue is raised within the area. No revenue from the area is sent outside the area, every cent is spent within it. The provincial government makes a grant of \$70,000 a year to the special areas for public works. They were paying up to \$100,000 a year for cost of schools, but now they have changed that and are paying 50 per cent for the cost of running the schools and have also subsidized them to the extent of about \$20,000 a year.

Now, the policy that has been adopted within the area is to withdraw sub-marginal land from cultivation and only lease the better land for cultivation purposes. Farmers have been encouraged to surrender their title and lease land from the government. The lease rentals are on the following basis: for cultivated land it is one-sixth of the crop for a one-year permit, and on a lease of twenty years it is one-eighth of the crop. If the yield is less than 5 bushels per acre no rent is paid at all.

Grazing land is rented out on the basis of the carrying capacity of the land and is also based on the price of cattle. If the price of cattle goes up the rental goes up, and if the price of cattle falls the rental goes down. The present rate is 4-1½ cents per acre; before 1946 it was 3 cents per acre.

The policy in the special areas is to control both population and the use of the land. One of the most difficult problems they have is to keep the population down because farmers are always trying to come in and the government realizes if more people come in they will have too great a population for the carrying capacity of the land. The average holding in the area is about 2,000 acres per farmer. You can realize that when the land was settled on a quarter and half-section basis the farmer could not make a living when today it takes 2,000 acres to make a living from cattle and cultivated crops.

In 1939 when the Prairie Farm Assistance Act was passed, Mr. Tanner, under whose department the special areas were at that time, gave a commitment

that they would do everything in their power to prevent abuses of P.F.A.A., and I think the minister will agree that has been pretty well lived up to.

Cultivation leases in the past five years have increased by one per cent, and perhaps some of the members who are not familiar with the circumstances might criticize that. The reason they have gone up is partly due to settlement by veterans, and partly due to the fact that a quantity of privately owned land has gone back to the province and now appears as a cultivation lease. That does not mean an over-all increase in the cultivated acreage, it merely means an increase in cultivated leases rather than privately owned cultivated land. Families are not allowed to settle with their parents except in special cases. That may seem hard, but once you allow families to settle with their parents you are going to get a corresponding increase in population and get back to the situation where there will not be enough land for the farmer to make a living.

There are 1,200 farmers holding cultivation leases who also won land, and 400 farmers do not own any land at all. The policy today is to allow leaseholders to buy one-quarter section if they own the improvements on it. Many farmers feel they would like to own the quarter-section on which they reside and so they have been allowed to purchase a quarter-section if they own the buildings.

There are 2,100 acres under grassing permits. That is not regarded as cultivated land, it is land that has gone back to sage-brush and other kinds of weeds. When a permit is granted the land is cultivated in order to get it back in shape to sow to grass and it has to be put back into grass within two years. It is possible there are a few cases where farmers have collected bonuses on land under a grassing permit, but that is not the intention. Farmers should not be eligible for P.F.A. bonuses on that land. It is not a cultivation lease, it is merely a permit to sow that land in grass and in order to sow any grass it has to be cultivated to destroy the sage-brush and weeds etc., on it.

The population in the special areas in 1941 was 15,215, and now it is 12,356, so the government are continuing to reduce the population in that area. I might say in the whole province there are 2,800 cultivation leases and over 1,600 of these are within the special areas.

When the resolution came up I got in touch with the department at Edmonton and a delegation came down here consisting of Mr. Gerhart, Minister of Municipal Affairs, Mr. Putnam, assistant to the Deputy Minister of Agriculture, and Mr. Baldwin, the chairman of the special areas. They met with Mr. Gardiner a week ago last Monday and expressed satisfaction with the amendment as shown to them by him. The minister pointed out at that time it was in a general form and there might be some changes. These changes have now been made, but I think if anything the amendment has been improved rather than otherwise.

Keeping in mind the fact that these areas were settled by the federal government and today are severely handicapped by drought, we feel that the federal government still has a share of responsibility in helping to get that area on its feet. There is no doubt it is in a better position today than it has ever been before, but it will be several years yet before it is in a sound position. Irrigation is the solution.

I think the amendment before us covers the special area quite satisfactorily. There is some question of lease land outside the special areas such as L.I.D.'s, and some of these will be brought back into the special areas because originally they were in. At the time the British block was formed, that is the defence project, a large area was taken out and the areas on the fringe of the block will now be put back into the special areas.

Mr. CHARLTON: I was rather confused a moment ago with the statement the minister made in answer to Mr. Jutras' question as to when to change over from wheat to coarse grain. The minister made the statement that in two districts the people were given a choice as to whether it should be wheat or

coarse grain, but the thing that perturbs me is: suppose there were only 200 or 300 acres of wheat in that township, would the acreage of wheat be taken rather than oats or barley?

Right Hon. Mr. GARDINER: Well, the whole question would be considered by the people who lived there and the board of review, and the board would make some recommendations to us about it. I venture to say in most cases it would not make much difference.

Mr. CHARLTON: In some districts farmers do not grow wheat, so the acreage would be very small.

Right Hon. Mr. GARDINER: Sometimes people say things that do not turn out to be correct. I had my doubts when people said they only grew oats and barley. I would not like to leave the impression it was the farmers who said that. It was the people who were making representations to us.

Mr. ROSS: The minister mentioned Dan McEwen was the chairman of the board. Could he give us the names of the others?

Right Hon. Mr. GARDINER: Mr. Holmes of Saskatoon is the second member, and Mr. Matte is the third member.

Mr. BRYCE: There is just one board for the three provinces?

Right Hon. Mr. GARDINER: Yes.

Mr. FAIR: Am I right in assuming that land taken over from the municipality for non-payment of taxes does not come under P.F.A.A. until it is resold by the municipality?

Right Hon. Mr. GARDINER: Not under this amendment as it is now; the amendment only refers to land which had not been taken over either as a homestead or purchased from the government prior to 1939.

Mr. FAIR: It does not affect the general status of the municipalities?

Right Hon. Mr. GARDINER: No.

Mr. FAIR: Perhaps we could remove some of that flood water and distribute it over your country and mine and we would all be much better off.

Mr. HARKNESS: It seems to me on the basis of the evidence given by Mr. Nollet the other day that approximately one million acres of land would perhaps have been removed from the benefits of P.F.A.A. under the original bill; but it is now covered by these provisions with the exception of something like 100,000 acres. Is that what the situation is?

Right Hon. Mr. GARDINER: Well, there is some question about that. Our information, which does not differ materially from the information Mr. Nollet presented here, is pretty well set out in the report that was made by their boards in Saskatchewan. As he indicated, they have classified the land in terms of wheat production as follows: land class No. 1, submarginal for wheat production, 350 bushels of marketable wheat per quarter section per year, or less. This class includes most of the non-arable land.

Land class 2: marginal for wheat production from 351 to 475 bushels of marketable wheat per quarter section per year.

Those are classes 1 and 2. The first class is submarginal, the other is marginal. In terms of our Act none of them can be collected on. The province has already declared it to be marginal. I did not realize that before I got their classification.

Mr. HARKNESS: That land has not been eligible up to the present time.

Rt. Hon. Mr. GARDINER: No; it is not termed to be and it would not be under this Act.

Then they have what they call super-marginal, above marginal—land class 3. They say there are 1,151,552 acres in that class. There is a fourth class, super-marginal, with 351,797 acres; class 5, super-marginal, has 56,300 acres.

When you are going over it you will notice that 55 per cent or 57 per cent of the land referred to is in the sub-marginal class or marginal and the other part of it, 44 per cent, is in those other classifications. They do go on through and say what they have done with it and what they think should be done with it. When they are through dealing with it, it does not appear to be very much different from what we are trying to do under this bill.

I discussed the matter with Mr. Nollet after our meeting the other day, and, as has already been suggested by the member for Acadia, there was one provision added to this after we discussed it with Alberta which improved the position from Alberta's point of view. It is:

Lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under the Prairie Farm Rehabilitation Act.

As I said, after the discussion here we discussed the matter further and I told him that in my opinion we can do everything we think ought to be done under that section. He agreed that it was possible. I said that my recommendation to the committee was that we should adopt this amendment as it is, and that we should apply it for at least one year and get some experience on it. If it is found necessary to change it in order to meet conditions of hardship created by anything we have done, then we can consider it at another session. Mr. Nollet took no exception to that. I would not like to say that he said it would be all right, but he took no exception to it.

Mr. HARKNESS: What I was getting at was this clause 1 when passed is going to affect a relatively small amount of land in Saskatchewan; probably less than 100,000 acres which could be paid benefits under the P.F.A.A.

Right Hon. Mr. GARDINER: It could affect some millions of acres. If any government, not the present government but any government could bring in land which had been condemned by three or four tribunals before getting back under cultivation, the land could be brought in and we would be paying on it year by year if this amendment were not here. I think when you get it down to those terms there would be a half a million acres of land which might come in. We say here that if we sit down with their government and say certain lands taken out of cultivation are put in pasture and other lands that now belong to the government were to be put under cultivation then that land draws benefit under this Act. We do not think there will be any great hardship and we think there are only a few thousand acres of land if you count it all in that will be eliminated by this Act.

Mr. HARKNESS: My point is that this enactment in the future will prevent lands being put under P.F.A.A. which otherwise might be put in, but it will not take out very much that is included at the present time?

Right Hon. Mr. GARDINER: No.

Mr. HARKNESS: What is the situation or have you figures on land which is eligible for P.F.A.A. in Alberta and which will not be eligible when this is passed?

Right Hon. Mr. GARDINER: According to what the officials say, and as Mr. Quelch said a few minutes ago, there is not anything to be put out that they do not think ought to be out. There might be an individual quarter section or half section where there is some argument, but the general impression is that we are doing what they want to do.

Mr. HARKNESS: Special areas are looked after but I was wondering how much other land is eligible or ineligible for P.F.A.A.—take the area between

Medicine Hat and Vulcan. After you get a certain distance east of Vulcan you get into a pretty dry area and it gets drier and drier farther east. Is not that land which will be taken out?

Right Hon. Mr. GARDINER: As Mr. Quelch will agree I raised that question myself partly because of what has been said in the House. I said at the start that we would take care of any special areas—which brings us down to Medicine Hat—and there is no question about it. The question was then asked: "What about the area below that?" The impression I get is there are some of these lands that can come in under this now that we do not think should come in.

Mr. ARGUE: Because they are submarginal lands?

Right Hon. Mr. GARDINER: We do not say so just because they are submarginal—that takes you much too far. We know there are a lot of lands now under this Act which are submarginal. Nobody has yet declared them to be submarginal and that must be done by the province; it is not done so they are still under the Act. We are not, therefore, saying that all submarginal land is kept out. First a Conservative government in the days when railway grants were being made decided that some land was not fit to be given as railway grants; a Liberal government further along put out homestead lands but said that certain land was not fit to homestead and that people could not live on it; and even some of the lands that were permitted to go out were looked at by people who did not take them. Those people declared they were not fit for living on. Then, there was the Hope Commission appointed in 1912 which divided up the land and said what was fit and what was not fit. After all that these lands should not be allowed to come in under cultivation for the first time, under this Act.

Mr. ARGUE: May I go back to what the minister says in respect of Saskatchewan. Are you going to accept as a general rule that the classification of land for cultivation of leases by the province of Saskatchewan as such, as a general rule can have P.F.A.A. paid on it in a crop failure year? I mean with the exception of a parcel here and there that perhaps the Saskatchewan Utilization Board has made a wrong analysis on?

Right Hon. Mr. GARDINER: I am not in a position to answer the question one way or another except to say that after discussing it with Mr. Nollet the other day we pretty well concluded that the best thing to do was to go ahead with this Act as it is now suggested; and apply it to just what you are asking about, and see what the situation is. He argues that there would not be a great deal of effect. I would not say, because I do not know. If his argument is correct and this land is handled in such a way that it is not going to be affected by the bill, then there is not going to be any difficulty. If need be we will have a talk about it at the next session.

Mr. ARGUE: Despite the fact that there is absolutely no question in the mind of the Minister of Agriculture, and the people who are enforcing this Act, or in the minds of the Department of Agriculture in Saskatchewan, nevertheless, there are provincial leases that will not come under the terms of this amendment?

Right Hon. Mr. GARDINER: I would judge there are some that we would not have brought in—

Mr. ARGUE: That is the whole point, and after that is established, then the basis of whether a given parcel of land can be eligible for P.F.A.A. is not going to be judged on whether that land is suitable for cultivation purposes or not. It is going to be judged on whether it is school land, soldier settlement land, farms, or something else, and I would like to ask this further question. If there are a couple of hundred thousand acres of land in the northeast part of Saskatchewan opened for settlement and everyone agrees that it is highly productive land, will the farmers who obtain that land be eligible for P.F.A.A. irrespective of

whether they come into any of these five categories? Will that land, being taken as good productive land, come under this?

Right Hon. Mr. GARDINER: I may as well be quite candid and say that under the terms of this as it is now it will not come under the P.F.A.A. P.F.A.A. is intended to take care of people who were put on land that they should not have been put on. That is our reason for being in this at all and it is our reason for paying the two-thirds or three-quarters of the cost out of the Treasury of Canada. We say that these people, with our consent and with our help, were put on land which they should never have been put on. If somebody else comes along, with this Act on our statute books, and says that there is the kind of land that people ought to be put on, and on which they can make a living, why then should this Act apply? We have been over this with the provincial government so many times, because they want us to pay the cost of bringing the land under cultivation. That is their request to us. I can guarantee that if we are not paying the cost of bringing that land under cultivation, it should not come under this Act. I can guarantee, if I am there when it is settled, we are not going to pay the cost or one-half or one-third of the cost of putting that land under cultivation and then bring it under this Act. We are going to make sure before we bring it under cultivation that it will never need to be brought under this Act.

Mr. ARGUE: If it is brought under cultivation but won't be brought under this Act then those lands will not pay the 1 per cent?

Right Hon. Mr. GARDINER: Yes, they will.

Mr. ARGUE: I think it is unfair to exclude good farm lands from benefits of the Act and still force them to pay under the Act. I do not think when a large area has to pay 1 per cent of the total crop, year in and year out for the next thirty or forty years, that the people should be denied the benefit of this legislation. With the minister's further statement I do not think that the situation is improved at all since he brought in this amendment. Certainly there is going to be good farm land excluded from the benefits of the Act and many of these farmers are farmers who purchased the lands since June 1939—purchased it in good faith; and now the Act is being made retroactive and they are being removed from the benefits of it. I would like to ask the minister if there have been any studies done by the Department of Agriculture or the Board of Review and if so what is the estimate of the amount of submarginal Crown land in Saskatchewan now under cultivation lease? I mean land which is unfit for cultivation; land unfit for wheat growing?

Right Hon. Mr. GARDINER: You might better ask how much is under this Act that is submarginal?

Mr. ARGUE: Well, there have been surveys made by the department and I do not think it is difficult to obtain figures. The Saskatchewan Assessment Commission has assessed it and gone over every quarter section of land in Saskatchewan and has made classifications according to the list that the minister read sometime ago. There were other land classifications set up by Dr. Hope back in the 1930's sometime, and, although the minister may not have the figures here, I think they could be obtained very easily.

I do not think it is right to pay P.F.A.A. on land sold by the C.P.R. to certain individuals, if you are going to pay on government land? Why discriminate on leased land either in Saskatchewan, or in Alberta, or in any other place. Let us discriminate on whether the land is fit for cultivation or grain growing purposes?

Right Hon. Mr. GARDINER: As was indicated the regulations are here set out and I read some of them a few minutes ago. I have given him the acreages affected. I think anyone who would go through them carefully would agree that they are pretty well submarginal. If we take those classifications as being

provincial government classifications they are out of this act. It definitely says where any province classifies land as submarginal that land does not collect. I was not aware that there were such clear classifications as they have here in their own publication. It would be expected I think that those lands would be eliminated by the inspectors. You do not need in the meantime to eliminate them but I would not be able to give figures as to how many will be left after that is done—in order to say that this bill eliminates them. There were either thirty-four or thirty-six leases in one township in the southwestern part of Saskatchewan put out under lease recently for cultivation. It was to stop that that we took the matter up in the first place. Mr. Nollet questioned me in front of his own officials and, when they went back they found out I was right.

Mr. ARGUE: Have you the legal description of the township?

Right Hon. Mr. GARDINER: Yes I have, somewhere, but I think it is not necessary to get into that discussion. The terms of the Act will apply. We found those leases had been put out and we checked as to why.

Mr. ARGUE: Mr. Nollet made the statement here the other day, and the man with him verified it, that not a single lease of the Saskatchewan Department of Agriculture for cultivation purposes has been made on this submarginal land, according to their classification. I did not hear the minister that day or today quarrel with their classifications so if a certain number of farms were made eligible for P.F.A.A. because leases were made on that land, the reason that they were not made sometime ago was because it was good arable land.

Right Hon. Mr. GARDINER: My honourable friend asked me a question in the house the other day which is covered by this. He asked me if I would not agree that the Sceptre type of land is good land.

Mr. ARGUE: You did not quite answer?

Right Hon. Mr. GARDINER: I can answer you now from their own records. There are 1,300,000 acres in class 1; 642,000 acres in class 2; 1,151,000 acres in super-marginal, and 351,000 in the second class of super-marginal. That only leaves 56,300 acres of sceptre clay. I would say that if that sceptre clay is scattered thinly over the area it would be land that you could probably throw open for cultivation successfully, but if it is scattered through the area and if it is in land where all the rest of it should be in pasture, I would not say it would be possible.

Mr. ARGUE: Of course it is not scattered through the area, it is a very large block.

Right Hon. Mr. GARDINER: It cannot be a very large block, because it is only 56,000 acres. The map is here and you can look at the spots on it.

Mr. ARGUE: Here is a soil map of the southwestern part of Saskatchewan, and it shows the sceptre heavy clay areas.

The CHAIRMAN: What is that?

Mr. ARGUE: It is a soil map of Saskatchewan, Canada, Reconnaissance Survey (revised), Map No. 1, Soil Survey Report No. 12, issued under Dr. J. Mitchell, University of Saskatchewan, H. C. Moss, and J. S. Clayton, Dominion Department of Agriculture, Experimental Farm Services. It was issued in June, 1944, so it is fairly up to date. You have Isham, Tyner, and Lacadena where there is a block and there are other blocks around Gravelbourg. The point is that that is in some of the best wheat-growing land in Saskatchewan.

The CHAIRMAN: That is the southwest corner of the province?

Mr. ARGUE: Yes, where almost all the sceptre heavy clay is located, because it is only in the brown soil zone, and that zone is all in the southern and western part of Saskatchewan. According to this amendment the sceptre heavy clay areas would be removed from the Act just the same as sandy soil.

Right Hon. Mr. GARDINER: All that land on the map was homesteaded before 1939 and is not dealt with in this Act at all.

Mr. ARGUE: Any part leased by the Saskatchewan government which is sceptre heavy clay which is in the best farming land, is not eligible for payment if it does not come into one of these five categories.

Right Hon. Mr. GARDINER: Oh yes, the only land that this puts out is land which was not homesteaded or disposed of to the railways or land companies before 1939. All that land you are talking about was disposed of.

Mr. ARGUE: I know personally some of it was not disposed of.

Right Hon. Mr. GARDINER: If it was not disposed of the public thought it was not fit for homesteading. Just because land is not of a certain type does not mean that it will never be taken up. It may be full of gullies and all kinds of things, but the suggestion is made we are throwing all that land out. We are not doing anything of the kind and we do not say the sceptre clay area is out.

Mr. ARGUE: Or sand piles, either?

Right Hon. Mr. GARDINER: No, we say lands that nobody would take up prior to 1939 is out.

Mr. ARGUE: Good land or poor land?

Right Hon. Mr. GARDINER: It is not good land there or you or I would have taken it up. I have been trying to pick up land in the west for years.

Mr. ARGUE: The Minister of Agriculture from Saskatchewan made the statement it was good land. He said all Saskatchewan leased land was land which in his opinion, and the opinion of his department officials, was suitable for grain growing. I did not hear the right hon. Minister of Agriculture quarrel with him on that statement, but nevertheless this amendment does take out some of this land. All I am saying is that the plan followed by the Saskatchewan Department of Agriculture has already taken out all the leased land that is submarginal, and all poor land, and the only way I can support an amendment like this is if it had something to do with submarginal land instead of being retroactive and discriminating against people who purchased land some years ago.

The CHAIRMAN: We have Mr Diefenbaker here now.

Mr. DIEFENBAKER: I would like to direct the minister's attention to a letter he received, a copy of which I received, from the Rural Municipality of Arm River. I wrote the various municipalities in my constituency to find their attitude to this amendment and Mr. Ketcheson, the secretary-treasurer, wrote to the Minister of Agriculture in regard to the matter. He said:

The proposed amendments to the Prairie Farm Assistance Act have come to my attention, and particularly the section of the amendment which will have the effect of excluding from the operation of the Act, all lands farmed under lease from the Crown, federal, provincial, or from municipalities, with the exception of those lands operated by veterans receiving assistance under Soldier Settlement or the Veterans' Land Act.

While I believe the amendment has merit in respect to submarginal lands that are classified as such, owned by the Crown and are being permitted to be cultivated, I do not believe that it is the intention of the amendment to apply to all Crown lands, or this type of legislation would certainly be discriminatory.

I have in mind particularly land that was acquired by the old Sask. Farm Loan Board by foreclosure of mortgage, and which has since been transferred to the Crown in the right of the province of Saskatchewan, and which lands are being, and have been under lease to tenants for many years. A particular instance of this nature is just one mile south of the town of Davidson, in this municipality (W $\frac{1}{2}$ & Pt. E $\frac{1}{2}$ 22-26-29-W2nd M.) This farm contains 422 acres and has been under cultivation for more than forty years, and the present tenant has operated it for the last four-

teen years. If Section 1 of Bill 209 is passed by the House of Commons, the occupant of this land will be deprived of any award under P.F.A., simply because he is unfortunate enough to be a tenant of the Crown and for no other reason. At the same time the 1 per cent P.F.A. levy will be deducted from all sales of grain from his farm and he has no opportunity to reap any benefit from his contributions.

As stated above, I believe that the proposed amendment has merit in some cases, but I believe that a grave injustice is going to be done to cases similar to that cited above. I believe that some exception should be made of lands that are not submarginal in nature and which have been under cultivation for a number of years.

I would be very pleased to have your comments on the above.

Right Hon. Mr. GARDINER: That particular farm is not eliminated by the new amendment because you say he had title to that land years ago.

Mr. DIFENBAKER: The Crown has title.

Right Hon. Mr. GARDINER: That is not what the bill says now.

Mr. DIFENBAKER: That is what I meant to ask; has the amendment you submitted the other day removed the objection that the municipality has in this regard?

Right Hon. Mr. GARDINER: Yes.

Mr. DIFENBAKER: Now, there is one other matter to which I would like to direct your attention, and it is in connection with the wording of this amendment. I think it is rather loosely worded. Would it not be possible to phrase it so there is no necessary repetition. It now states:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to—

Would it not be more effective and less involved to simply say this: "For the purpose of this section," and then continue line 1, "lands not sold or granted, or not agreed to be sold or granted." It seems unnecessary repetition?

Right Hon. Mr. GARDINER: They are two different things.

Mr. DIFENBAKER: I suggest simply striking out "with respect to lands" in the first line, then start the sentence in the fourth line "for the purpose of this section—lands not sold or granted or not agreed to be granted by His Majesty prior to 1939 shall not be included."

Mr. ARGUE: That would mean that these lands would not be included in any Act, in any respect—

Mr. DIFENBAKER: Except—

Mr. ARGUE: Yes, except the exceptions. I would support that change. Lands deprived of prairie farm assistance would not have deducted from grain grown on it the 1 per cent?

Mr. DIFENBAKER: Yes.

Mr. ARGUE: Your amendment would say that lands that could not obtain bonus would not have to contribute?

Mr. DIFENBAKER: It is most unfair if you are going to take these lands and subject them to payment of P.F.A.A. and then deny any prairie farm assistance bonus. Surely it cannot be fair to say that these areas are removed and that they can never qualify for payment of the bonus. If you cannot qualify for payment of the bonus why should they be subject for payment of

the levy. I think it is an unfair proposition. Surely we should not impose a type of tax, if I may call it that, on an individual whose land is in an area which will be denied the payment of bonus?

Mr. DARROCH: I wonder how you honourable gentlemen would justify me paying my share of the two-thirds coming out of the dominion treasury. In Ontario we cannot collect any of it but we are paying our share of the two-thirds which comes out of the dominion treasury. Why should your farmers in Saskatchewan, who will undoubtedly benefit more, not pay?

Mr. DIEFENBAKER: They do not benefit more.

Mr. DARROCH: Yes, if one benefits the whole province benefits.

Mr. ARGUE: He is contributing anyway, even if he does not pay.

Mr. DIEFENBAKER: I see no objection to paying the prairie farm assistance levy if they are on good farm land but the individual farmer who can never benefit should not have a direct levy made on him. I am sure that the minister will agree with that?

Right Hon. Mr. GARDINER: No, I will not.

Mr. DIEFENBAKER: Then this is just another means whereby a tax or a levy will be made upon people who can never hope to receive anything out of it.

The CHAIRMAN: I think a motion to adjourn will be in order.

The committee adjourned.

SESSION 1950

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Bill No. 209—An Act to Amend the Prairie Farm Assistance
Act, 1939

MONDAY, JUNE 5, 1950

STATEMENT BY

Right Honourable J. G. Gardiner, Minister of Agriculture

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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1950

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MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

Monday, June 5, 1950

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock a.m. The Chairman, Mr. A. J. Bater, presided.

Members present: Messrs. Argue, Bater, Bennett, Catherwood, Cavers, Charlton, Corry, Decore, Diefenbaker, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kirk (*Antigonish-Guysborough*), Kirk (*Digby-Yarmouth*), Laing, MacKenzie, McCubbin, Quelch, Studer, Wood, Wright, Wylie.

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; Mr. G. J. Matte, Associate Director, Prairie Farm Rehabilitation and Mr. R. E. Motherwell, Private Secretary to the Minister.

The Committee resumed clause by clause consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Mr. Gardiner was again questioned in relation to the Bill and his suggested amendment thereto.

On Clause 1.

Mr. Hetland moved,

That the said Clause be amended by striking out paragraph (c) contained therein and substituting therefor the following:

- (c) with respect to lands not sold or granted, or not agreed to be sold or granted by His Majesty prior to the thirty-first day of December, nineteen hundred and forty, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to
- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
 - (ii) lands in a Special Area in Alberta as constituted by or under The Special Areas Act, 1939, of Alberta.
 - (iii) lands approved by the Board and held by a co-operative farm association,
 - (iv) school lands, or
 - (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

And a debate arising and continuing thereon;

At 12.50 o'clock p.m., the Committee adjourned to meet again at 4.00 o'clock p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 o'clock p.m. The Chairman, Mr. A. J. Bater, presided.

Members present: Messrs. Anderson, Argue, Bater, Bennett, Catherwood, Cavers, Charlton, Coyle, Decore, Diefenbaker, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jones, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Quelch, Ross (*Souris*), Studer, Wood, Wright, Wylie.

In attendance: The same as are listed at the morning sitting.

The Committee resumed clause by clause consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Mr. Gardiner answered further questions on the various clauses under study.

On the proposed amendment of Mr. Hetland to Clause 1.

After further debate thereon;

Mr. Diefenbaker moved in amendment to the said proposed amendment,

- (i) That all the words after (c) in the first line of the said proposed amendment up to and including the word "and", in the fourth line thereof be deleted, and
- (ii) That the words "such lands", in line 5, be deleted and the following substituted therefor: "lands not sold or granted or not agreed to be sold or granted by His Majesty prior to the thirty-first day of December, nineteen hundred and forty,"

After some debate thereon, and with the permission of the Committee, the said proposed sub-amendment was withdrawn by Mr. Diefenbaker.

Mr. Argue then moved in amendment to the said proposed amendment of Mr. Hetland,

That the words "thirty-first day of December, nineteen hundred and forty", contained in the third and fourth line of the said proposed amendment, be replaced by the following: "first day of June, nineteen hundred and fifty."

After some debate the question having been put on the proposed sub-amendment of Mr. Argue it was resolved in the negative on the following recorded division:

Yeas,—Messrs. Argue, Catherwood, Charlton, Diefenbaker, Jones, Ross (*Souris*), Wright—7.

Nays,—Messrs. Anderson, Cavers, Decore, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Quelch, Studer, Wood, Wylie—21.

The proposed amendment of Mr. Hetland was agreed to.

Clause 1, as amended, was agreed to.

Clause 2, was agreed to.

On Clause 3.

Mr. Diefenbaker moved that the said Clause be amended by adding thereto a new sub-clause as follows:

"(2) Subsection one of section thirteen of the said Act is amended by adding after the word "elevators", in the ninth line, the following: "excepting in respect of grain grown in the areas defined in para. (c) (iii) of subsection three of section three".

And a debate arising thereon and the question having been put on the said proposed amendment of Mr. Diefenbaker, it was resolved in the negative on the following recorded division:

Yeas,—Messrs. Argue, Catherwood, Charlton, Coyle, Diefenbaker, Fair, Harkness, Jones, Quelch, Ross (*Souris*), Wright, Wylie—12.

Nays,—Messrs. Anderson, Bennett, Cavers, Decore, Dumas, George, Gour (*Russell*), Hetland, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Studer, Wood—18.

The said Clause was agreed to.

Clause 4, the Preamble and the Title of the Bill were severally agreed to and the Bill ordered to be reported to the House with an amendment.

The Chairman announced that the Report of the Canadian Wheat Board for the Crop Year 1948-49, tabled in the House on Tuesday, February 21, 1950, had now been referred to the Committee for consideration.

It was agreed that the Committee proceed with the latter matter at the earliest possible date. At 5.15 o'clock p.m. the Committee adjourned to the call of the Chair.

ANTOINE CHASSÉ,
A/Clerk of the Committee.

REPORT TO THE HOUSE

June 5, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

Pursuant to the Order of Reference of 19th May, 1950, your Committee has considered the following bill and has agreed to report same with an amendment.

Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

EVIDENCE

HOUSE OF COMMONS,
MONDAY, June 5, 1950

The Standing Committee on Agriculture and Colonization met this day at 11.30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Now, will you kindly come to order, gentlemen. It was rather too bad—I possibly should not say unfortunate—that we clashed with the ceremony in front of the buildings this morning. When I asked that the notices be sent out for this meeting I was not aware that that ceremony was set for 10.30. However, I know I am voicing the sentiments of the entire committee when I say that I am sure we were greatly privileged to have witnessed such a ceremony as we did this morning.

Today we are resuming consideration of Bill 209, an amendment to the Prairie Farm Assistance Act. We are on clause 1, subsection 2.

Mr. DIEFENBAKER: Mr. Chairman, I was speaking on this section at the time of adjustment, and some question arose as to what the nature of my amendment would be. I wish to move at this time that the words "with respect to lands" down to the fourth line, to the word "and", be deleted.

Right Hon. Mr. GARDINER: This has not been moved yet. I think it is just a matter of discussion. Tell us what you think. Then we will discuss the subject. I read the amendment as we might want to move it; but I think we should discuss it first.

Mr. DIEFENBAKER: I will point out what the motion will be—

The CHAIRMAN: Where did you start?

Mr. DIEFENBAKER: I started from line 1—delete lines 1, 2, 3 and 4 to the word "and" and delete the words "such lands" in line 5, and add, in place of "such lands" these words "land not sold or granted or not agreed to be sold or granted by His Majesty prior to the third day of June, 1939." Those are the words that now appear in the first three or four lines. The section would then read, "For the purposes of this section lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, 1939," and so forth, "shall not be included".

My purpose in making this motion is, first, to remove any doubt as to the meaning of this section as at present drafted and, secondly, it will have the result, as I understand it, of not having the one per cent levy made upon any farmers who live in the areas that are to be denied prairie farm assistance. In other words, I will expand what I have in mind. This is not in the nature of a general tax—this one per cent levy that is made on wheat marketing. It is, in effect, a levy made directly upon an individual farmer. On every shipment he brings in there is a one per cent levy made and deducted for the purpose of the fund from which these payments are made.

Now, if it is fair that these areas that are unproductive shall not be included as entitled to payment of the Prairie Farm Assistance Act bonus, then my contention is that the people farming their farms do so at their own risk. They know they are not going to get the Prairie Farm Assistance Act bonus but they should not have levied against them in those areas the one per cent levy that is made. In effect what you do is you say, "You are not going to get any bonus if you farm this area. We are going to remove you from participation in the fund."

If they are removed from the people who participate in the fund, then I submit in fairness, Mr. Chairman, that they should not be liable to the payment to that fund from which they shall never be entitled to any payment.

This amendment is not in any sense a criticism of the administration. I will say this, and I say it through you Mr. Chairman, and I have not spoken previously on this matter. From time to time I bring to the attention of the Minister of Agriculture cases where I consider people have been denied payment of the bonus unfairly, and fairness demands that I state that the correspondence that I direct to his attention receives attention. One does not very often give credit where credit is due in politics, but I want to say that when I bring these matters to his attention they certainly are brought to the attention of the board of review and in a number of cases changes have been made.

In my own constituency—and this is one of those which is terrifically hit by drought—in my own constituency this year the situation is dark. Last year the situation was overwhelming in the southeast corner. There are areas there which were completely wiped out, to all intents and purposes.

Now, if the Act is to operate for the great majority, surely there is no fairness in a system that will penalize the individual or demand a contribution from him of one per cent if he chooses to farm in this area, but still denies him any participation if he loses out. It is not a good system. The argument might be raised that it applies to companies and so who farm, but they are in a different position. These are individual farmers. They are in areas where it is not expected they will receive much crop. They are going to be denied payment of these benefits. Surely they should not be subject to any detriment. It is in that spirit that I move this amendment. I know there are members from all parts of Saskatchewan who are affected: the member from Qu'Appelle, the member from Swift Current, the member from Humboldt—not to the same extent, because his area is very seldom affected—and the member from Maple Creek, who is in an area that he has spoken of on so many occasions. He is in an area part of which is subject to continuing drought.

Now, if these areas are going to be taken out of the Act, why should the individual who lives in the area for which he receives no return be penalized for living there and be asked to contribute one per cent to the fund from which he will never be entitled to any payment?

Right Hon. Mr. GARDINER: Mr. Chairman, I think I understand what the member for Lake Centre has in his mind, but I do not think his amendment would bring that about. In the first place, I do not think it should be brought about. If it is the intention to bring that about, then I do not think the amendment as proposed would bring it about. We are amending or proposing to amend subsection (iii) of section 3 of the Act, and subsection (iii) says: "no award under this section shall be made", and then I think you would have to have the words "with respect" and whatever you are going to say there. But if you start in "and no award under this section shall be made and for the purposes of this section lands not sold or granted or not agreed to be sold or granted by His Majesty" and so on, "shall not be included in computing the cultivated land of a farmer"—that "computing the cultivated land" only has effect when you are deciding whether a township is going to be in the area, and all this says now is that with respect to the lands, if they are cultivated, if the lands are not sold prior to the date as it is in here, the date of the Prairie Farm Assistance Act, then, in spite of the fact that they have been brought in since, have been cultivated since, they are not to be included when you are computing what the wheat yield is in that township. That is all it says now. You see, as I originally read our proposal, I thought I would have proposed to the committee before we concluded as an amendment to the Act: "with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty

prior to the third day of June, 1939." Now, what that says is "no award under this section shall be made with respect to the lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, 1939." Then we go on to say: "and for the purposes of this Act if they have been cultivated" and there is grain on them, you pay no attention to that when you are considering what the yield is in that township. In other words, it is left out entirely in paying under this Act from that time on.

Now, with regard to the other question, as to whether you should leave out people who are not going to be able to collect, well there are people all over the Dominion of Canada who are not going to be able to collect who are paying in.

Mr. DIEFENBAKER: They do not pay the one per cent.

Mr. WYLIE: The irrigation people do.

Right Hon. Mr. GARDINER: But there are people all over the area itself who are eliminated from the payment under this Act but who pay the one per cent. The people on the irrigated land pay the one per cent, too, but they do not collect. All people who are in areas where this Act never does come into effect pay too, but they do not collect and they do not expect ever to collect, and to eliminate this small group—well, I cannot see how it would have any effect on them anyway, because they were not under the Act at all, but they are a small group who come in illegally, as we think, under this Act or come in against the best interests of the area and they grow wheat anyway and they take it to an elevator and when they take it to an elevator one per cent is charged on it. That is the thing which Mr. Diefenbaker wanted to eliminate, and I would say I would think they are the least eligible to be allowed to not pay the one per cent—that is, people who come in and try to get under the Act in spite of the fact that the conditions are not such in the area that land could be cultivated to advantage—to say to these people, "Well, you are the one group in that section of Canada that is not going to be taxed." I do not think it would improve the Act.

While I am on my feet, I would just like to point out I have a wire from the Minister of Municipal Affairs in Alberta which says that as we have the Act worded we are leaving out one small special area which has six townships in it. It was not our intention to do so. When this date was put into the proposed amendment I was intending that it would take them all in, but I am told now by the Alberta government it does not take them in. I do not know how many members of the committee have the proposed amendment before you, but if you were to take "lands in special areas," that is, item 2 in the amendment—"land in a special area in Alberta as constituted" there, and strike out "on the third day of June," and then leave it "as constituted by or under the Special Areas Act, 1939, Alberta," that will take care of this small district which has been brought in at a later date.

Then I had intended to suggest to the committee, if it meets with your approval, that in the main subsection, instead of saying "by His Majesty prior to the third day of June, 1939", which is the day the Act came into effect, that we put in the "31st day of December, 1940." That brings us down to the end of the first year the Act was in operation. It does not affect the matter very much, but it does cover this district that we are bringing in in Alberta, and I think maybe it would be fairer to everyone. It has given them an opportunity to see for one year what the position is under the Act and up until that time there would be no inducement for people who have got in because of the working of the Act, as it was not very well understood or known by that time, and so I am prepared to accept the suggestion that the date be "December 31, 1940," instead of the date the Act came into effect. That is probably an easier date for the people because it is the end of the calendar year, and it is probably an easier date than the summer to consider.

The CHAIRMAN: Are there any other speakers? If not, will someone please move an amendment?

Mr. HETLAND: Mr. Chairman, I would like to move an amendment.

Mr. DIEFENBAKER: Mr. Chairman, will my amendment not come first? I moved an amendment and I think it should come first, and then any subsequent amendments could come in.

The CHAIRMAN: I think your amendment will come in on clause C, Mr. Diefenbaker.

Right Hon. Mr. GARDINER: Just a moment; there is a little more here.

Mr. WRIGHT: Is Mr. Hetland moving an original amendment that clause C be amended? Is he moving an original amendment or is he moving an amendment to an amendment?

The CHAIRMAN: Mr. Hetland's motion will come first, and then Mr. Diefenbaker's will follow it.

Mr. JUTRAS: It is an amendment to an amendment?

The CHAIRMAN: Yes.

Mr. LAING: Is he moving an amendment to an amendment, or the amendment suggested by the Right Hon. the Minister?

Right Hon. Mr. GARDINER: I think Mr. Hetland wants to move the amendment which I have just suggested.

Mr. CHARLTON: Could we have it in a little more direct form?

Right Hon. Mr. GARDINER: You have the form in front of you and you can follow it with me.

The CHAIRMAN: The minister just read it out as he is amending it.

Mr. WRIGHT: I still do not understand, because I do not think this amendment is before the committee.

Right Hon. Mr. GARDINER: Well, Mr. Hetland will move it.

Mr. WRIGHT: He will move an amendment to the amendment.

Right Hon. Mr. GARDINER: No. This draft amendment is not before the committee at all except that I read it. I am not a member of the committee. I just read it as a suggestion before the committee, and I suggest from what you have before you, "prior to the third day of June 1939", that you strike out "the third day of June 1939" and substitute "the thirty-first day of December 1940"; and then down in subsection 2 strike out the words "on the said third day of June", so that it will then read:

(ii) lands in a Special Area in Alberta as constituted by or under The Special Areas Act, 1939, of Alberta,

These matters that we have been discussing are all brought in under the orders in council passed under that Act, so the words "by or under" will cover what was done under the Act and in the few months following.

Mr. HETLAND: Mr. Chairman, I move that clause I be amended by deleting subsection (c) contained therein and substituting therefore the following:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the thirty-first day of December, nineteen hundred and forty, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

(i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,

(ii) lands in a Special Area in Alberta as constituted by or under The Special Areas Act, 1939, of Alberta,

- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

The CHAIRMAN: Gentlemen, you have heard Mr. Hetland's motion. All those in favour?

Mr. CHARLTON: Just a moment, Mr. Chairman. The other day I think the minister made the statement that he had no authority to declare that lands were sub-marginal, and that it was a provincial right.

Right Hon. Mr. GARDINER: That is correct.

Mr. CHARLTON: But under this proposed amendment to the original Bill 209 I see no reason to think that the situation has changed from what it was originally because under subsection C (v) I read "lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under the Prairie Farm Rehabilitation Act". Any agreement can be made with a province, as I understand it, and any lands can be taken in and any lands can be taken out.

Right Hon. Mr. GARDINER: Provided the amendment is made.

Mr. CHARLTON: So, what change is there from the original Act?

Right Hon. Mr. GARDINER: The change from the original Act is as follows: the original Act as it reads now mentions lands which have not been homesteaded or which have not been sold by the government "prior to the thirty-first day of December nineteen hundred and forty" so that these lands could not be brought under this Act by bringing them under cultivation. This was so of any lands which were not disposed of. The words used are "lands not sold or granted or not agreed to be sold or granted as of that date cannot be brought under this Act."

And that bears out what I mentioned on the 1st day we discussed this matter, that lands were thrown open or at least the odd sections were maintained prior to ninety-four to be granted as lands to railways. I think the last grants of that kind were made then. When the new government came in they started another program and asked the railways to name the lands that were to be selected from the grants. They had so many thousands of acres and they said: "Pick your lands before a certain date." The railways did select those lands, as I understand it, with very few exceptions prior to 1908. And I should say that all the time prior to that date there was the right to homestead on the even sections, but the odd sections were opened for railway grants. They were asked to select their land as of 1908. They did and then the government declared a policy of free homesteading and a policy sale of pre-exemptions, and individuals could buy any of the even or odd sections, after that time designated by the government as being thrown open for homesteading or purchase. That went on from 1908 to 1930; and down to that time any individual could select those lands; any company could select them, and railway companies selected a lot of them. There were immigration or settlers' companies that got possession of land and brought in settlers, as a result of it, and they all sold lands. What we are saying is that all the lands bought in that way by some local method prior to that time are lands subject to payment under this Act. But we are saying that if after the lands were turned over to the provinces and offered by the provincial governments down to December 31, 1940, and if this land had not been taken up under either of the systems, it should not be admitted under this Act. The different governing bodies had determined that these lands were not very suitable for settlement and the public themselves had determined they were not—because

they did not accept them. They did not take them as homesteads for nothing and they did not buy them from the government nor were they taken over by the railway companies or settlement organizations or colonization organizations or individuals, none of them thought that they were worth buying for cultivation. So we are saying that anybody who brings his land in after 1940 has to bring it in then under conditions where they do not receive the benefits of this Act. That is all we do say; that this land was not fit for farming.

As I said the other day, the amount of land involved makes up an area which I think figures in size about 20 million acres. I mean that nobody took those lands up and nobody thought them worth taking up, and we say that we should not induce them to take that land up by giving them the benefits of the P.F.A.A.

Mr. CHARLTON: What you say is quite true, but I think if a man has been there ten years at least he should have some consideration. I do not think, and I doubt if any member of the committee thinks, that they should be brought under the P.F.A.A. As I see it, whatever action is taken will be dependent upon the provincial and federal governments. If the minister would give us assurance that he will not continue to pay P.F.A.A. to the farmers on what is certainly submarginal land and that they will be taken over by the P.F.R.A. to do something with, then I think that is the right idea.

Right Hon. Mr. GARDINER: Maybe you will be able to understand this thing better if you look at this map. This is the one I wanted the first day I was here but I could not locate it. These red sections are the ones we have just mentioned, these are the sections that have drawn their prairie farm assistance nine to ten years out of eleven. There were no such payments made in 1942. This red section here is practically all a ten year section. Then you have the blue sections, they are seven to eight year sections; then we have the yellow section which is five to six years, and the green sections which are three to four years. What I was going to illustrate to you the other day was that this is almost identically the area—extending up either side of the Alberta boundary—to which I referred the other day which the Commission decided back in 1912 was not suitable for cultivation and said that it should not be so used, that it was to be ranching land, and it was the intention that it should be used in that way. That was their position. Then they drew a line which went from north of Calgary across to Long Lake in Saskatchewan. They said that all the land below that was questionable over to the Soo line. Their findings were not very far wrong based on the information we have on this P.F.A.A. map. You are probably right in saying that that land is sub-marginal. If we were starting all over again from the beginning we would say people should not be settled on it under the plan followed. What we are saying today is that in the past federal governments made mistakes and allowed people to go on these lands. Now we are saying to them that we want to get them out or adjusted just as fast as we can. We got 1,400 families that is not very many—but we got 1,400 families out before the war, starting by giving them land elsewhere, up in these other districts west of Medicine Hat. This is the kind of agreement we make with the province the member is concerned about. Again, the only agreements we are making with the provinces are to get people off these red lands near the boundary of Alberta and get them up to some of the lands a little further west, where they are forming a new community. We decided we should get people out of these red areas and put them over on to this five to six year land, or better still if we could get them on some of this three to four year land. If we can move them over on to the green areas which were only paid three or four years out of ten it would be still better. People moved on to these better areas would still be able to collect prairie farm assistance. The red land under agreements we are making with the provinces

will be put into pasture, which can be used by those on the green and yellow areas. This would result in the red areas where payments were made for ten years being turned into pastures for the use of those on areas where payments were only necessary for three or four years out of ten. We may move them to irrigated lands west of Medicine Hat. If the provinces owned the land onto which they were moved by agreement they would still collect under this Act unless the land was irrigated. In some of these areas you may have only a dozen farmers and you may have to move the whole lot of them out, and that would have to be done by some kind of an agreement with the province.

Mr. CHARLTON: I wonder if that shows the land to which these people are being moved by the government of Saskatchewan? Could you indicate that to us?

Right Hon. Mr. GARDINER: I am not sure of the exact land. I do not think I have a list of it. There is one township—in the south west corner of Saskatchewan—where 34 were issued.

Mr. WRIGHT: It is unfortunate that that matter did not come up here the other day when we had Mr. Nollet before us representing the government of Saskatchewan. I recall that he referred to the fact that they were placing people on these lands in certain districts and I think we should have been told where those districts were. No doubt at the time he had all the data here to show where these men were being located and where these areas were that they were very anxious to keep people off. He stated here the other day there were 20,000 people now occupying those areas down there, people which the Saskatchewan government are just as anxious to get out of those areas as the dominion government is to have them out. They propose to move the largest number of those people up into the 200,000 acres which Mr. Nollet stated was being taken out of the forestry reserve in the northeastern part of Saskatchewan. That 200,000 acres is being taken up—and it is in my constituency—and there is no secret about it, but a lot of farmers' sons are anxious to get on that land when it comes out for farming purposes. Despite the fact the people in the north are anxious to settle on it those lands have been reserved for people who have been moved from the P.F.A.A. ten year payment claims; they are being brought up and put on that land which has never come under payment of P.F.A.A. This amendment proposed by Mr. Gardiner would make those men who were being moved out of P.F.A.A. nine and ten year lands in the south and being settled on better land in the north, pay their 1 per cent levy on the land, but they will never be able to draw P.F.A.A. payments on it. Now I should qualify that by saying that under clause 5 it would be possible where the provincial government reaches an agreement with the federal government with respect to moving these people off P.F.A.A. land into the north, that they still could qualify under the Act. As a matter of fact I think they should qualify under the Act. It is all right to say that we will take these areas out and not pay P.F.A.A. on them but there are people who have lived there thirty years or forty years, and you cannot withdraw that land tomorrow from P.F.A.A. and say that you are never going to make payments, unless you are going to provide in some other bill the means to take them somewhere else. P.F.A.A. was doing a good job before the war, but when the war came along the resettlement of these people stopped pretty nearly completely except for those who moved voluntarily.

In my opinion we have to co-ordinate the two Acts, the P.F.A.A. and the P.F.R.A., to take care of those people that we are taking out of the Act as amended. I am perfectly willing that these people should be taken or moved either into the irrigated areas or to the northeast part of the province on these newer lands which are being taken out of the forestry area. But you must remember that these people have been living and working for a generation under

dry farming conditions. You are moving them into the north, into the bush area where it costs \$30 to \$50 an acre to clear the brush and to provide the land with which to start their operations. It is not fair nor right that those people should be just sent up there. In the early days some came voluntarily and others were persuaded to come up and settle on the bush land without having any capital. It means, under those circumstances, that they spend ten years of their lives working with a grub, trying to grub some trees out until they get ten or fifteen acres clear. In this day and age where we have bulldozer equipment and so on, it is only right, in my opinion, that the government through grants, or loans, or the P.F.R.A., or grants and loans combined, should provide some assistance in getting the first forty or eighty acres cleared. To put them on the irrigated area the government is going to have to spend money irrigating the land; and I think that equally the government should spend money in co-operation with the province in moving these people off the lands in the south, either to the irrigated areas, or the northeastern part of the province. I am quite in agreement with this bill if that is done.

Right Hon. Mr. GARDINER: That is done here.

Mr. WRIGHT: Well it will have to be done because these people are going to have to have some kind of assistance. They are going into an entirely new type of farming, something they know nothing about; they have been used to open area farming—dry land farming—and they are going up into the bush land. Mr. Hetland knows all about this problem because many of those people came from his constituency in the 1930's to my constituency.

There is one thing I do not like about the amendment and that is that it is retroactive. It covers lands sold since 1940 by the municipalities or by the province to people who purchased it in good faith. When they bought it they were told that P.F.A.A. payments could be made on the land and would be made on the land. By this legislation we are saying to the people who bought that land in good faith that they cannot get P.F.A.A. aid any more. I do not like that type of legislation, nor do I like any legislation which is retroactive and interferes with contracts which men make in good faith. I would suggest that instead of "31st of December, 1940," that it should read the date that this Act becomes effective. I do not think it is a good principle to pass legislation in parliament which interferes with contracts made by people who have bought those lands from the municipalities or the provincial governments in the last ten years.

Right Hon. Mr. GARDINER: I will just say something in reply. This amendment does achieve exactly what Mr. Wright says ought to be done. The thing it makes impossible is for either the province or anyone else to bring in any group of entirely new people, from perhaps the European continent or somewhere else, onto that land and then have them come in under the Act. Even if people are brought in from some other part of Canada, for instance, and are put on this land, they will have to be put on under conditions which will not necessitate the support of this Act.

Under another Act, because we cannot do it under this Act, we have been asked for financial aid in clearing land—in other words getting bulldozers and other things to clear the land and it has been suggested that if we do that, we will have some say in the people who are brought in—where they come from and so on; and they are prepared to take people out of the southwestern part of the province and move them up there. All this bill says in the first place is that the land is out because it was not sold or disposed of prior to the 31st of December, 1940—but, if the province and the dominion wish, under the P.F.R.A., they can do just the thing my friend has been speaking about. All we are getting out of it is the right to take people off the red and the blue areas I spoke of. We would say in any agreement made that so many people must be taken out of those areas and that the area would then cease to be under the P.F.A.A. We

would be taking people off land where they are almost certain to get P.F.A.A. assistance seven years out of ten, and we are putting them on an area where they are almost certain not to get it one year out of ten. That is the kind of thing we wish to do here under the two Acts. All the province needs to do to get the land under the Act is to enter into some agreement with the dominion whereby both governments are satisfied that the situation will be covered.

Mr. WRIGHT: I want to ask the minister if there will not be some people who bought land in good faith prior to 1940 from the provincial or municipal governments who will be barred under the Act?

Right Hon. Mr. GARDINER: There will be some, and the numbers are fairly limited up to now. I do not know how limited they would be. As I said, we had a discussion the other day after the committee meeting to the effect that I thought it was best to permit this amendment to go through, now, approximately as it is, and to have one year's experience with it so that we would all know better who it puts out and who it puts in. We can discuss the question a year from now better than we can at the moment when we are only surmising. I think there are quite a few in that should not be in, and I think they should be kept out. I am not thinking of anybody in particular because I do not know of anyone in particular. Take any place where there was a farmer farming and he had settled, say, three-quarters of a section, he had 400 acres under cultivation and maybe he had two sons and they were working land and pasturing stock on land near it; well, they found that under P.F.A.A. if they had another one-half section of land or three-quarters of a section among them they could bring another 400 acres under prairie farm assistance. Well, I think everybody would be agreed that we ought to try to keep those people out; they are simply using the Act for the purpose of getting in under. I do not know how many of the quarters were brought in for that reason but I think every one that was brought in for that reason or a similar one we ought to see barred out, and, with this legislation on the statute books, I think it will take a year of checking in order to determine whether we have created very much hardship for them.

Mr. DIEFENBAKER: Approximately how many are in that position now according to your check to date?

Right Hon. Mr. GARDINER: I have not any exact figures. There are some thousands who have gone on the land under these proposals, something like 4,000 altogether—

Mr. DIEFENBAKER: And how many of those are in that position?

Right Hon. Mr. GARDINER: And I want to say two-thirds of those are returned soldiers who have gone in under proper investigation. I think there are probably one hundred about whom there would be some question and we want to check these with this legislation on the statute books. If we find there is any hardship to any great number of people we will fix that next year, but we ought to let people know what we are going to do under this Act now. The member for Melfort may be perfectly right in saying that some of these people went in not with the intention of getting under this Act, and they may have accidentally got under it. Well, it is not our intention to be hitting at these people particularly but I think that we must leave it retroactive, at least to the date I have mentioned, in order that we can go in and check properly to know where we are at, and if it is necessary to do anything that has been suggested here, why, next session we will do it.

Mr. ARGUE: I hope the question I have to ask has not been covered already. I was very much interested in the illustration the Right Hon. Minister just gave us about a man who had 400 acres under cultivation in the southwest some place and had two sons who might want to start a farm and then they found some prairie, some pasture, some place and proceeded to break it up in order that one of the sons might come under the Act.

Did the minister have in mind only crown lands when he gave that illustration or did he have in mind any land?

Right Hon. Mr. GARDINER: I had in mind only land which had never been previously bought or homesteaded.

Mr. ARGUE: Owned by the crown?

Right Hon. Mr. GARDINER: Yes.

Mr. ARGUE: Well, I would just like to ask the minister why he would not consider making that part of this clause deal with Hudson's Bay land as well as C.P.R. lands and privately owned lands, if it is prairie and sub-marginal. I for one do not want anybody cultivating it and getting under this Act, it certainly is not of service to that person to let him work sub-marginal land even if he did get \$200 or more out of it, because he is going to spend a lifetime of misery in continuing to cultivate that land. I am all for preventing sub-marginal land coming under this Act, but why make it apply to just crown land, why not bring in Hudson's Bay land?

Right Hon. Mr. GARDINER: It does not apply just to crown land as it is now drafted, and in the light of this report which I have and which I had not seen until we got into this committee—and that, by the way, is another reason we ought to have these discussions more frequently—this provincial report shows lands, class I, sub-marginal, that is, the acreage and percentage of all lands in each land class for sixteen rural municipalities in southwestern Saskatchewan. I may say that the centre of these municipalities is Swift Current, and most of the land around there is privately owned. There is very little government owned land in that area, and they say the sub-marginal section of it is 37 per cent—

Mr. ARGUE: Who wrote that report?

Right Hon. Mr. GARDINER: This is Economic Classification of Land, and it is by those people who classify land.

Mr. ARGUE: What organization, what department of the government? Is it not in effect a report made in co-operation with the federal Department of Agriculture?

Right Hon. Mr. GARDINER: Well, it may be in co-operation with the department, but it is the basis for the economic classification of land in the terms of wheat production, and is brought out by this committee that my honourable friend has been referring to—

Mr. ARGUE: Who are they?

Right Hon. Mr. GARDINER: You know their names, give them to the committee.

Mr. ARGUE: I beg your pardon?

Right Hon. Mr. GARDINER: You know their names?

Mr. ARGUE: No, I have a survey before me but I have not the report the minister has, but I have seen reference to it from time to time.

Mr. LAING: Is it good material or bad material?

Right Hon. Mr. GARDINER: This is the organization set up by the provincial government to do this job.

Mr. ARGUE: And the federal government?

Right Hon. Mr. GARDINER: No, it is set up by the provincial government to do the job. This is the report to the legislature of the province of Saskatchewan.

Mr. ARGUE: I would like to see the report.

Right Hon. Mr. GARDINER: You have been quoting it in the House and here, so you must have it.

Mr. ARGUE: No, I have not. I believe the officials who made the report have had their salaries paid by the dominion government. I am not quarrelling with the report, but the point is that it is not a report of the Saskatchewan Land Utilization Board.

Right Hon. Mr. GARDINER: It is a report of the Saskatchewan Land Utilization Board.

Mr. ARGUE: Well, if you say it is. I would just like to see if it is.

Right Hon. Mr. GARDINER: You can have a look at it when you get through. I am saying that they have reported that 37 per cent of the land is sub-marginal; that they have reported that 18 per cent is marginal; and then they have reported that 32·8 per cent of it is in the largest class of super-marginal, that is, above margin; and 10 per cent is in the next class above; and only 1·6 per cent is in class V. Now, class V is the sceptre heavy clay loams my honourable friend was speaking of. There is 1·6 per cent of it in that, so I think I will have to make a check with Justice and others to see whether that classification made by the provincial government does not put a lot of land out, even under the law as it is now provided. With that one suggestion, I would say that the answer to the question first raised by the member for Assiniboia is that we are accepting responsibility for what was done by the federal government during the time when it had control of these lands; we are accepting responsibility for what was done by the province under two different governments from 1930 until 1940, for ten years, and we are saying that the lands that you put out during that period of time, well, it is quite all right for them to come under this Act. But we are saying that of land that was put out after all that work was carried on by different governing organizations; surely any lands that were left out then were definitely sub-marginal. We are saying there is no way in which those lands can be brought in unless they come under the Soldier Settlement Board or unless they were brought in under these organizations set up in Alberta, or unless they were school lands. The only reason we say school lands is that those school lands were set up by the constitution of Canada to be utilized for school purposes. That is a trust fund, and we are not going to interfere with that trust fund. And so we say: now, leave the school lands in. We also say we are prepared to bring in any lands that we have first discussed with the provincial government under P.F.R.A. and have made arrangements to have these lands brought in under conditions in which they believe the farmer will make a living on them. We will bring those in. The only other lands that have been brought in are those under the co-operative farm arrangements.

The CHAIRMAN: We will meet again at 4.00 o'clock this afternoon, if that is agreeable to you all.

Agreed.

The committee adjourned.

AFTERNOON SESSION

MONDAY, June 5, 1950.

The CHAIRMAN: If you will kindly come to order, I will read the motion. I see there are one or two members of the committee present this afternoon who were not here this morning, and for their benefit I will read the motion made this morning by Mr. Hetland:

That clause 3 of the bill be amended by striking out paragraph (c) contained therein and substituting therefor the following:

with respect to lands not sold or granted, by His Majesty prior to the first day of December, 1940, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer

and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or the Veterans' Land Act, 1942,
- (ii) lands in a special area in Alberta as constituted by or under the Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under the Prairie Farm Rehabilitation Act.

That is the motion before the meeting.

Mr. DIEFENBAKER: Mr. Chairman, I propose an amendment to the motion by Mr. Hetland by making a slight alteration in my amendment now in order to cover the extension of the date to which reference was made by the Minister of Agriculture.

I move the amendment that I placed before you, sir, with one alteration, and that is the date 3rd June, 1939, be the 31st day of December, 1940, in order to bring it into conformity with the discussion which took place.

I am not going to repeat the argument that I advanced this morning on behalf of my amendment, but I contend that in so far as this amendment is concerned, it would be unjust to ask these people who had settled in this period since the 31st of December, 1940, and who are thereby under this amendment which is retroactive in effect, to which reference was made by the member for Melfort, to contribute and receive no benefit at all.

The minister mentioned other areas in the same position. Well, the fact that it may apply to irrigation districts where payment is required and no advantage is secured gives no validity to a continuation of the practice that is, in my opinion, unjust and unfair. The acceptance of my amendment would amount to this, that Mr. Hetland's motion would stand but it would be subject to one qualification: that in the areas that will be denied payment of the prairie farm assistance bonus the people living in those areas will not be liable to a one per cent contribution in view of the fact that there is no return available to them.

Right Hon. Mr. GARDINER: Mr. Chairman, may I suggest that I am not objecting to our friend moving that amendment because we can discuss that at this time. If you will look at section 3 of this amending bill it deals with that very question. We are now amending section 3 of the original Act, but the point which you are raising concerns section 13 of the original Act and this is dealt with in section 3 of this bill. It says:

3. Subsection ten of section thirteen of the said Act, as enacted by section four of chapter twenty-four of the statutes of 1947-48, is repealed and the following substituted therefor:

"(10) For the purposes of this section the expression "mill" means and so on. The other subsection of that section dealt with the question of the one per cent. You notice in explanation across the page it says:

3. This amendment will exempt from collecting the 1 per cent levy those mills that manufactured flour during the war but have discontinued doing so, and will put them in the same position as other feed dealers who are at present exempted.

In this case I think, if the hon. member would accept the suggestion, that it is when we get down to 13 that we are in a position to discuss his amendment. It would not be in the same section, but this amendment is for a section which deals with a different subject.

Mr. DIEFENBAKER: I had considered that, and I felt that in view of the peculiar wording of section 3, even though section 13 was to be amended too, it would be necessary to strike out the words in question, which I have asked to be struck out in order to make section 13 applicable under the circumstances.

Right Hon. Mr. GARDINER: Well, I am sorry; we do not seem to understand one another. Section 13 has the one per cent levy. Now you are proposing to make an amendment to the provisions for the one per cent levy. You are saying that the one per cent levy should not be applied to certain persons.

Mr. DIEFENBAKER: I will not insist now as long as I have an opportunity of moving the amendment. If that is the opinion of the Crown that this amendment that I suggest ought not to be moved to subsection 3, then I will not press it at this point. I will move it later, but I want to have it in the proper place and I do not want to be placed in the position after the particular section—section 3, subsection 3—is passed that it is going to be said to me: "Well, now, having allowed that to go through you are precluded from moving this amendment." As long as that is clear it does not matter to me where the amendment comes in as long as I have the opportunity to move it.

The CHAIRMAN: I think we can promise Mr. Diefenbaker that we will take it up when we come to section 13, but it will be clause 3 of this bill and it will come under section 13 of the Act.

Now, you have heard the motion of Mr. Hetland—

Mr. ARGUE: Mr. Chairman, if Mr. Diefenbaker wishes to proceed with this amendment at another place, I have an amendment here that I believe should be in order at this particular time, and I would like to move it. It has to do with the date in this paragraph (c) and further down in subsection 2 of paragraph (c). I think it is in order that an amendment be moved changing the date in view of the minister's own change of the date brought in in his amendment this morning.

The reasons for moving that are clear. As the bill now stands it would apply to all lands sold since the 31st day of December, 1940, and, therefore, is retroactive back as far as December 31, 1940, and means that any farmer who purchased land in good faith subsequent to that date cannot obtain payment on it unless, of course, he comes within any of the exemptions listed further on. I think it is grossly unfair that this retroactive feature should be maintained.

Now, as I understand the amendment that Mr. Diefenbaker wishes to move, his amendment would provide that any of the land that is being removed from the benefits of the Prairie Farm Assistance Act would not be eligible to pay the one per cent deduction. My amendment would only say that anything that it is proposed to do in this bill be done only from now on and not made retroactive.

My amendment would read as follows: That sub-clause C be amended by deleting the words "December 31, 1940" in lines 3 and 4 of the amendment of Mr. Hetland, and substituting therefor "the first day of June, 1950." That would mean that anything we are doing under this bill would be done on land that is purchased in the future. If a man wished to purchase crown land or land owned by a municipality, or land owned by the federal government, if this amendment were adopted, he would know when he purchased that land that it would not be eligible for payments.

The CHAIRMAN: You said "the first of June". You mean 1950?

Mr. ARGUE: Yes, 1950. I should have added that perhaps. Here is my amendment. I am afraid it is pretty rough, but if you can decipher it, here it is: the effect would be to remove all retroactive features of the present bill.

The CHAIRMAN: Mr. Argue moves an amendment to Mr. Hetland's amendment. Mr. Argue moves an amendment to the proposed amendment that the date of the "31st of December, 1940" in lines 3 and 4 of paragraph C be changed to "June 1, 1950."

Right Hon. Mr. GARDINER: I would just point out in the first place that I doubt very much if that could be done unless we get the consent of the government through a motion of the minister to have it done after we get the bill back to the House, even if the committee desires it, because it requires the expenditure of more money. However, I shall not rest on that in asking the committee to vote against it. That could be dealt with generally when we get the bill back to the House. The amendment is brought in for the purpose of checking a situation which is developing and which may, if continuous, bring the Act itself under criticism. So I am most anxious that we have this year an opportunity to be able to make a check and to be able to come to the House with a very full report of the situation a year from now. When we changed the dates from the 1st of June to the 31st of December, 1940, as in the proposed amendment, the effort there was to take in just as many as we think are entitled to payments under this Act, without any question. And it leaves us in a position to make a full check of somewhere around 500 to 1,000 people who apparently have come in under the Act during the last three or four years but who were not intended to be brought under it when the Act was passed.

If we find out in the check we make that we are wrong in supposing that that has happened, we shall bring the bill back here for reconsideration next year on that point. But at the moment we think it would require this legislation in order to make the proper kind of check upon what is going on at the present time and to be able to check such action as we can recommend to be taken by the House a year hence; so I would like to have the resolution passed as it was moved by Mr. Hetland a few moments ago. I think, it is in the interest of the Act itself, in the interest of western people, and in the interest of those who are paying to finance this legislation that it be put on that basis at this time.

Mr. QUELCH: I was wondering if it would not be possible to reach a compromise as between those two dates. Would it not be possible to put the dates forward a bit from 1940 and still include the areas which you have in mind which are increasing the cost of the payments to be made; I mean the payments on land which you consider should not be paid upon. Would it not be possible to advance 5 years and still cover that? There will be certain lands outside of Special Areas in different parts of Alberta and Saskatchewan where undoubtedly harm will be done in a few isolated cases. I was wondering if it would not be possible to remove that injustice and still bring in all the areas that the minister has referred to? I do not suppose there would be any opposition to the idea, would there?

Right Hon. Mr. GARDINER: Some of us get a little touchy on these things. I do not want to get the dates anywhere near the time when governments change.

Mr. ROSS: Do you think you are about due for a change?

Right Hon. Mr. GARDINER: No, I am not thinking of that. I am thinking of the previous changes. And I think that this date is just about as far as you can go without getting into difficulties with those questions. I do think we could consider the matter on its merits without some person saying we are doing it for this reason, or another person saying we are doing it for some reason. I think this date is about the right place, when everything is considered. I think most members are ready to admit that in the past we have not tried to get people out from under this Act when there was any justification for having them in. We have rather attempted to keep as many as possible under it, and I think that will continue to be the intention in the administration of the Act. I do not

think that anyone will be hurt by giving authority to the board and to myself to conduct a full investigation during this summer. We shall be back here in time next year anyway to take care of the requirements of any person. I think it would be much better for them to go and talk with the authorities under the Act than to be told: "Do so and so." I do not think anyone will be hurt by it.

Mr. ARGUE: I want to agree with the minister that so far as I know the administration of the Act in the past has been fair; and while I do not think the intention was to exclude any large areas from the Act, we know in the past certain people have been excluded and we also know that almost every new amendment that has been brought in under this bill has brought in additional areas and made them eligible for Prairie Farm Assistance. I for one do not want this Act to be used to encourage people to go on to sub-marginal land, and I would be happy to support an amendment which would prevent all persons in the future bringing in sub-marginal lands. I also feel that it is wrong to make this provision retroactive; and I think a clear distinction ought to be made between sub-marginal and super-marginal lands. But since that has not been done, I have proposed this amendment.

Mr. ROSS: I am very sorry that I was not here this morning. I wonder if you could tell us what Mr. Hetland's proposed amendment was? I had to be in the House, and I could not be in two places at once.

The CHAIRMAN: It was this, Mr. Ross. It was moved by Mr. Hetland—oh, have you got it there?

Mr. ROSS: Yes.

Right Hon. Mr. GARDINER: I think what Mr. Ross wanted to know was the reason for the change.

Mr. ROSS: That is right.

Right Hon. Mr. GARDINER: The change in subsection 2 was that we dropped "on the said 3rd day of June" because we found one special area in Alberta that would come in after that date and we did not want to eliminate it. We got a wire from the minister indicating that; and lifting it would leave those areas under the Special Areas Act of 1939. The other change was: "3rd day of June" was changed to the "1st day of December 1940". That was done partly because it related to people who came in in December 1940 later than when the Act was passed, and I thought we had better make it December 31, 1940, to enable those people to get in.

The CHAIRMAN: In answer to Mr. Quelch, I shall read paragraph 674 of Beauchesne, the third edition:

674. The Committee cannot agree to any clauses involving payments out of the public funds, or imposing any tax or charge upon the people unless such clauses have been previously considered by resolution in Committee of the Whole.

Are we ready for the question?

Mr. FAIR: This committee has got along very well and at this time I would not want to see any great division of opinion, Mr. Chairman. So I was wondering if we could not compromise in some way according to the rules you have just read. Is it not possible to agree to Mr. Quelch's suggestion without going back to the House? The minister stated that after a survey had been made we could come back here a year hence and look the matter over; and if people are being abused who should not be abused, the matter would be taken care of.

The CHAIRMAN: That seems to be in agreement.

Mr. FAIR: It is not an easy matter to decide one way or another. As it has been pointed out, it is not very nice to pass retroactive legislation. On the other hand I can see the minister's point of view. It is a promise that he will, a year from now, deal with the matter in a way that is satisfactory.

Right Hon. Mr. GARDINER: I can give more assurance to my hon. friends. Since we met this morning and before the meeting this afternoon, we had a meeting of council and I discussed this matter with council, and they agreed with what I suggested. They think it should be retroactive in order to make the check that we want to make; and they are also committed to the undertaking I have given to the committee that if we find it is creating hardships which should not be created under the spirit of the Act, we shall have amending legislation next year.

Mr. QUELCH: In order to get the benefits of section 2, a certain price had to be paid. In order to get the rectangular blocks taken out and to have blocks which would be contiguous to one another, it would mean increasing any payments to some extent.

Right Hon. Mr. GARDINER: That was under the legislation brought into the House.

Mr. WRIGHT: The hon. member from Humboldt has moved an amendment to the Act which might involve an expenditure of money. I wonder if the amendment of the hon. member from Assiniboia could not be considered to be in order? They are both members of the committee. They are both moving amendments. I would like to have the point cleared up.

Right Hon. Mr. GARDINER: I would point out that this matter was discussed in the House before it was submitted to the committee at all. You will remember that in introducing the bill I made a mistake first in allowing it to go to first reading before it was printed in its final form. The bill was allowed to go to first reading and when we asked to have it withheld from the printer until such time as we had it printed in its correct form we were instructed that the rules prevented our doing so. In view of the fact that we did not do it before first reading of the bill it had to be presented as it was at that time. I explained the matter to the House and asked the House to allow the bill to go to the committee on the understanding that we would put it into proper form, the form in which it had been intended that it should be in before it got first reading. This was fully covered in the discussion which took place there. The situation now is that I think you would be quite right in saying that it was the intention to change this clause when it came into committee and to change the date to what we have in the amendment moved by Mr. Hetland; there is some change in the bill there.

Mr. WRIGHT: That is the point.

Right Hon. Mr. GARDINER: As I said a moment ago, I did not want to put the issue on the question of confidence. So far as the point now before the committee is concerned, we can settle that at whatever time the bill comes back to the House, but I think your committee can make a recommendation to the House which we are all pretty well agreed will give us an opportunity for doing what we think ought to be done, but I do not think we can do it if we follow the suggestion that has been made until we make that check back over the years in order to get maybe one hundred cases or maybe two hundred cases—I don't know how many—but in any case I think it should be changed, and if it turns out that there are not any cases, all well and good; if it turns out there are cases that will create hardship then I am suggesting we come back here next year and discuss this question with all the facts in front of us and make such amendment as may be necessary.

Mr. WRIGHT: The member for Assiniboia (Mr. Argue) was going to suggest another amendment which would do exactly what I think the minister thinks ought to be done, and the suggestion now is that we add an additional clause, clause 6, to the amendment moved by Mr. Argue that anything relating to lands which the board have declared unsuitable for purposes of cultivation

would be dealt with as suggested in clause 4, and that would give the board power to review those cases and make their decision on the basis of their own interpretation of the law. The minister might be inclined to accept that in which case the other one might be withdrawn; that would give the board the power of deciding whether these lands should be included or not.

Right Hon. Mr. GARDINER: Well, I do not see any harm in accepting this, but I am afraid it lays itself open to those who are administering the matter deciding as between this person and that one, and I do not like to have anything in the Act which provides that. Persons might say what they might be entitled to; but, after all, what we are really saying there is that the board which acts under this Act as a sort of appeal board from those who are administering the Act itself, and they say that this one can come in and that one can't come in; and they refer it to the board and the board would say; well, here is a man who is trying to get in, and our people would say: here is a man who was trying to avoid the terms of the Act, trying to get some land in, trying to get his holding into two portions rather than one; and, therefore, we won't let him because we don't let a man in when we find him doing that; and then here is another case of a man perhaps doing the same thing and the board just declares he didn't do that. I am afraid you give him a little too much leeway in a section such as you suggest.

Mr. WRIGHT: If you are going to give them that power under this clause 3, they have it in that clause anyway. A farmer should not be allowed to get started in one of these submarginal areas, but here the Board is given that authority under clause 3; it can do it in the manner suggested in the amendment.

Mr. QUELCH: If the minister will accept that for one year, then if at the end of one year he found it didn't work it could be brought back here and reviewed by this committee.

Right Hon. Mr. GARDINER: The complications there are exactly the complications which the minister from Alberta was very clear that he wanted to avoid, and I am very clear that I want to avoid them as far as I am concerned. The position taken there is: he does not think there are any lands among those that ought to come in. I don't think there are either; and I know that he is having the life plagued out of him to let lands in, and he therefore welcomes this amendment. I know if that provision is put on there the case of every person who wants to get in on that basis will have to be decided. I don't want to have to be deciding their case. I am already decided in my own mind they all ought to be out, but at the same time I know some here who think they ought to get in. I would rather have it as it is.

The CHAIRMAN: Are you willing to withdraw your amendment, Mr. Argue?

Mr. ARGUE: Are you going to read it now?

The CHAIRMAN: If you want to have it voted on we will vote on it.

Mr. ARGUE: Well, I think the committee has that right. The House doesn't have to accept it when we get back there. I would like to have a vote on it.

The CHAIRMAN: We are now going to vote on the amendment to the amendment, that is the subamendment moved by Mr. Argue which changes the wording in the motion moved by Mr. Hetland as to the date it is to take place, the 31st of December, 1940; that that date be changed to June 1, 1950.

Those in favour?

Those opposed?

In my opinion the nays have it.

Mr. ARGUE: Is that a recorded vote, Mr. Chairman; are our names on the record?

The CHAIRMAN: Do you want a recorded vote?

Mr. ARGUE: Yes, Mr. Chairman; I now ask for a recorded vote.

The CHAIRMAN: You want it recorded?

Mr. ARGUE: Recorded in the minutes.

(Vote recorded: Yeas 7; Nays 21.)

The CHAIRMAN: I declare the amendment lost.

Now we come to Mr. Hetland's amendment. All in favour?

Carried.

Shall clause 1 as amended carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Mr. QUELCH: When you permit an amendment do you strike out the words that were there "—on the said 3rd day of June—"?

The CHAIRMAN: Oh, yes.

Mr. DIEFFENBAKER: This is the section to which my amendment will be applicable. I move that the bill be amended by adding to clause 3 a new subclause as follows:

(2) Subsection 1 of section 13 of the said Act is amended by adding after the word "elevators" in the ninth line the words "excepting in respect of grain grown in the areas defined in paragraph (c) (iii) of subsection 3 of section 3 of the said Act".

The section would then read:

13. (1) Notwithstanding the provisions of the Canada Grain Act a levy of one per centum shall be deducted from the purchase price of all grain purchased by or through the managers of licensed country elevators, licensed grain dealers, licensed track buyers or licensed commission merchants and unless, previously deducted by such licensees, a levy of one per centum of the purchase price shall be deducted on all grain purchased by the managers of licensed mill elevators and licensed terminal elevators, excepting in respect of grain grown in the areas defined in paragraph (c) (iii) of subsection 3 of section 3 and transferred to the Board of Grain Commissioners for Canada as hereinafter provided.

That would be in effect to except those who are denied the benefits—except them from payment of the 1 per cent levy.

Mr. JUTRAS: I have a great deal of sympathy, I must say, for the amendment put by the honourable member for Lake Centre. However, I cannot support it at this time because if we were to start eliminating certain areas in Saskatchewan we would certainly have to consider eliminating certain areas in Manitoba. I do know there is a feeling that we have been holding the short end of the stick in Manitoba. When you had a look at the coloured map this morning you no doubt noticed the province of Manitoba was shiny white on the map. That presented quite graphically the little advantage that we do get from this Act.

A few years ago we did ask to be taken completely out of P.F.A.A. on that basis. At that time the argument was that this was a joint effort of the three western provinces and everybody would have to contribute or it would fail. I know that in many townships in Manitoba we could make quite a case for being eliminated from contribution of the 1 per cent so I think it would be dangerous to start creating certain preferred classes for the benefit of the contribution.

Before we do that we would have to consider the advisability of cutting out other sections because there are sections where they have never qualified and the chances are that they never will. As a matter of fact there are some areas in the province of Saskatchewan on that basis and even those would be entitled to be listed out of contribution to the Act. I say that in my estimation this is a dangerous precedent as far as the Act is concerned.

Mr. DIEFENBAKER: May I just reply to the honourable gentleman and my reply is that there are areas in Saskatchewan which are in identically the same position but, no matter what the area may be, through the years as history has shown there comes a period in which there is a failure. In the case mentioned by the honourable gentleman, the areas in Manitoba, there is entitlement to payment if that failure comes. In the present case there is a denial of any entitlement, no matter what the failure may be, but nonetheless there is payment required. That is the distinction between the case raised by my friend and this one here. Here no matter how often they pay they will never be entitled, although still there will come the years which occur in practically all parts of the west when there is no crop; and, in this case there is still no entitlement.

Mr. JUTRAS: I might add that there are many parts in Manitoba and Saskatchewan where they really have, so to speak, no entitlements, because of the geography or topography of the land. The cases will be very much similar.

The CHAIRMAN: Gentlemen, you heard the amendment.

I think if this amendment were to carry this would be an addition to the bill. This has given you an opportunity of bringing it up but it seems to me this would be an addition to the bill.

Mr. ROSS: Mr. Chairman, before we vote on this I am very sure there are a great many members who are not clear on this matter, and while I have argued before against my good friend from Manitoba I am bound to say that there is a very distinct principle in this amendment right now. If I follow my friend from Lake Centre I think there is a distinct area that cannot qualify.

Mr. DIEFENBAKER: That was explained before.

Mr. ROSS: I admit it, but I said I was not clear; I was not here before, and now I want to be clear on it. I want it quite clearly understood because I am bound to follow the argument of Mr. Jutras to a very large extent, but to my knowledge there is no area in Manitoba which, if they had a crop failure in a designated area, would not be entitled to payments.

Right Hon. Mr. GARDINER: This does not refer to any area.

Mr. ROSS: That is just the point I want to have cleared up.

Right Hon. Mr. GARDINER: What this amendment says here is that anyone who does not come under the Act in subsection (1) does not pay. When they deliver grain to the elevators, they do not pay one per cent; that is what this amendment is saying. Now, there is not any area in which these people are, it is the whole southern part of Saskatchewan, Manitoba and Alberta; it does not take in one province. If there are people on land in Manitoba where the land prior to this particular date did belong to the government—and somebody here said that there is quite a lot of it still belonging to the government—if there was some of that land in Manitoba it would apply there the same as anywhere else; it certainly applies in Saskatchewan, and all over the area. It does not apply to any particular district, there is a piece of land here and a piece of land there and another piece elsewhere. It is the kind of land which is on the north side of a ravine where the sun beats on it all day and you cannot grow anything on it. That is the kind of land it is, and that land has been there ever since the beginning of time. Now, they get it under lease and plough it up and it counts on the acreage. That is the type of land we are throwing out. It is not land that is in particular districts. Now, you are saying if a fellow does cultivate that

type of land and takes a crop off it to the elevator, he does not have to pay the one per cent. How is the elevator operator going to keep track of it? I do not think there is any practical way of administering it even if it were the right thing to do.

Mr. WYLIE: It seems to me it would be an easy matter to keep track of these lands. It would be a simple matter to give the elevators a list of the lands affected. If you are going to disqualify a farmer from ever receiving any bonus it seems rather out of place to deduct the one per cent. We have many farmers in Alberta in the irrigation areas who never will collect.

Right Hon. Mr. GARDINER: And they are disqualified.

Mr. WYLIE: They are not disqualified.

Right Hon. Mr. GARDINER: Yes, they are from receiving payment.

Mr. WYLIE: They never will collect but they are still paying one per cent. If you are going to take out the new ones it seems to me that these certainly should not have to pay either, and as Mr. Jutras just said, it is going to start quite a discussion and we will be taking out areas all over the western provinces. While those farmers in the irrigation districts do complain about paying the one per cent, they have really never made any strenuous objections because they are in a better position than any man on dry land, and I am sure they are very happy to pay, at least most of them, because they would rather have a crop any time than no crop at all. With respect to those lands, however, that are going to be disqualified under this Act, it seems to me that if they are in a drought area they are not going to have very much left anyway and they never will have any hope of collecting anything under the Act, so it would seem quite reasonable to exempt them. It would be quite easy to keep track of this land through the elevator books.

Right Hon. Mr. GARDINER: I will read you the list of those who are out now. This is an extract from the regulations under the Prairie Farm Assistance Act.

4. The following lands and any grain grown thereon are excluded from the operation of subsections one and two of section three of the Act:

(a) farms operated as experimental farms;

(b) farms operated as market gardens;

If any grain is grown on five acres of this land it does not qualify.

(c) farms operated for ranching purposes;

If you grow grain on there you pay your one per cent but you do not draw any thing on it.

(d) farms operated by Indians within Indian reservations;

(e) farms declared sub-marginal and ordered evacuated under the provisions of a provincial statute;

That is exactly the kind of land we are talking about in this one. If the province has it, I think they have declared it sub-marginal, and

(f) irrigated land on which the yield per acre is more than twelve bushels of wheat or the equivalent in value of other crops;

We say if a piece of irrigated land is in a township which averages under eight bushels or if the yield is more than twelve, he can not collect.

Now, we do not say that about a man with twenty bushels to the acre any where else, he can collect, but a man who is in an irrigated district who has over twelve bushels to the acre cannot collect even though he is in a township that is eligible.

(g) any farm unit containing more than fifty acres of irrigable land that forms part of an irrigation system except when the yield per acre on the irrigable portion of the farm unit is twelve bushels or less of wheat or the equivalent in value of other crops.

Now, you have there seven groups of people who are already eliminated from benefits but who pay the one per cent, and this is just another group which is not nearly as big as those groups.

Mr. Ross: In arriving at the average of a township in which is located an experimental farm—I am thinking rather of a reclamation farm—is their yield taken into account or is it ignored?

Right Hon. Mr. GARDINER: They are ignored and that is what we state in this section, that these people are ignored too. They are all put on the same basis.

The CHAIRMAN: Are you ready for the question? It has been moved by Mr. Diefenbaker:

That the bill be amended by adding to clause 3 a new subclause as follows:

(2) Subsection 1 of section 13 of the said Act is amended by adding after the word "elevators", in the ninth line, the following: "excepting in respect of grain grown in the areas" defined in paragraph (c) (iii) of subsection 3 of section 3.

All in favour of this amendment? Opposed?

In my opinion the nays have it.

Mr. DIEFENBAKER: I would like to have a recorded vote.

The CHAIRMAN: I will ask the clerk to call the names. If you are in favour of Mr. Diefenbaker's amendment you can say "yea" and if you are opposed you can say "nay".

Some hon. MEMBERS: Say "yes" or "no".

The CHAIRMAN: If you are in favour of Mr. Diefenbaker's amendment say "yes", and if you are opposed to it say "no".

Recorded vote: yeas 12, nays 18.

The CHAIRMAN: I declare the amendment lost.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall the title carry?

Carried.

Shall the preamble carry?

Carried.

Shall I report the bill?

Carried.

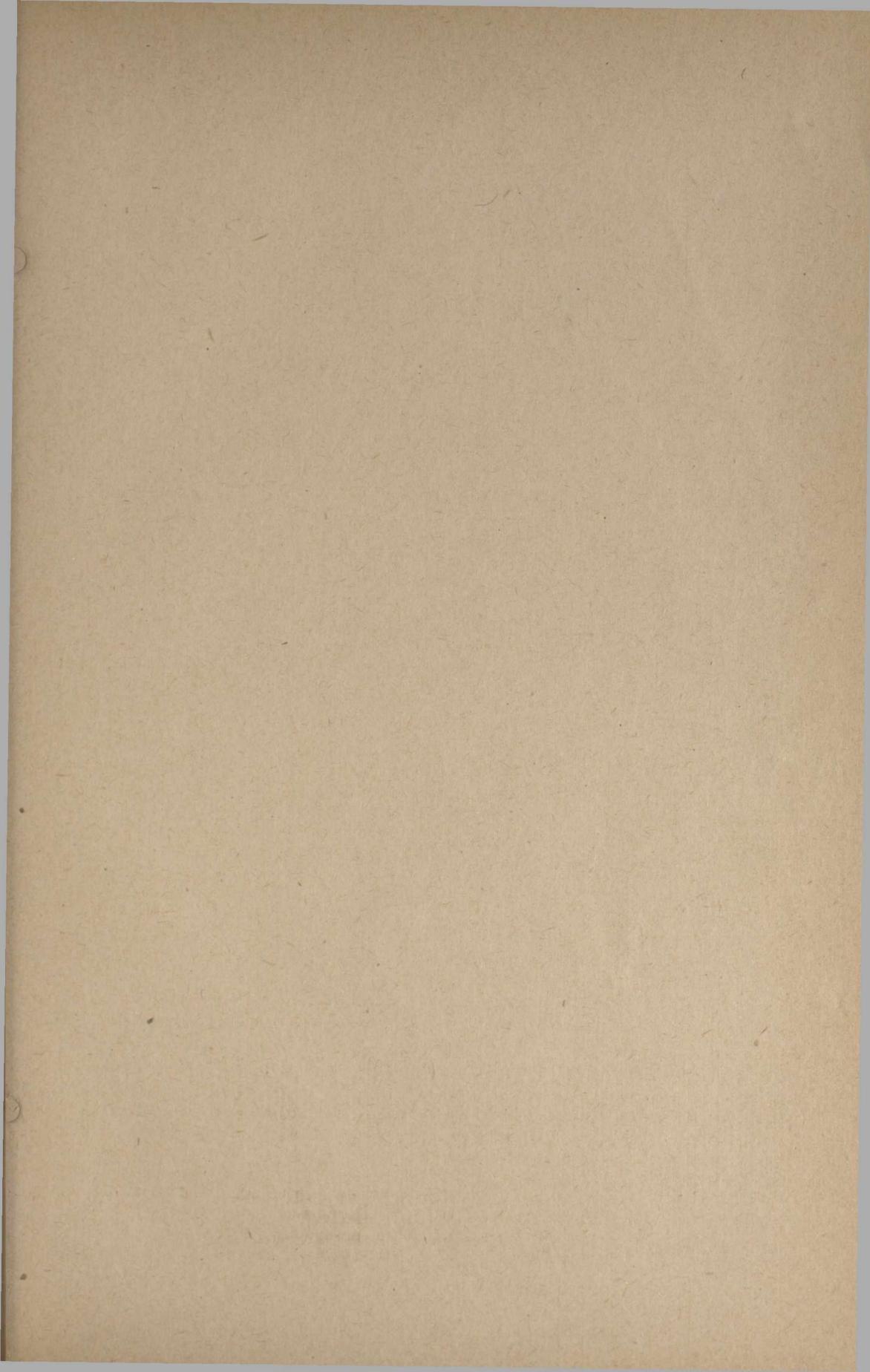
Now, before we adjourn I would just like to advise you that there is an order of reference that the report of the Canadian Wheat Board as tabled in the House in February, 1950, has been referred to this committee and I will advise you, as soon as I get in touch with the minister and the clerk, when we can get this room.

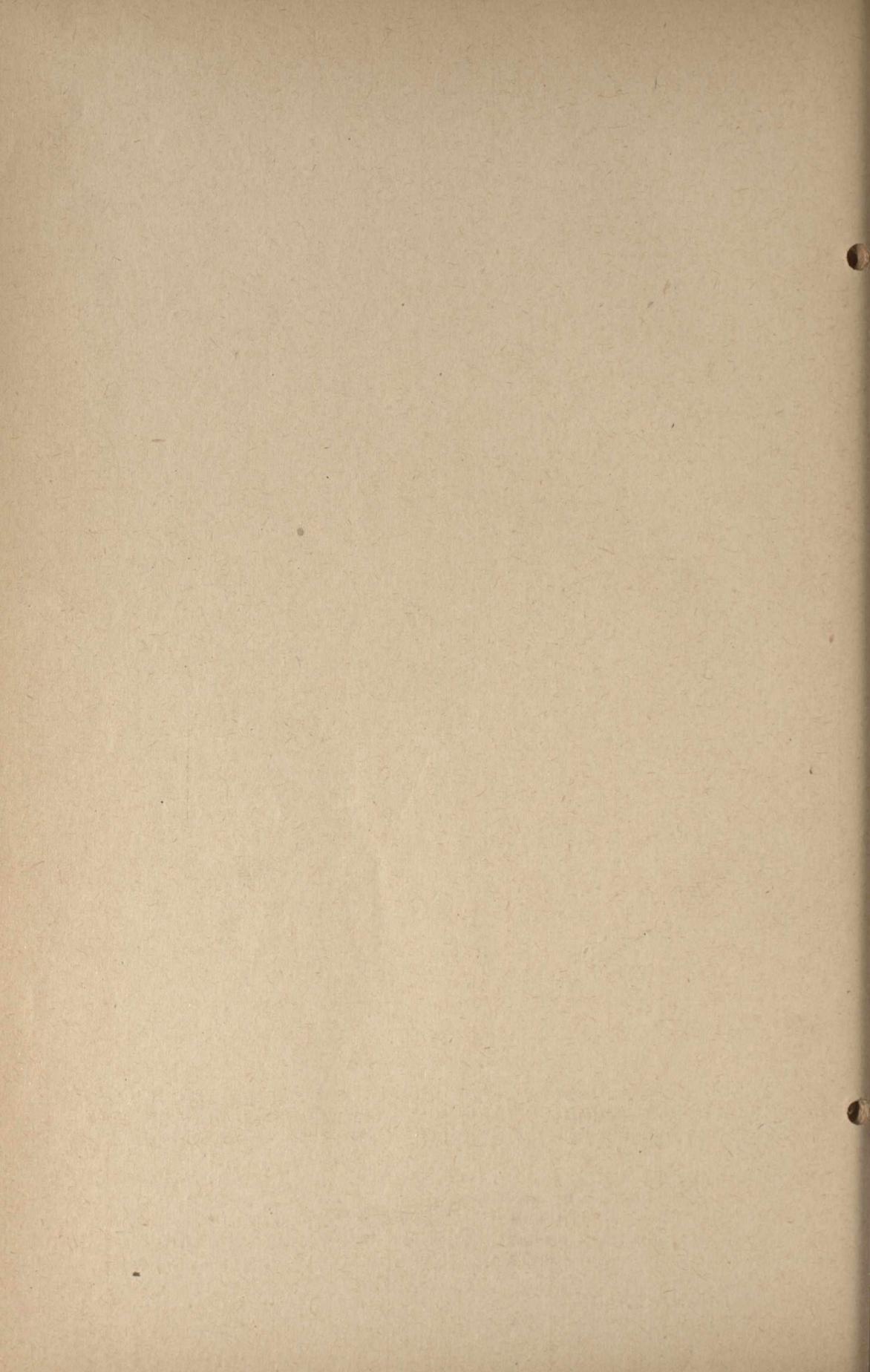
Mr. McLEAN: You have not any idea when that will be? Will it be this week?

The CHAIRMAN: It will be this week, yes, I think, and we will adjourn to the call of the chair. Is that agreed?

Agreed.

The committee adjourned.





SESSION 1950
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Report of the Canadian Wheat Board—Crop Year 1950-1951

WEDNESDAY, JUNE 7, 1950

WITNESSES:

Mr. George McIvor, Chief Commissioner, C. Gordon Earl, Comptroller,
K. C. Aseltine, Assistant-Comptroller and C. B. Davidson, Secretary,
all of The Canadian Wheat Board, Winnipeg, Manitoba.

OTTAWA
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1950

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: A. J. Bater, Esq.

Messrs.

Anderson	Darroch	Lapalme
Argue	Decore	Leger
Arsenault	Demers	Lesage
Aylesworth	Diefenbaker	MacKenzie
Bater	Dumas	McCubbin
Bennett	Fair	McLean (<i>Huron-Perth</i>)
Black (<i>Chateauguay- Huntingdon-Laprairie</i>)	Fontaine	Murray (<i>Oxford</i>)
Blue	Gauthier (<i>Lapointe</i>)	Murray (<i>Cariboo</i>)
Browne (<i>St. John's West</i>)	George	Quelch
Bryce	Gosselin	Richard (<i>St. Maurice- Lafleche</i>)
Catherwood	Gour (<i>Russell</i>)	Roberge
Cavers	Harkness	Ross (<i>Souris</i>)
Charlton	Hatfield	Sinnott
Clark	Hetland	Studer
Cloutier	Jones	Thomson
Corry	Jutras	Whitman
Coté (<i>Matapédia- Matane</i>)	Kent	Wood
Courtemanche	Kickham	Wright
Coyle	Kirk (<i>Antigonish- Guysborough</i>)	Wylie
Cruickshank	Kirk (<i>Digby</i>)	
	Laing	

Clerk: Antonio Plouffe.

ORDER OF REFERENCE

MONDAY, June 5, 1950.

Ordered,—That the Report of the Canadian Wheat Board for the Crop Year 1948-49, tabled in the House on Tuesday, February 21, 1950, be referred to the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

THIRD REPORT

Your Committee recommends that the quorum be reduced from 20 members to 15, and that Standing Order 63 (1) (f) be suspended in relation thereto.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 7, 1950.

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Anderson, Argue, Bater, Blue, Bryce, Charlton, Corry, Coyle, Decore, Fair, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Leger, MacKenzie, Murray (*Oxford*), Quelch, Ross (*Souris*), Thomson, Wood, Wright, (25)

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Mr. George J. McIlraith, M.P., Parliamentary Assistant; Mr. Douglas Owen, Private Secretary to the Minister; and Messrs. George McIvor, Chief Commissioner, Gordon C. Earl, Comptroller, K. C. Aseltine, Assistant Comptroller, C. B. Davidson, Secretary, all of The Canadian Wheat Board, Winnipeg, Man.

Also, Mr. J. J. Smith, M.P., (*Moose Mountain*).

The Chairman called the attention of the Committee to the matter referred, namely: The Report of The Canadian Wheat Board—Crop year 1948.

On motion of Mr. Jutras,—

Resolved, That permission be sought to reduce the quorum from 20 members to 15.

The Committee began the study of the Report of the Canadian Wheat Board, 1948-49.

Mr. George McIvor was called. He was assisted by Messrs. Davidson and Earl.

The proceedings were suspended from 11 till 11.45 a.m.

At 11.50 a.m. the Committee adjourned till 4 o'clock p.m. this day.

The Standing Committee on Agriculture and Colonization met at 4 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Anderson, Argue, Bater, Blue, Bryce, Cavers, Charlton, Decore, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Leger, McLean (*Huron-Perth*), Murray (*Oxford*), Quelch, Ross (*Souris*), Thomson, Wood, Wright, Wylie. (25)

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; G. J. McIlraith, Parliamentary Assistant, and Messrs. McIvor, Aseltine, Earl and Davidson from the Canadian Wheat Board, Winnipeg, Man.

The Committee resumed consideration of the Report of The Canadian Wheat Board for the Crop Year 1948-49.

Mr. McIvor was called and further examined. He was assisted by Messrs. Aseltine and Earl.

Mr. Howe supplied some answers.

At 5.50 p.m. the Committee adjourned until Thursday, June 8, at 11.30 o'clock a.m.

ANTONIO PLOUFFE,

Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,
WEDNESDAY, June 7, 1950.

The Standing Committee on Agriculture and Colonization met this day at 10:30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen we have a quorum. As you know, on motion of the Minister of Trade and Commerce, the report of the Canadian Wheat Board for the crop year 1948-49 tabled in the House on February 21st, was referred to this Committee.

Now our manner of procedure this morning is entirely within your hands. We have with us Mr. McIvor, the Chief Commissioner of the Canadian Wheat Board; Mr. Davidson, the secretary; Mr. Gordon C. Earl, the comptroller; and Mr. K. C. Aseltine, assistant comptroller.

Do you wish to have the chairman read out the report? I think probably we have all read it and we might take it as read but go through it clause by clause? What is your wish?

Mr. JUTRAS: Before we deal with the report I think it would be in order for us to reduce the quorum of the committee. There are many committees meeting now and the House is meeting at 11 o'clock so I think it might be advisable to reduce the quorum.

The CHAIRMAN: Would you suggest reducing it to fifteen?

Mr. JUTRAS: Or ten?

Some HON. MEMBERS: No, no, fifteen.

The CHAIRMAN: I think that would be better.

Agreed.

Mr. ROSS: Will we be sitting at 11 o'clock when the House opens?

The CHAIRMAN: That is entirely up to the meeting. If you wish to go to the House to hear the orders—

Mr. ROSS: I would like to get along as fast as we can and to accommodate the members of this committee, but I do think we should be permitted to be in the House for orders of the day. The Bill with respect to P.F.A.A., which was before this committee will be coming up in the House, I presume, today, and many of the very same members who are vitally interested in this matter are also interested in that measure. Perhaps you could arrange that that matter does not come up while we are sitting here, because there are many members who are vitally interested in both matters.

The CHAIRMAN: We will try to have that arranged as far as the P.F.A.A. is concerned. What is your pleasure about going to the House at 11 o'clock for fifteen minutes, gentlemen?

Mr. ROSS: We can all arrange to come back as soon as they are through with the orders of the day; is that satisfactory?

The CHAIRMAN: Would someone move that we do that?

Mr. LEGER: After the orders of the day?

The CHAIRMAN: Yes, and I will see if it can be arranged that the P.F.A.A. does not come up while we are in session.

Now, let us go on and I think we can possibly decide just how we are going to proceed before we adjourn to go down to the chamber.

Mr. WRIGHT: I think that probably the best way would be for the chairman of the board to comment at any length he desires on the first sections of the report leading up to the matters we are concerned with. In that way we would probably cover the report quicker than otherwise.

The CHAIRMAN: Is that agreed?

Agreed.

All right, we will ask Mr. McIvor for his comments.

Geo. McIvor, Chief Commissioner, Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, Right Hon. Mr. Howe and members of parliament, this is the report to the minister covering the crop year 1948-1949.

The first paragraph deals with two or three important matters on the increased production in Europe, which indicates that those countries are making a substantial comeback since the end of the war.

Mr. LEGER: Would you speak a little louder, please?

The WITNESS: I said that the first paragraph of the report deals with the general comment on production and it refers to the increased production in Europe as a result of the efforts of those countries to improve the agricultural situation after the end of the war—the availability of fertilizer and the ability of those countries to get their farm population back to work. That of course, has brought about quite a shift in the world situation in respect of wheat.

We also refer in particular to the increase in production in the United Kingdom, France, Italy, Belgium and Sweden, and reference is made to the fact that production in these countries exceeded or came close to the average of the pre-war years.

Reference is made to the fact that the United States is again the largest exporter of wheat. There is also reference with regard to our own production and there is a reference to the fact that the international wheat supply position has improved. The activities of the Cereals Committee of the International Emergency Food Committee, which had the job of allocating all the world supplies, came to an end at the end of April, 1949. Also there is a reference to the negotiations of the International Wheat Agreement becoming effective on August 1, 1949.

The next section deals with the Canadian position. The highlights of that section refer to the general improvement of the demand for Canadian wheat towards the end of the crop year with the result that wheat from the 1948-1949 crop had been sold or committed for sale well before the harvesting of the new crop.

There is a reference to countries which purchase our wheat—India, Turkey, Egypt, Iran and the Union of South Africa and other areas outside of Europe—which played an important part in the final disposition of the 1948 crop.

There is also a reference to Mr. W. J. Brooking, general sales manager, and Mr. C. B. Davidson, secretary, who visited the Caribbean and South American countries in the interests of current and future sales of Canadian wheat, and I do not mind telling you it has had very good results.

Also in the section No. 3 we refer to the fact that the board continued to administer the five-year pool which was provided for under the Canadian Wheat Board Act.

There is also reference to the increase in the initial price from \$1.55 to \$1.75. There is also reference to the cancellation of the domestic subsidy on flour. Reference is to be made to the announcement by the Right Hon. Mr. Howe of the domestic price of wheat increasing to \$2 per bushel, effective July 31, 1948.

There is reference to the domestic price and the U.K. price, and that the domestic price will follow the U.K. agreement price for 1949-50. There were no amendments to the Canadian Wheat Board Act during the crop year.

Reference is made to the pension plan which has been set up and then, in section No. 5, there is reference to a slight reduction in wheat acreage and a historical reference on the growth of the crop. The crop was a little later than usual. Above normal temperatures early in June revealed lack of moisture, but good rains and timely showers commencing in the second week of July had the effect of halting deterioration and resulted in some improvement in the crop prospects even in the areas where the drought had been most severe.

There is a reference to the outturn of the 1948 crop and reference is made to the fact that in eastern Canada the growing season was favourable throughout, and there was increased wheat production amounting to 27 million bushels compared to 18 million the year before. The total wheat crop in Canada was 393.3 million compared with 341.8 million the year before. Prairie production was 363 million compared with 320 million.

With reference to the carryover of wheat, on the 31st of July, 1949, the Canadian carryover of wheat including stocks of wheat on farms was 98.7 million as compared to 77.7 million on the same date in the previous year, and over 40 per cent of the carryover on July 31, 1949, was wheat held on farms in Canada.

There is reference to the commercial carryover of supplies of wheat (stocks of wheat in elevators, mills and in transit) and these amounted to 54.6 million bushels as compared with 36.7 million bushels on July 31, 1948.

The fact that there was an increase in carryover was largely due to the late deliveries and relatively heavy sales for shipment subsequent to August 1, 1949; in other words, we were sold up in the early part of July and we had to await new farm deliveries before we could sell the wheat.

Then, that is borne out in the next table which shows the board's receipts. You will note that in September there are 109 million bushels and in October 63 million bushels, 19 million bushels in November, and after the turn of the year in January, they come up to 33 million and then in July there were 15 million bushels compared with only 8 million bushels in June.

The next paragraph deals with the point I just mentioned, that is, the heavy deliveries in September and October, and the heavy deliveries in July, which cannot be placed in a saleable position until the first month of the ensuing crop year.

Now, the next reference is to the export movement. During 1948-49 exports of wheat, including flour, amounted to 232.8 million bushels as compared with 195 million bushels in 1947-48.

The next table shows the distribution of exports from August to January and from February to July by months. You will note there that in the first part the heavy exports were in November, and in the latter part the heavy exports were in May and June. We point out that the exports of wheat from Canada were relatively large in the last six months of the crop year.

Now then, we come to the next table which is a very interesting one. It shows the export movement of Canadian wheat, not including flour, for 1948 and 1949 by countries of destination.

The CHAIRMAN: Well, I think we will just break off now at that table that Mr. McIvor has just started on, and adjourn until 11.30.

The CHAIRMAN: Now, gentlemen, we have a quorum and we will ask Mr. McIvor to carry on from where we left off when we went to the House at 11:00 o'clock.

The WITNESS: We came to the table of the export movement of Canadian wheat, not including flour, for 1948-49, by countries of destination. I think I should take a little time to comment on that table. There is one thing that is most interesting in the table, and that is that some of our traditional customers, due to the fact that they are recipients of E.C.A. funds are not buying in substantial quantities from Canada. For example, starting at the top of the page, there are the United Kingdom figures on wheat. We have had quite a good business with Ireland.

The CHAIRMAN: I am sorry to interrupt Mr. McIvor but I think we should decide right now so that the notices can go out, the time of our meeting this afternoon. I presume we will meet again after lunch? What time would you suggest that we commence our meeting this afternoon? Shall we say 4:00 o'clock?

Agreed.

The WITNESS: We are fortunate—

The CHAIRMAN: I am sorry, we will have to adjourn immediately. We have notice that the P.F.A.A. is coming up in the chamber right now.

The committee adjourned.

AFTERNOON SESSION

WEDNESDAY, June 7, 1950.

The committee resumed at 4:00 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. We will now go back to where we started the second time this morning and I think Mr. McIvor has started on the table on page 4 showing export movement of Canadian wheat.

George McIvor, Chief Commissioner, Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, when the committee adjourned today I was dealing with the column of figures on page 4 and I made reference to the fact that we had quite a good trade with Ireland. We were very fortunate in making a substantial deal with South Africa, and the same applied to India.

I might say that we have a further deal this year with South Africa but we have not been able to do anything with India on account of the dollars situation.

We had quite a good trade with Egypt and Arabia; small quantities to China and Iran; three cargos to Israel; 2½ million bushels to Turkey; a cargo and a half to Lebanon; 5 million bushels to Belgium; a cargo and a half to Germany; close to 4 million bushels to Italy; a cargo went out to the Netherlands; three cargos went to Norway; a substantial quantity went to Switzerland and we have been again able to duplicate this business this year; there were four cargos to Mexico and three to Peru.

Then we come to the item United States consumption and milling in bond. That is wheat taken in by American mills in bond, ground in bond, and the flour is distributed over a very wide market. That is a traditional thing. American mills grind our wheat and ship the flour—widely distributing it.

A point I would like to make on that table in particular is that some of our old customers have taken substantially reduced quantities owing to the shortage of dollars; the Netherlands for example would ordinarily take about 10 million bushels from this country but they only took one cargo because they obtained the bulk of their wheat under E.C.A. from the United States. Norway would probably have taken 3 or 4 million bushels but the figure is down to one-quarter of that amount for the same reason.

We have, however, been able to obtain markets which are not ordinarily markets for Canadian wheat. Turkey is one; Egypt is another; South Africa and India are others; so all in all we were able to widen markets in spite of the fact that many of our traditional markets were cut down to substantially less than previous years.

If we go to the next page there is reference to flour.

In addition to the foregoing quantities of wheat, 48.1 million bushels of wheat in the form of flour were exported from Canada during 1948-49. This represented over 20 per cent of the total quantity of Canadian wheat moving into export trade either as grain or as flour. Export trade in Canadian flour is important because of the quantity of wheat involved and the wide distribution of the product. During 1948-49 Canadian flour exports went to about 80 countries.

Many of the smaller countries throughout the world have little or no milling capacity and it is through flour exports that Canadian wheat reaches these markets.

In 1948-49 the largest individual market for Canadian flour was the United Kingdom which took the equivalent of 23.0 million bushels of wheat in the form of flour.

Continental Europe was a substantial importer, taking over 4.0 million bushels of wheat in the form of flour; Italy, Switzerland, Germany and Belgium being the principal importing countries.

Canadian flour goes to many countries in Asia. In the Near East, Syria, Palestine, Saudi-Arabia and Aden were the principal importers during 1948-49. In the Far East, Hong Kong, China, Pakistan and the Philippine Islands were all markets for Canadian flour. The Philippines took nearly 3.0 million bushels of wheat in the form of flour and Hong Kong and Pakistan imported nearly 1.5 million bushels of wheat in the form of flour.

The British West Indies is a traditional market for Canadian flour. Imports in 1948-49 were the equivalent of about 5.0 million bushels. Other Caribbean countries importing Canadian flour were Cuba, Dominican Republic and Netherlands Antilles. Practically every country in Central America purchased Canadian flour in the crop year under review.

Over 1.0 million bushels of wheat in the form of flour went to Africa, the principal importing countries being Egypt, Belgian Congo, Morocco, Portuguese East Africa, Gold Coast and Sierra Leone. In South America the principal importers of Canadian flour were Venezuela, British Guiana, Netherlands Guiana, Ecuador, Colombia and Brazil. South American countries imported a total of over 3.0 million bushels of Canadian wheat in the form of flour.

Then we make reference to the milling in bond sales to United States mills.

The next item is wheat exports by ports.

Wheat Exports by Ports

In 1948-49 exports through Eastern Canadian ports totalled 103.5 million bushels and through Eastern United States ports, 9.8 million bushels. Pacific Coast clearances amounted to 60.4 million bushels and 5.3 million bushels were cleared through Churchill.

The next item is administration of the Canada-United Kingdom wheat agreement.

Administration of the Canada-United Kingdom Wheat Agreement

During 1948-49 the Board administered the third year of the Canada-United Kingdom Wheat Agreement. As a result of negotiations between

the Government of Canada and the Government of the United Kingdom, the Agreement price covering 140 million bushels of wheat for 1948-49 was established at \$2.00 per bushel basis No. 1 Northern wheat in store Fort William/Port Arthur, Vancouver or Churchill. The contracting governments agreed that for the crop year 1948-49 the quantity of flour to be supplied by Canada within the terms of the Agreement would be 450,000 tons.

During 1948-49 the chief administrative developments were:

Carrying Charges and Grade Spreads

In accordance with the Agreement, the Board entered into negotiations with United Kingdom authorities with respect to the 1948-49 carrying charge on all wheat shipped under the Agreement. A carrying charge of 5 cents per bushel was agreed upon, effective October 1, 1948. This was an increase of 1½ cents per bushel in the carrying charge which had been in effect.

The contracting governments further agreed that prices for grades other than No. 1 Northern would conform to the spreads at which the Board purchased such grades from producers.

The next item is Quantities supplied under the agreement 1948-49.

Quantities Supplied Under the Agreement 1948-49

In carrying out the terms of the Agreement, the Board made available 123·2 million bushels of wheat to the United Kingdom applicable to the 1948-49 terms of the Agreement. In addition to this quantity of wheat, the Board sold to Canadian mills 23·1 million bushels of wheat for the production of flour to be shipped to the United Kingdom under the Agreement. Of this quantity, the equivalent of 16·8 million bushels was for delivery to the United Kingdom as flour and the equivalent of 6·3 million bushels was retained in Canada in the form of mill offals. Thus, the provision of wheat for the United Kingdom under the 1948-49 terms of the Agreement was the equivalent of 140 million bushels.

At the conclusion of the year the two governments agreed that the terms had been fulfilled.

The next item deals with transportation. The crop year 1948-49 commenced with small stocks of wheat in the country elevators. This meant large scale movement from country positions. This commenced in mid-September when country stocks were large enough for maximum loading by the railways. As in the previous year the arrival of adequate stocks of wheat in forward positions prior to the close of navigation on the Great Lakes depended upon the effort of the railways over a period of about nine weeks following the peak of harvesting operations.

During this critical period Board requirements of wheat in forward positions were:

- (1) Wheat for current export to the United Kingdom and other countries;
- (2) Wheat for current domestic use and for export flour;
- (3) Wheat for eastern stocks at the close of navigation for winter domestic use and for export as wheat or flour during the December-April period.

These wheat requirements, along with necessary transportation for the movement of other grains and flaxseed, involved a shipping program in the fall of 1948 which was not fully attained by the railways in the

relatively short period of time available. The result was that the Board had to reduce its export objectives for the fall season, and under the circumstances could only make limited sales of wheat over and above seasonal shipments to the United Kingdom. During the fall months the Board was under continuous strain in respect to stocks of wheat available in seaboard positions. Under the circumstances then prevailing, the Board would have preferred to have disposed of more wheat during the first half of the crop year had it been possible to attain a larger movement of wheat from country elevators through to seaboard positions.

During the first week in December a total of 108 million bushels of wheat remained in country elevators.

These stocks, in addition to winter marketings by producers, were moved forward in good volume during the winter months and formed the basis for a substantial export movement of wheat after the opening of navigation.

The underlying transportation problem in the fall of 1948 was alleviated to some extent by sales contracts entered into with Switzerland, India and the Union of South Africa. These three contracts called for the bulk of shipments to be spread over the period from December 1948 to August 1949.

On July 21, 1948, the Board announced that there would be no delivery quotas on rye or flaxseed for the crop year 1948-49 and that delivery quotas on wheat, oats and barley would be left open after August 1, 1949, until the new crop deliveries and shipments reached such a volume as to make necessary the establishment of delivery quotas for these grains.

The deferring of delivery quotas until after the start of the crop year was advisable because of the urgent need of maximum deliveries of grain until the new crop became available in volume.

On August 27, 1948, the Board announced the establishment of delivery quotas applying generally in eastern Saskatchewan and Alberta. The Board considered that delivery quotas were unnecessary in Manitoba and in the low-yield areas of Saskatchewan.

In announcing initial delivery quotas the Board pointed out that it had to "consider not only the producers' position in respect to deliveries of grain to country points but its own responsibility, and the producers' interest in taking advantage of immediately available markets."

The original delivery quotas were established on a basis of 10 bushels per seeded acre on wheat, oats and barley at approximately 1,200 delivery points in Saskatchewan and Alberta. As soon as space became available at individual delivery points, quotas were increased or removed. On November 8th remaining delivery quotas in Saskatchewan, and on November 23rd remaining delivery quotas in Alberta, were removed.

Elevator Handling Agreement

Increased costs of operating grain storage facilities in Canada and increased maximum tariffs established by the Board of Grain Commissioners for Canada were reflected in the 1948-49 Agreement negotiated between the Board and handling companies.

The 1948-49 Handling Agreement negotiated between the Board and handling companies included an increase from 3½ cents to 4½ cents per bushel in the country elevator handling margin, an increase in the storage rate from 1/30 of a cent per bushel to 1/25 of a cent per bushel per day.

Position of the Five-Year Pool

As at July 31st, 1949, the position of this Five-Year Pool was as follows:

1. Wheat Acquired by the Board:

	<i>Bushels</i>
(a) Producers' Deliveries: 1945-46 Crop.....	235,432,048-50
1946-47 Crop.....	335,158,496-35
1947-48 Crop.....	243,940,871-05
1948-49 Crop.....	293,015,836-30
	1,107,547,253-00
(b) Wheat Otherwise Acquired	7,850,335-08
Total Wheat Acquired	1,115,397,588-08

	(Value)	(Value)
2. Cost of Wheat Acquired August 1st, 1945 To July 31st, 1949		\$1,907,177,178.99
3. Proceeds of Sales, August 1st, 1945 to July 31st, 1949 and Inventory:		
(a) Sales	\$1,835,982,298.15	
(b) Inventory—July 31st, 1949	93,200,829.48	
		1,929,183,127.63
4. <i>Deduct</i> : Funds Transferred to 1944 Crop Account		22,005,948.64
		12,000,000.00
		10,005,948.64
5. <i>Add</i> : Recovery of Storage, Interest and Differ- ential Charges, etc.		30,796,156.55
6. Gross Surplus as at July 31st, 1949		40,802,105.19
7. Operating Costs to July 31st, 1949:		
(a) Carrying Charges including Terminal Storage	39,105,597.50	
(b) Interest and Bank Charges (Net)	197,128.03	
(c) Additional Freight (Net)	2,419.52	
(d) Administrative and General Expenses ...	3,847,809.07	
(e) Other Costs	1,390,754.21	
		44,543,708.33
8. Deficit on operations as at July 31st, 1949.....		3,741,603.14
Add: Cost of Adjustment Payments		1,494,018.23
9. Deficit 1945-49 Pool Account to July 31st, 1949..		\$ 5,235,621.37

Board Operating Costs

For August 1st, 1945 to July 31st, 1949 (four full crop years), the Board's operating costs applicable to producers' wheat amounted to \$46,037,726.56. Of these operating costs the Board recovered \$30,796,156.55, mainly in carrying charges (storage and interest) on domestic wheat and wheat for the United Kingdom.

The Board's operating costs for the first four years of the Five-Year Pool are summarized.

The carrying charges on 1,115,000,000 bushels amounted to \$39 million.

The administrative and general expenses amounted to \$3,847,000-odd, and these costs amounted to .3449 cents per bushel on the total wheat acquired.

Next are the details on interest and bank charges, and the adjustment payments to producers on the various crop years. Then, other operating expenses—these were incurred principally for drying and conditioning wheat at the Pacific coast. A small payment for additional freight on wheat that had to be moved east against the differential.

The next item is:

	<u>Quantity</u> (bushels)	<u>Sales Basis</u> (Basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver)
To United Kingdom and Other Countries prior to the Canada-United Kingdom Agreement	208,013,770-19	\$1.55 per bushel
To United Kingdom for the Canada-United Kingdom Agreement	485,915,258-13	{ 339,573,484-44 bus. @ \$1.55 per bus. { 146,341,773-29 bus. @ \$2.00 per bus.
To Other Countries subsequent to the Canada-United Kingdom Agreement	169,724,667-54	Average of \$2.39 per bus. { 38,470,997-00 bus. @ \$1.25 per bus.
To the Domestic Market	204,090,130-20	{ 112,933,945-51 bus. @ \$1.55 per bus. { 52,685,187-29 bus. @ \$2.00 per bus.
Weight Losses in transit and in drying and reconditioning wheat	850,452-40	
Total Sales August 1st, 1945 to July 31st, 1949	1,068,594,279-26	

The next items outline the selling prices of Class II wheat. I think there was a question asked in the House the other night about a comparison of selling prices in 1948-49 as compared with the Board's class II price. You will note that is in the report as follows:

1948-49—During 1948-49 the Board's Class II price ranged from \$1.91 to \$2.48 per bushel, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. The Board's average selling price for Class II wheat in 1948-49 (including sales of Class II wheat from stocks in agents' hands on July 31st, 1949) was \$2.23 per bushel, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver.

The next item deals with the payment division.

Payment Division

During the crop year 1948-49 the Payment Division was concerned with the 20-cent adjustment payment authorized on wheat delivered to the Board between August 1st, 1945 and March 31st, 1949 as well as in connection with previously authorized payments. During 1948-49 the Payment Division issued 1,365,559 cheques to producers with a value of \$220,681,269.95.

The following table shows payments made during 1948-49 in respect to various Crop Accounts:

We note that there are still some payments outstanding in some of the early crop years, but I may say we have carried on a very intense campaign recently and these amounts are very substantially reduced as of the present time.

The next item shows the total bushels and value involved in the outstanding producers' certificates as of July 31, 1949. That, of course, was at July 31 and, as I say, there has been a very substantial reduction since that time.

The next item deals with staff. Staff on the 31st of July, 1949, were 524, compared to 712 on the 31st of July, 1948. It is noted that:

The major part of the reduction in staff occurred towards the end of the crop year with the completion of the main part of the 20-cent adjustment payment which commenced on April 1, 1949. The chief reduction in staff took place in the Payment Division and in other departments of the Board sharing in payment work.

With the Board handling oats and barley commencing on August 1, 1949, an additional staff of approximately 100 was required.

During 1948-49 the Washington office continued liaison work with the United States Department of Agriculture and worked closely with the

Cereals Committee of the International Emergency Food Committee up until the time that Committee was disbanded in April, 1949. When it was decided that the Headquarters of the International Wheat Council (administering the International Wheat Agreement) would be in London, England, the Board closed its Washington office in July, 1949.

The London office under Mr. R. V. Biddulph, European Commissioner, continued the liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food, as well as keeping in close contact with market developments in western Europe.

Staff Changes

In November, 1948 Mr. J. B. Lawrie, Assistant Director of the Wheat and Grain Division, Department of Trade and Commerce, Ottawa, joined the staff of the Board as Executive Assistant.

In July, 1949 Mr. R. N. Hickman, Assistant Sales Manager since 1943, resigned to return to private business.

There were some additions to the sales department which are outlined in the report.

The next item deals with the legal department:

Legal Department

The Legal Department dealt with all matters of a legal nature affecting the operations of the Board during the crop year 1948-49. A substantial part of the work of the Legal Department was in connection with payments, with particular reference to lost producers' certificates and producers' certificates involved in estates.

Then we come to the advisory committee. Mr. Chairman, I think that concludes the narrative portion of the report. From there on it goes on to the comments on the financial section of the report.

The CHAIRMAN: I think we had better deal with the summary you have just given us now. I think it would be satisfactory to you and to the committee to answer any questions on what you have already gone over, before going on to another branch. Is that agreed?

Agreed.

Now, are there any questions?

By Mr. Hetland:

Q. I would like to ask Mr. McIvor what is the 5 cents carrying charge? Is that official handling here?—A. Under the Canadian-United Kingdom agreement it is provided that the carrying charge shall be paid by the United Kingdom. The costs of carrying wheat are prorated over the twelve months.

Q. In Canada?—A. Yes.

Q. Not in England?—A. No.

By Mr. Quelch:

Q. The 5 cents did not actually cover the cost?—Not quite, I think. We have to make this estimate at the start of the year and in the earlier stages of the agreement our estimate was in our favour. In the latter stages, I think it worked in their favour but I am hoping by the time the final shipments are concluded under the agreement, that it will not be too far out of line over the period.

Q. On page 4 in the table you refer to a shipment of grain to India. Was that a sale made to the government of India?—A. Yes, sir, it was.

Q. Is there likely to be an increase in sales to India? Is it largely a question of purchasing each year?—A. I am afraid not at the present time. We again contacted the government of India this past year. We worked very hard with them and they told us on account of the dollar situation that they could not purchase any quantity of dollar wheat. They made a deal with Australia and I think they also made some kind of barter deal with the Argentine obtaining jute against the sale of wheat and also I understand there was some kind of a barter deal with the U.S.S.R.

Q. If arrangements could be made, there would be some chance to increase our sales to India?—A. They are a net importer. Now, mind you, India is not ordinarily an importer of wheat, but on account of the division of Pakistan and India a large part of the wheat area is in Pakistan and I would hope that if their dollar situation improves we are in very close contact with them and will work with them on a very friendly basis, with a view to selling them some more wheat.

Q. What is the situation regarding China? This will be a sale to the nationalist government, will it not?—A. It was a sale to the nationalist government, but before it arrived in China certain events took place there and I do not know where it landed finally. I know we were paid for it at Vancouver.

Q. Is there likely to be an extensive market for wheat in China once we recognize the new government?—A. I would hope so. China always has been a good market for wheat and flour because they cannot grow enough to support themselves, but there does not appear to be any immediate prospects. In the long term I would think that there would be every prospect of selling wheat and flour to China.

By Mr. Jutras:

Q. On page 2 you mention something of the successful trip of Mr. Brooking and Mr. Davidson to South America. What are the prospects for selling wheat or increasing the sale of wheat in South America?—A. We have been very pleased with our results in South America. I think we have doubled our exports to the Caribbean and South America of wheat and flour this year compared to last year and we are very hopeful about the situation. There are many of the countries down there which seem to be in a pretty good financial position. Of course, our big competitors there are the Argentine and the United States, but I think we have been able to get a pretty good market down there and I am hoping it will be more or less of a permanent nature.

Mr. WRIGHT: Have you any permanent selling agencies in these areas?

The WITNESS: No, sir, we have not.

By Mr. Charlton:

Q. Is India now a signatory to the International Wheat Agreement?—A. Yes.

Q. How can India make a bilateral agreement with Argentina?—A. There is nothing to prevent them from buying wheat outside the agreement. They agree to take a certain quantity within the agreement and they can buy as much as they want outside the agreement.

Q. As long as they take the quantity they agreed to take under the agreement they can then buy anywhere else they desire?—A. That is right.

By Mr. Decore:

Q. Will you tell us what you mean by class II price and class II wheat?—A. We have two or three classifications of wheat at the present time. We have our domestic price, which is \$2.06 a bushel. We have the prices under the International Wheat Agreement which is a maximum of \$1.98; we have the

balance of the Canada-United Kingdom Agreement, which is also \$2.06; and we have what is known as class II wheat which is wheat or wheat for flour which is sold to countries who are either not members of the International Wheat Agreement or their quota is filled under the agreement and they have to buy over or above the agreed quantities. That is known as class II wheat.

Mr. BRYCE: Have you to pay the 40 cents duty on bonded wheat?

The WITNESS: No, that went through in bond.

By Mr. Ross:

Q. What basis do you use then for arriving at the present price?—A. Our present class II price is about 35 cents under the comparable U.S. price. In order to arrive at that price we have a formula we work on, and in this formula we take the Chicago or the Kansas City market and then on top of that, of course, there is a premium for cash wheat, and we project that to the Gulf in the case of Vancouver competition and we project it to the Atlantic seaboard in the case of eastern shipments. Our present basis is about 35 cents under, having in mind their price is f.o.b. the seaboard and our price is f.o.b. the seaboard, too.

Q. All these factors are taken into consideration every day on that basis?—A. Yes.

By Mr. Jutras:

Q. I did not quite get that. You figure the price every day?—A. We take the American price, it is not the Chicago price nor the Kansas City price, it is the American price plus the cash wheat premium. There is a premium paid over and above the future price. We take that price at the seaboard, it might be at the Gulf ports, it might be at Baltimore or New York, and we calculate it against our own. We have a formula we work on. We calculate it against our own prices and today we are about 35 cents a bushel under seaboard, having in mind their price f.o.b. and our prices f.o.b. seaboard.

By Mr. Ross:

Q. That is a price at Fort William?—A. No, that is at the seaboard.

Q. No, but the Canadian price is at seaboard?—A. Yes.

By Mr. Fair:

Q. That is the price you get?—A. Yes.

Q. And you do not care whether it is the Chicago price or anything?—A. Well, I would point out that, a lot of this wheat which is sold by the United States is sold to areas in which they have a certain responsibility—

Right Hon. Mr. HOWE: In other words, they give it away.

The WITNESS: Well, I was not going to say that, Mr. Minister, but actually they provide wheat for Germany, for Japan, for Korea. One agency provides the wheat and it buys it from another agency. When we sell our class II wheat we are on our own. In other words we have got to sell it in competition and that is what we do, and our price has ranged all the way from 25 cents to 40 cents under the U.S. market price; it is 35 cents under today.

Mr. FAIR: 35 cents under at the present time?

The WITNESS: Yes.

By Mr. Ross:

Q. When E.C.A. or Marshall funds were made available for Britain to take a large quantity of wheat, what reaction did that have? That was worked out between Britain and the United States, I suppose?

Right Hon. Mr. HOWE: It did not affect us at all.

Mr. ROSS: We got the cash and it was a deal between Britain and the United States?

Right Hon. Mr. HOWE: That is right.

By Mr. Charlton:

Q. What makes up the difference in our Canadian price. Exchange will affect it some?—A. Exchange is a part of it. In regard to our own price, our own price today at Vancouver for No. 1 Northern is about \$2.09½ that is the cheapest wheat we have for sale. Now, the reason for that is you just have the rail freight charge from the province of Alberta to Vancouver plus the cost of putting it on the boat. When we take wheat in the eastern position it costs us about 17 cents a bushel to put it from the Lakehead down to Montreal, so our basis is \$2.24, roughly, f.o.b. the steamer.

Now, the thing that constitutes their price range is their cash wheat prices in the primary market plus the cost of shipping it to Galveston or New Orleans, and the cost of putting it on board the steamer.

By Mr. Fair:

Q. Are all prices in terms of Canadian funds?—A. When we calculate the differential yes, we calculate both prices in terms of Canadian funds.

Q. Then European countries can buy it cheaper from us than from the United States?—A. If they are outside the International Agreement. Inside the International Agreement the price is the same for both.

Q. How can it be the same?—A. They sell it at \$1.80, and we sell it at \$1.98, at Fort William.

Q. They have to pay us more than this?

Right Hon. Mr. HOWE: I find it is easier reckoning in Canadian dollars than it is in American dollars, but it is the same price taking into account the difference of exchange.

The WITNESS: Yes.

By Mr. Jutras:

Q. What is the freight, approximately, on a bushel of wheat from Montreal to Winnipeg?—A. I am not sure that I have that figure, but I shall get it for you before we are through.

By Mr. Hetland:

Q. Am I correct in my understanding that Mr. McIvor said \$2.09?—A. \$2.09½.

Q. And \$2.24 at Fort William?—A. \$2.24 at Montreal.

Q. What would happen if you had wheat at Port Churchill and you could get it on that basis?—A. With regard to Port Churchill, the only wheat that has gone up through Churchill so far has gone out to the United Kingdom under a contract which provided for the delivery of wheat at Port Churchill under the Canada-United Kingdom Agreement.

By the Chairman:

Q. And that was stated in the contract?—A. It was stated in the contract, yes.

By Mr. Hetland:

Q. Was there a saving to Great Britain because of Churchill, and does she get the benefit?—A. We tried last year to sell wheat to other countries out of Port Churchill. It is a variable thing, but at that particular time there was a

saving out of Port Churchill as compared with Montreal. My recollection of it is that it was around 10 cents a bushel; but there were certain disadvantages from the standpoint of the buyer, for example, if he wanted to get wheat quickly, or something of that nature. And there were difficulties of chartering at that particular time; so we made up our minds that if we could recover part of that 10 cents for the producer, it would be good business. Therefore we suggested a lower price at Churchill, which actually took up part of the differential between Montreal and Churchill; and while we were not able to sell any, I do hope that this year we shall be able to sell wheat out of Churchill. I cannot say right now what the differential will be, but we shall take our pencils and figure it out.

Mr. Ross: What would be the cost of transportation? Quotations are very nearly the same for cash wheat basis Chicago and Winnipeg; and from that on I do not follow it any too clearly.

Right Hon. Mr. HOWE: When you move it down to seaboard, it is different.

Mr. Ross: That is what I am trying to follow through right now.

Right Hon. Mr. HOWE: Yes.

The WITNESS: On the 2nd of June, according to the last figures I have, two Red Winters at Baltimore are quoted at \$2.59 and $\frac{3}{8}$ f.o.b. basis our funds. And at the same time our number two northern which is a comparable grade was quoted at \$2.25.

By Mr. Ross:

Q. Basis seaboard?—A. Basis seaboard, yes. When we come to the Gulf ports, which are our big competitors, two Red Winters are quoted at Galveston at \$2.56, while our No. 2 Northern again at Montreal is quoted at \$2.25.

Q. That is not all in transportation?—A. It is the result of transportation and premiums. I have not got the break-down; but these are the quotations.

Q. What constitutes that difference? It cannot all be transportation?—A. It is transportation and premiums.

Right Hon. Mr. HOWE: With transportation rates so much higher in the States.

Mr. Ross: I realize that.

By the Chairman:

Q. I take it there are two Red Winters, and that our No. 2 Northern is about the same?—A. I think our No. 2 Northern is better quality.

By Mr. Ross:

Q. Yes, I think it is recognized by experts as a better quality of wheat.—A. Yes. The point I mentioned earlier was that a lot of this wheat is not being sold in a regular manner. These are quotations on wheat going out to a lot of areas with respect to which the Americans have a responsibility for providing; so it is not a commercial transaction in the strict sense of the word.

By Mr. Charlton:

Q. We are trying to sell more of our wheat, and we are making up the difference?—A. Yes, and I think it is good business.

Mr. WRIGHT: I take it that the American price is determined by the policy in the United States with respect to their floor prices legislation, and whether the United States government wishes to show any loss that there may be in the handling of wheat as a loss against their stabilization program in the United States or against their Marshall Aid, because the shipping of wheat to those other areas is their responsibility; so it does not actually mean that the American price is the world price. The price established by the Americans was designed

to fit into their policy with regard not only to the selling of their wheat but also their policy with regard to Marshall Aid and assistance to other parts of the world.

Mr. Ross: Still, it is taken into account in arriving at our own price?

By Mr. Wright:

Q. Yes, and in arriving at the price at which we can sell wheat.—A. I think that if you look at the over-all position in the United States you must start with the American government loans policy which has the effect of holding a considerable quantity of wheat off the market; and they use the great bulk of their wheat themselves.

By Mr. Ross:

Q. That loan policy would have quite an effect?—A. Yes, it has quite an effect in drying up wheat supplies. There is no doubt that the effect of drying up wheat supplies due to the loan policy means there are premiums established on wheat on the amount that is available. But what the internal bookkeeping is in the United States, I do not know.

By Mr. Wright:

Q. You spoke of Port Churchill a moment ago and the establishment of a price out of Port Churchill for this year. I presume you would follow the policy which you used last year in offering wheat out of Port Churchill on a basis of splitting the difference on the saving that could be made out of that port when making sales out of that port. Is that the policy?—A. I would not like to say too much about that at the moment. We hope to be able to sell some of this wheat.

Q. I see. I shall not pursue it further. Has the Wheat Board made any representations to the Board of Grain Commissioners with respect to the tariff charges or diversion charges on wheat moving to Port Churchill?—A. That is not a question for the Board of Grain Commissioners. That arises out of the fact that when we come to make arrangements with the Elevator Handling Companies, they require diversion charges on wheat that goes to Port Churchill for what they call "in lieu of terminal earnings at the lake head"; and we have argued with them about removing it, but I regret to say that we have not been successful.

Q. You have made representations, and that is all you can do.—A. We have made representations to the companies, not to the Board of Grain Commissioners. It is not a tariff set up by the Board of Grain Commissioners. It is a part of the handling agreement. I can tell you that we made very strong representations not only at last year's meeting, when we arrived at a handling agreement, but also in the previous year. Unfortunately we have not been successful.

Q. Does the Board make representations to the Board of Grain Commissioners with respect to other matters such as elevator and storage charges?—A. No.

Q. That is left to the Board of Grain Commissioners entirely?—A. Yes. The way we feel about charges and about the handling agreement is this: there are four large producer organizations, the three pools and the United Grain Growers. We are trying to get the best agreement we can. But if they are adamant and say: "This is the lowest charge we can set", we feel we cannot go much further than that. We feel they should represent the producers in the negotiations, and we always point that out to them. But if we cannot get them down, our hopes are not very good of getting charges reduced.

By Mr. Bryce:

Q. They are asking for payment for service that they do not render?—
A. Their argument is: they own terminals and as a result of owning these terminals, when wheat is shipped via the lake head, they get service charges for moving the wheat through their own terminal. But when the wheat goes to Port Churchill they lose such terminal charges.

Q. They want to get paid for services which they do not render.—A. They do not quite put it that way.

Q. Well, that is the way the farmer puts it. They want to get paid for something they are not doing.—A. They say if this wheat is permitted to go to the lakehead they stand to get the benefit of the elevator charge. The producers' elevator companies always make the same argument. They claim that if the wheat was permitted to go to the lakehead they would obtain the service charge but when it is diverted to Churchill where they have no interest in the elevator they lose that charge and they want to get compensation.

By Mr. Wright:

Q. Their argument is that their elevator charges are taken into consideration in their earnings at the terminal elevators.—A. That is right.

Q. And if you were to change the earnings at their terminal elevators they would have to come back and ask for higher charges.—A. They claim that they enter into an agreement with us on an inclusive basis and if we were to reduce it in some sections they would have to ask for compensation in other sections to make it up to them.

Mr. CHARLTON: Is there much wheat being held at these terminals in store?

The WITNESS: No, there was three or four years back. There were big stocks of wheat in the west. Dealing with western government elevators, there was very substantial use being made of them; and, with regard to the government elevators in the east, Prescott, Port Colborne, to some extent Quebec, and Montreal, they are being used very substantially.

Mr. ROSS: Referring to the paragraph on transportation there on page 6, I see that you refer to the wheat requirements and the fact that your shipping program in the fall of 1948 was not fully attained. I presume that has reference to movement of grain to the east, and I see that flax is referred to there, and I note that you indicate that there was a shortage of elevator space. Was that space also filled up with grain, or were you holding flax in some of it?

The WITNESS: We didn't own any stock of flax that year except at the Lakehead and east.

Right Hon. Mr. HOWE: Unfortunately the Act passed by parliament provided a flax price delivered at Fort William or Port Arthur.

The CHAIRMAN: I know it was out of position in Saskatoon.

The WITNESS: I think if it had come to us early enough even in spite of the difficulty Mr. Howe mentioned, we could have done something about it, but by the time it came to us it was impossible for us to do anything about it.

Mr. WRIGHT: Does the Board attempt to move coarse grains as far as possible by boat to the various elevators and government storages, terminal elevators included?

The WITNESS: No, we sell our coarse grains at the lakehead.

By Mr. Jutras:

Q. I wonder if you would mind turning to page 10, item 15, "Selling Prices—Class II Wheat". For the crop year 1945-46 the price on all export wheat sold was \$1.55, that was the U.K. price, and the domestic price during that period

was apparently \$1.25; while at the end of 1946-47 the average class II price was \$2.43, and I believe the U.K. price was \$1.55 for that period; well then, what would be the average domestic price there?—A. It is summarized on the previous page.

Q. Where do you see that on page 9? That does not break it up by crop years, that is for the full period.—A. If you will look at the footnote on page 9 it says, dealing with the domestic price, that it was \$1.25 per bushel from August 1, 1945 to February 17, 1947.

Q. To what?—A. To February 17, 1947, at the foot of page 9.

Q. Yes. Now what I am trying to get at is the average price for the crop year. If you have been able to figure it out I would like to know the amount sold at \$2.40 and the amount sold at \$1.55. It doesn't show it on that page.—A. Yes, it is there. If you look above that where we show the total to the domestic market 204 million bushels, and just to the right of that 38 million odd bushels sold at \$1.25 per bushel.

Q. Yes, I am sorry; that was the total amount for the whole period 1945 to 1949.—A. That ties in with the footnote at the bottom of the page.

Q. No, it does not completely. It was for 34 million bushels; the quantity sold on the domestic market 1945 to 1949; then in that year, the next year, 1946-47, part of that was sold at \$1.25 and part at \$1.55.—A. The accountants can correct me if I am wrong but it seems to me that what I have said is that the price of \$1.25 applies from August 1, 1945 to February 17, 1947.

Q. Right.—A. And that there were 38,470,000 bushels sold; then the \$1.55 per bushel applied from February 18, 1947 to July 31, 1948 at which price 112,933,000 bushels were sold; then the price of \$2 per bushel applied from August 1, 1948 to July 31, 1949, and at that figure 52 million bushels were sold in the period from August 1, 1948 to July 31, 1949.

By Mr. Ross:

Q. In this United Kingdom agreement made in 1946, I suppose you were over there when the contract was signed?—A. The contract was signed here in Ottawa.

Q. There is a clause in that agreement which prescribes the method by which the price shall be arrived at. What was the idea in the minds of the people who set that value when that clause was put in there, what was your thought on the price then?—A. I don't know.

Q. Why was it written into the agreement?

Right Hon. Mr. HOWE: Does it mean any more than it says?

Mr. Ross: I do not know why it is in there.

Right Hon. Mr. HOWE: Well, the clause is there and it provides for the setting of the 1947 price or rather I should say the price of the succeeding year; that it will be fixed having regard to the price of the preceding year.

By Mr. Ross:

Q. What was the basis? Did you have any thought in mind of what constituted a world price?

Right Hon. Mr. HOWE: No; I do not think it was ever understood that it would be \$1.80.

Mr. Ross: That is what I would like to know; I would like to get some clarification of that phrase.

Right Hon. Mr. HOWE: On the strength of that phrase the price to the U.K. of the 1948-49 crop was raised to \$2.

Mr. Ross: That still was away under what you people were selling class II wheat for—you were underselling the markets there.

Right Hon. Mr. HOWE: We were not underselling other markets there.

Mr. ROSS: Well I just wondered if somebody had an idea of what that clause meant?

Right Hon. Mr. HOWE: The agreement specified a price of \$1.55 for two years then it said in fixing the price for the last two years regard would be had to the difference between—well I just do not know how the clause reads.

Mr. ROSS: A world price—that is the thing I have not got clear.

Right Hon. Mr. HOWE: Well I was not in on the negotiations at the time, but I know what the clause says.

Mr. ROSS: I do too, but I did not know what it meant. I would like to get from somebody what they had in mind when they wrote it.

Mr. HETLAND: We are not on coarse grain yet?

The CHAIRMAN: No, we are just finishing up page 11. Are there any more questions up to the bottom of page 11?

Right Hon. Mr. HOWE: There was someone interested in this deficit of the 1945-49 pool account as of July 31, 1949. This would be a good place to clear that up.

Mr. WRIGHT: There was something said in the House with regard to it when the statement came out. I commented on it in the House but I do not think there is anything to clear up before the committee. We had a deficit, and that is all there is to it. We overpaid when we paid the 20 cent payment—in my opinion—in view of the amount of the fund and the position of the Board when the payment started. That is all there is to comment on. I do not think the Board had anything to do with it. It was a matter of government policy to make the payment and all the Board did was to carry out the policy. I might ask Mr. McIvor whether, in his opinion, it was a right thing to do or a business-like thing to do—to start on a payment of \$220 million when there was available at that time, I believe, only some \$75 million in possession of the Board. However, I do not think that is a fair question to ask Mr. McIvor and I am not going to ask him.

Right Hon. Mr. HOWE: There were other charges—the pool at that time was carrying charges other than the charges against wheat. I do not think the Board recommended that the government make any payment on wheat when there was not the cash to cover it.

Mr. ROSS: What do you mean by other charges?

The WITNESS: I think there is a point which might be raised.

Mr. ROSS: Before you go on to answer, there has been a lot of conflict about this. I remember the Minister of Agriculture was quoted as stating in a speech in Moose Jaw a year ago last April that the 20 cent payment was only part of what was in the pool and there would still be another 12 or 15 cents in the pool.

Right Hon. Mr. HOWE: I do not think so.

Mr. ROSS: I am saying that he was quoted that way in the paper and therefore there was a lot of conflict about it.

Right Hon. Mr. HOWE: Mr. McIvor can clear that up, but I do not think we did overpay.

The WITNESS: I have just a short statement on the point.

Effective April 1, 1949 the initial price of wheat under the five-year Pool was increased from \$1.55 per bushel to \$1.75 per bushel basis No. 1 Northern Wheat in store Fort William, Port Arthur or Vancouver. This was an increase in the initial price of all wheat delivered to the Board between August 1, 1945 and July 31, 1950. The increase took into account

not only the current cash position of the Board but the known factors in the price and demand situation for the final sixteen months of the Pool period.

The Board felt that a 20 cent increase in the initial price was safe from the standpoint of the financial structure of the Pool. The Board felt that it could finance the increase in the initial payment over the period within which the adjustment payment would be made to producers. As far as the wheat operations of the Board are concerned we did not have to borrow money for the purposes of the payment nor for current wheat operations during the crop year under review.

Prior to the announcement of the increase in the initial price from \$1.55 per bushel to \$1.75 per bushel, the Board had been using surplus wheat funds to finance non-wheat operations of the Board—principally the 1947 and 1948 flax seed accounts.

As required wheat funds were withdrawn from these special non-wheat operations which were then financed by borrowing from the banks as required.

Mr. WRIGHT: The criticism I had was this. We ended the year with a deficit as shown of \$5,235,621.37. That meant that on the 31st of July the Board had a deficit with no funds on hand to start purchasing the new crop. You had to immediately—and you may check me if I am not correct—to go to the banks to borrow large sums of money to buy the producers' wheat once they started to deliver in August of 1949. You will have to pay the banks 3 per cent interest compounded monthly or whatever the arrangement with the banks is; whereas, in 1948 you had a large amount of the growers' funds there which were available to make initial payment on the 1948 crops. It was a matter of financing; it left you in a deficit position at the start of a new year and as a result you must have had to go to the banks to borrow a large share of the funds required for the financing of your 1949 operations.

Now, I cannot see the thing in any other position, and I say that had this been a wheat pool, or a co-operative organization, or any business organization starting the current year 1949 in a deficit position, they would not have been able to go to the financial institutions of the country to borrow money for financing the crop. It was only because you were a government board that you were able to do that. I do not think that being a government board you should leave yourselves in a financial position such as that; I do not think it is good business.

The WITNESS: I do not think we did that, but I am going to ask Mr. Earl to reply.

Mr. ROSS: Following what Mr. Wright has just said—In Exhibit 1—page 25—it shows as at the first of July 1939 there was a liability to banks—demand loans—of \$23,795,698.28, and accrued interest thereon of \$3,911.62. Now the statement that you had borrowed money and had to pay interest on it at that date bears out Mr. Wright's argument.

Right Hon. Mr. HOWE: Do you think it is good business to hold back moneys from the farmers for the purpose of financing coarse grains and flax operations?

Mr. ROSS: No, no, I am not arguing that. I am discussing the bookkeeping. I am not complaining about making the payment and I still think that the government should have paid considerably more money; the farmers have quite a bit still coming.

The WITNESS: I do not think the amount of money which the Board owes or does not owe banks has too much of a bearing on what their payments to the producers should be. We had in this case, sufficient sales ahead to say to the

government that we thought the 20 cent payment could be made with safety. I think we would have been very wrong in holding the money back, but Mr. Earl can give you more information about the direct financial position.

Mr. WRIGHT: I would judge that around the 15th of September would be the time at which the borrowing would be the largest for the 1949-50 crop year? largest for the 1949-50 crop year?

Right Hon. Mr. HOWE: Do you mean funds?

Mr. WRIGHT: To make the initial payment.

Right Hon. Mr. HOWE: To make the initial payments on wheat or on coarse grains and on flax?

Mr. WRIGHT: I am speaking of wheat.

Right Hon. Mr. HOWE: Just on wheat?

Mr. WRIGHT: Just on wheat.

The WITNESS: You are dealing with this crop year?

Mr. WRIGHT: Yes. The borrowings were lower because there were not the funds available from the other years. All within the five-year pool.

Mr. HETLAND: Would not the farmer be using his own money to buy his own wheat the next year? He would be using his own money to buy his own wheat the next year unless he got it.

Mr. WRIGHT: Instead of borrowing it.

Mr. HETLAND: They all borrow money to buy their wheat. In other words, the farmer has his own money there to buy his own wheat the next year.

Mr. WRIGHT: But the pools when they were organized took a payment from the farmer of 1½ cents a bushel to set up a reserve to do this very thing, so that they could be in a financial position where they could go to a financial institution in this country which, as I understand, demands that the pool should be holding back a certain amount of their own funds before they would loan to them the money required.

The WITNESS: The farmers can go to the banks right now for any money they need for the Wheat Board account. They reduce their bank loans when they deliver to the board.

Mr. WRIGHT: And they were able to deliver it because of the reserve which they had set up; otherwise, the banks would not loan to them.

Mr. HETLAND: Wheat is a reserve.

Right Hon. Mr. HOWE: The grain is in the grain elevators.

Mr. WRIGHT: The reserve is in the form of cash which they have in part to finance.

Mr. ROSS: Mr. Earl, perhaps you can give us some clarification?

Mr. EARL: I was first going to say that the loan applied entirely, as Mr. McIvor has said, to government of Canada operations. I might point out, too, that our banking is done on a net basis. That is, we run one complete set of bank accounts and operate all the consolidated operations of the board within that structure. We are able to tell the amount of available funds, that apply to each particular account within that consolidation. As of July 31 the cash deficit in the government account amounted to \$25 millions, the cash surplus in the wheat account to \$1,560,000, and that is the detail of the remark that Mr. McIvor has made, that we do not have to borrow money for purposes of making that payment.

Now, if I might refer to the deficit just for a moment, I think there are one or two items that I can perhaps clarify. There is one, of course, very elastic item in any financial statement, and that is the valuation of the inventory. Now, if you would look at the balance sheet just for a moment, you will find that we

have valued the wheat inventory on the basis of \$2 per bushel which would be the lowest amount which we would attain in liquidating all that inventory. Actually, history subsequent to the date of this balance sheet indicates that we had realized more than the valuation by some \$465,000 approximately, by reason of the application of that inventory to class II sales.

In addition, you will also note that there is no provision in that valuation for the inclusion of the 5-cent carrying charge. The reason is that it is impossible to tell which proportion of the 5-cents applied prior to July 31 and which proportion applies afterwards. But in the compilation of the statement, full provision has been made for all carrying charges up to and including July 31.

The effect is that full provision has been made for all liabilities, but we have not included in the statement any return for anticipated revenues which would accrue from that carrying charge and which would be collected on ultimate sales.

In addition, the payment situation as it stood at July 31 has a bearing—I would like for a moment to refer to page 19, of the report, the bottom section. You will note that on these adjustment payments applicable to the 1945-1949 pool, there is a total amount still to be paid to producers of \$23,464,000.

In arriving at the operating results for July 31, full provision has also been made for this liability; in other words, we have provided for the \$23 million but we had not disbursed it as at July 31, again following the accepted practice of including all liabilities at the date of any balance sheet.

If the operating results were determined on a basis which eliminated the \$23 million, which is included in the cost of your wheat, you would actually be showing a surplus in your account of some \$18 million, being the difference between your \$5 million deficit and your \$23 million liability.

Mr. WRIGHT: That means that instead of having a deficit you would have a surplus of \$18 million?

Mr. EARL: That is right. Had we dealt with it, sir, on the basis of only increasing the cost of your wheat as the payments were disbursed.

Mr. CHARLTON: If there is an unpaid deficit of \$5 million, how does that bring it down to a figure of \$18 million? It would make it \$28 million deficit.

Mr. EARL: No, it would change your operating deficit. I am not speaking about cash. Your cash position does not necessarily have any direct relationship to your operating results and it cannot in this case, as we mentioned a moment ago, by reason of the fact that your cash at the present time was actually out financing the government account.

Mr. CHARLTON: But you say here: "In respect to the foregoing payments the board still had to disburse as at July 31, 1949, the sum of \$23,464,971.69." On the same date you are showing the bank liabilities, that is, loans from the bank, as \$23,799,609.90.

Mr. EARL: That is right.

Mr. CHARLTON: And you are showing a deficit on the year's business at \$5 million. Now, I do not see how you can get the cash balance.

Mr. EARL: I did not say a cash balance. I am distinguishing between a cash position of an organization and its operating position.

Mr. CHARLTON: You actually owed at that particular time \$46 million.

Mr. ROSS: That is not the position of assets. Page 19 simply says \$23,464,971 liabilities. Right there it says it is outstanding.

Mr. CHARLTON: It is an outstanding liability.

Mr. EARL: That is correct, and it follows that also outstanding is the profit on the liquidation of your inventory. Ultimately there will also be collection of carrying charges, and sales on the continuation of the 1945-1949 pool will produce the funds for final payment of the liability to the producer.

Mr. WRIGHT: Can you give me your bank loans as of September 15, 1959?

Mr. EARL: No, sir, I do not have them here. I can get that for you.

Right Hon. Mr. HOWE: I think what is being overlooked there against that so-called deficit is a payment from the federal government of how much—we appropriated last year quite a substantial payment.

Mr. CHARLTON: It says here \$4,195,814 due from the government of Canada.

Right Hon. Mr. HOWE: Were there not other charges due?

The WITNESS: What is the amount due from the Canadian Government.

Mr. EARL: \$4,195,814.25.

Right Hon. Mr. HOWE: That is the flax account. It was due on the coarse grain account—not due from the government, but on the account borrowed against the flax and coarse grains.

Mr. EARL: Borrowings from their accounts in cash, \$25,356,000.

Mr. WRIGHT: That is at July 31, 1949?

Mr. EARL: Yes, amounts which we had borrowed from the bank and wheat accounts for the 1947 and 1948 flax account, rape seed account and our refund account. There were also sundry other small accounts.

Mr. WRIGHT: That was not due to the wheat operations.

The CHAIRMAN: Would you please speak a little louder, they cannot hear at the other end of the room at all.

Right Hon. Mr. HOWE: Perhaps we can proceed with coarse grain.

Mr. WRIGHT: I had not finished yet. I am more muddled than when we started, Mr. Minister.

Right Hon. Mr. HOWE: The Board reported that they could safely pay 20 cents a bushel. They paid it out and the comptroller has told you that they did not have to borrow any money to make the payment.

Mr. WRIGHT: I do not think that is right.

Right Hon. Mr. HOWE: Is that a fact?

Mr. EARL: That is correct.

Mr. WRIGHT: Did you not have to borrow any money at all to make the payment on wheat? Because you just took the money out of the flax and coarse grain accounts. It was not due you as a payment on wheat at all?

Mr. EARL: It was a repayment of wheat money that had been loaned to government account for financing purposes.

Mr. ROSS: It was actually in the wheat account?

Mr. EARL: That is correct—originally. The bank loan applied entirely to government of Canada account; in other words, that \$23 million bank loan consisted of two figures—a cash deficit in the government account of \$25 million and a cash surplus on wheat operations of \$1,560,000.

Mr. CHARLTON: Where is that shown in the statement?

Mr. EARL: That is not shown. We can only show the net amount of borrowings that we make from banks. Our accounts are on a consolidated basis.

Mr. WRIGHT: Then it would be very difficult for anyone reading these accounts to come to any other conclusion than what I have.

Mr. CHARLTON: Mr. Chairman, I have another question. You inferred that it was because of coarse grains and flax that you had to borrow this money?

Mr. EARL: I said flax, rape seed and refund account. They are the main government accounts.

Mr. CHARLTON: Mr. McIvor has said it then.

The WITNESS: I never mentioned coarse grain.

Mr. CHARLTON: At any rate there was no necessity. I am not trying to start a debate on coarse grain, but the coarse grains are bought, the farmer is paid for them and you are paid for them, are you not, when this coarse grain is laid down in Fort William or taken out of Fort William?

The WITNESS: That is right.

Mr. CHARLTON: Then why should there be such a hold-up on coarse grain?

The WITNESS: I did not know we were talking about coarse grain.

Right Hon. Mr. HOWE: Quite a time elapses before the time coarse grains are paid for and refunds are made to the board.

The CHAIRMAN: Can we clear this point up now?

Mr. ROSS: Before we leave this point. I do not know whether this is a fair question, but there has been a great deal of controversy throughout the country. As I say, the farmers have been muddled; we who try to study it a bit are muddled and, really, the farmers would like to know, if it can be estimated closely, about what they would expect in the next payment? I would think your board could give a pretty fair estimate of that at this stage.

The CHAIRMAN: I do not think that is clearing up the question I had in mind.

Mr. ROSS: It is a part of this discussion.

The WITNESS: I think that is the \$64 question.

Mr. ROSS: It might be unfair to the officials but it would be very helpful to the producer.

The CHAIRMAN: What I had in mind was to clear up the question that Mr. Wright brought up.

Right Hon. Mr. HOWE: I think that is cleared up to Mr. Wright's satisfaction.

Mr. WRIGHT: I want to say that I do not think it has changed my opinion. As far as growers were concerned, in the final analysis they would have received more out of the five-year pool had a twelve cent payment been made in 1948-49 and the interim payment made this spring or a final payment made this fall, when we expect it to be made. I think that figure would prove that I am correct in saying that the growers would have received more money had the payment made in 1948-49 been twelve cents.

Right Hon. Mr. HOWE: More than the interest on the money the producers received?

Mr. WRIGHT: Yes, more than the interest on the money they got, because a large portion of the growers in Saskatchewan paid income tax on that payment. Of course, that is outside the board.

The WITNESS: I do not think we want to get into the income tax.

Mr. ROSS: It is difficult enough now.

Mr. WRIGHT: That is all I have to say on the matter.

By Mr. Charlton:

Q. As I understand it the wheat board is supposed to be self-sustaining. Now, in the experience of the wheat board in the last few years has there been any government money gone into that which has not been paid back?—A. Yes. In 1938-39 the wheat board recommended an initial payment of 60 cents a bushel. At that time the Act provided that we had to recommend a price.

1938-39 followed a very poor crop in 1937-38, and the government of that day decided that the best means of getting out money to the western provinces that needed it in the worst way was to pay 80 cents a bushel. The government were advised at that time that in the opinion of the Board that price would mean a big loss, and the loss was somewhere over \$60 million.

Q. \$60 million in 1938-39?—A. Yes. In 1939, there was a small loss, I can get the figures for you; but the big loss was in 1938-39. That loss was taken with eyes open; it was realized there would be a loss.

Q. Have you any estimate?

Right Hon. Mr. HOWE: When you reckon them up, there was another ten cents on the equalization fund in 1945, was there not, when we raised the price from 25 cents to 35 cents?

Mr. ROSS: On wheat?

Right Hon. Mr. HOWE: Yes.

Mr. WRIGHT: The government made money on that?

Mr. ROSS: I do not think the government was ever out anything since the war started.

Mr. DAVIDSON: Mr. McIvor has just given you the 1938-39 position and on all wheat operations since the 1940 crops there have been surpluses distributed to producers.

Mr. CHARLTON: On the total operations of the board could you get me the figures, the loss in the total operations of the board?

Mr. ROSS: To keep that clear, as from the commencement of the war, and since.

Right Hon. Mr. HOWE: There was a loss on flax, of course.

The WITNESS: Wheat only, Mr. Charlton?

Mr. CHARLTON: Wheat separately, and the complete loss separately.

Mr. EARL:

1938 crop	\$ 61,281,329.55
1939 crop	8,816,210.36

Those two are both deficits and the following amounts are all surpluses:

1940 crop	\$ 26,198,149.47
1941 crop	15,226,321.68
1942 crop	19,575,887.27
1943 crop	36,387,548.30
1944 crop	65,087,690.34

and the pool: 1945 to 1949 pool accounts, a deficit of \$5,235,621.37.

The WITNESS: As of July 31, 1949.

Mr. EARL: That is correct.

Right Hon. Mr. HOWE: I might point out that the surplus was not used to offset the deficits; the government paid the deficits and the surpluses went to the producers.

Mr. FAIR: I was going to ask whether Mr. McIvor could give us an estimate of the losses taken by the farmers who grew wheat for the 1938-39 wheat board operations.

The WITNESS: The losses taken by the farmers?

Mr. FAIR: Yes, operating losses.

The WITNESS: I do not know.

By Mr. Wright:

Q. To offset against that \$60 million which the government has paid I would like to point out that the government took over, I think it was some 230-odd million bushels of wheat as of a certain date in October, I believe, 1943, at \$1.26 and a fraction cents. Am I right in that?—A. Approximately.

Q. Now the government later disposed of that wheat in several different ways: one of them was to make a gift of wheat to Greece and India, another was to supply wheat to the domestic trade in Canada at \$1.25 a bushel when that wheat could have been sold on a rising market which reached, I think, \$2 a bushel before the wheat was completely disposed of.—A. No.

Q. Well, \$1.90 anyway.—A. No, it was not \$1.90. I remember that wheat was known as crown wheat and when it was exhausted there was a further 100 million bushels sold to the crown, I think, at \$1.43. The market had reached there, I think, by the time the second instalment was purchased.

Q. But it was all disposed of at considerably more than the amount it was taken over from the farmers, and the basis on which the farmers were paid for the wheat had it been disposed of on the world markets—A. Well, there was a considerable period of time that that was about the current market.

Q. Not very long. The market started to rise almost immediately after that date in 1943 as I remember it.—A. Which market are you referring to? The Winnipeg market was closed.

Q. I am referring to the American market which was the only market available to judge the price.

Right Hon. Mr. HOWE: It was not available anyhow, we could not sell anything on that market.

By Mr. Wright:

Q. You were selling wheat to different parts of the country at prices over \$1.26?—A. In 1943-44 and 1944-45, I think it was, we sold the Americans about 160 bushels of wheat which they took down there. They were in a deficit position then, they needed it for feed, so I do not think it would be quite fair for the Chicago market at that period to represent the so-called world price.

Q. What would you say was the world price during that period?—A. I do not know. Frankly there are so many world prices these days it is hard to figure out.

Q. You must have been selling wheat on the world market during that time, you must have been selling to some other countries; I would take that price as some indication of what you obtained for this wheat.—A. We were selling some; but if you remember, the bulk of the markets then were completely closed off; it was largely a war operation, and Europe was closed off. We were selling some, but our big market in the last year or two of the war, outside of Mutual Aid, was the United States.

Right Hon. Mr. HOWE: I can assure you that the government did not make any money on that crown wheat, if you want to examine the records.

By Mr. Wright:

Q. I still think that if that wheat had been held to the farmers' account, it would have brought more than \$1.26 at which it was taken over.

Right Hon. Mr. HOWE: You cannot make your speculation five years after the event.

By Mr. Quelch:

Q. On page 9 it is stated that we sold Britain in 1946-47, 1947-48, and 1948-49 a total of 339,573,484 bushels at \$1.55, whereas we had only contracted to sell Britain 320 million odd bushels. How did we come to sell her an extra 19 million bushels at \$1.55? Would they not be entitled to receive No. 2 Northern wheat?—A. The arrangement which we made with them for the life of the contract was that we would supply the equivalent of offal which remained in this country. They took flour. Had they taken it all in the form of wheat, which we did not want them to do, they would have got their net bushels of wheat; however, they took so much in the form of flour and they thereby lost their offal. So we gave them credit for the offal in the over-all quantity.

The CHAIRMAN: Are there any further questions with respect to page 11?

Mr. WOOD: On page 9 it says: "To other countries subsequent to the Canada-United Kingdom Agreement—169,724,667 bushels, at an average of \$2.39 per bushel"; whereas, the domestic figure appears to be \$1.55 for the same period, with respect to 204,090,130 bushels. It looks to me as if Canada was getting a good "deal" here at the expense of someone.

The CHAIRMAN: I beg your pardon?

Mr. WRIGHT: It looks as if the Canadian citizen was getting a good "deal" at the expense of the wheat grower?

Right Hon. Mr. HOWE: Everything but wheat was pegged in November 1941; all prices were controlled; we were selling lumber before we got through at \$29 per thousand on the domestic market, when we could get \$60 from Britain for the same lumber and \$87 from the States for the same lumber. Wheat was never pegged. The wheat farmer had an advantage in that regard. His price went steadily up. We pegged flour and we took a licking on the difference, but we did not peg wheat.

Mr. CHARLTON: The eastern farmer in the years 1945, 1946, and 1947 took \$1.25 for his wheat, when the western farmer was getting \$1.75, so the eastern farmer took a beating.

Right Hon. Mr. HOWE: He was free to sell it where he liked.

Mr. CHARLTON: Yes, that is true, but at a stated price.

Right Hon. Mr. HOWE: Yes. Almost everybody was put under a ceiling at that time but the eastern farmer was not. So far as pegged prices go, everything which the farmer bought was at a pegged price, under November 1941 prices yet his wheat was allowed to go up.

By Mr. Wright:

Q. But the western farmer at that time was not guaranteed \$1.75 either. His guarantee was at that time \$1.35 and later \$1.55. It was only after the deal was completed that the \$1.75 was pegged.—A. There were some compensating payments made to the Ontario wheat producer.

By Mr. Charlton:

Q. Yes, but not nearly up to \$1.75.—A. No.

Right Hon. Mr. HOWE: I always thought that the eastern producer got trimmed in that period.

By Mr. Hetland:

Q. I am not quite satisfied with this deficit of \$5 million. Where is that going to be charged? Is it going to be charged to the wheat account or to the coarse grain account?—A. There is no deficit.

Q. But there is a deficit here on the pool account.—A. It has nothing to do with the coarse grain account.

Q. You took some money to buy flax, for example?—A. We bought flax on the government's account. Now, ordinarily, the government would send us a cheque. They eventually did so; but they did not send us a cheque at the time; and we had a considerable amount of money on hand.

Q. The farmers' money?—A. The farmers' money.

Q. Wheat money?—A. So we loaned this money in our own organization to the government and we charged them bank interest. That, to my mind, in the words of a layman, is all that there was to the transaction.

Q. That was good business?—A. I think it was.

Q. That is all I am trying to get at. Thank you.

The CHAIRMAN: Are there any other questions with respect to page 11? I do not want to rush you, but if there are no further questions with respect to page 11 I shall ask Mr. McIvor to carry on, commencing at the top of page 12.

Right Hon. Mr. HOWE: How would it be to start with page 12 tomorrow?

The CHAIRMAN: That is entirely up to the meeting. It would suit me very well.

Mr. ROSS: It is a quarter to six now, Mr. Chairman.

The CHAIRMAN: Now, just what time shall we sit tomorrow? What time would suit Mr. Howe, the members of the committee and the witnesses?

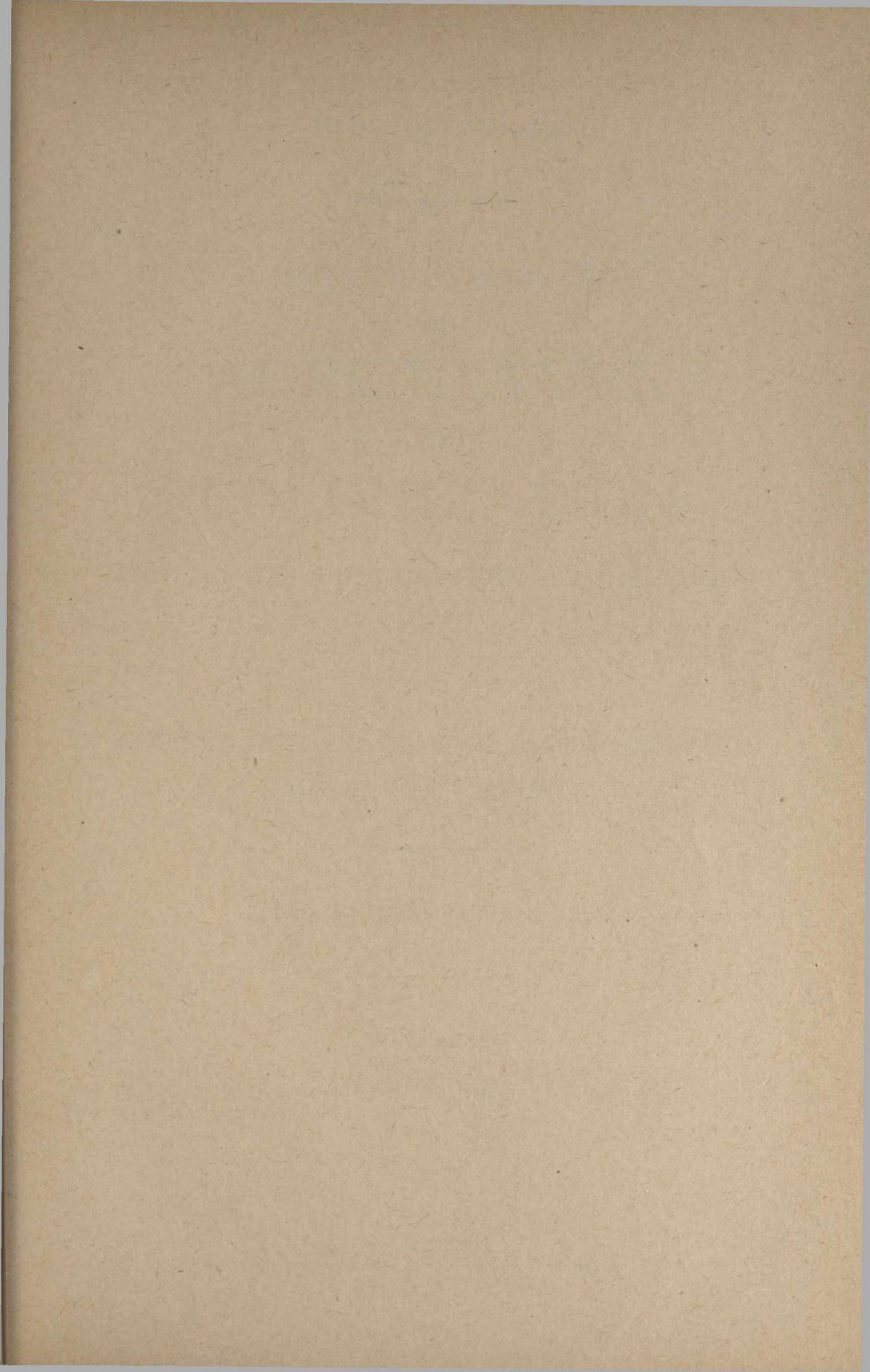
The WITNESS: We are here, and we are ready to meet the wishes of the committee.

The CHAIRMAN: Well, what time should we meet tomorrow morning?

Mr. ROSS: What about 11.30, Mr. Chairman?

The CHAIRMAN: 11.30. Very well. The meeting is adjourned until 11.30 tomorrow morning.

The committee adjourned.



SECOND SESSION
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 5

REPORT OF CANADIAN WHEAT BOARD FOR
CROP YEAR 1948-1949

THURSDAY, JUNE 8, 1950

WITNESSES

Messrs. George McIvor; C. Gordon Earl, Comptroller; K. C. Aseltine, Assistant-Comptroller; and C. B. Davidson, Secretary, Canadian Wheat Board, Winnipeg, Manitoba.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: A. J. BATER, Esq.

Anderson,	Darroch,	Laing,
Argue,	Decore,	Lapalme,
Arsenault,	Demers,	Leger
Aylesworth,	Diefenbaker,	Lesage,
Bater,	Dumas,	MacKenzie,
Bennett,	Fair,	McCubbin,
Black (<i>Chateauguay-</i> <i>Huntingdon-Laprairie</i>),	Fontaine,	McLean (<i>Huron-Perth</i>),
Blue,	Gauthier (<i>Lapointe</i>),	Murray (<i>Oxford</i>),
Browne (<i>St. John's West</i>),	George,	Murray (<i>Cariboo</i>),
Bryce,	Gosselin,	Quelch,
Catherwood,	Gour (<i>Russell</i>),	Richard (<i>St. Maurice-</i> <i>Laflèche</i>),
Cavers,	Harkness,	Roberge,
Charlton,	Hatfield,	Ross (<i>Souris</i>)
Clark,	Hetland,	Sinnott,
Cloutier,	Jones,	Studer,
Corry,	Jutras,	Thomson,
Coté (<i>Matapedia-</i> <i>Matane</i>),	Kent,	Whitman,
Courtemanche,	Kickham,	Wood,
Coyle,	Kirk (<i>Antigonish-</i> <i>Guysborough</i>),	Wright,
Cruikshank,	Kirk (<i>Digby-</i> <i>Yarmouth</i>),	Wylie.

Clerk: ANTONIO PLOUFFE

REPORT TO THE HOUSE

JUNE 9, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FOURTH REPORT

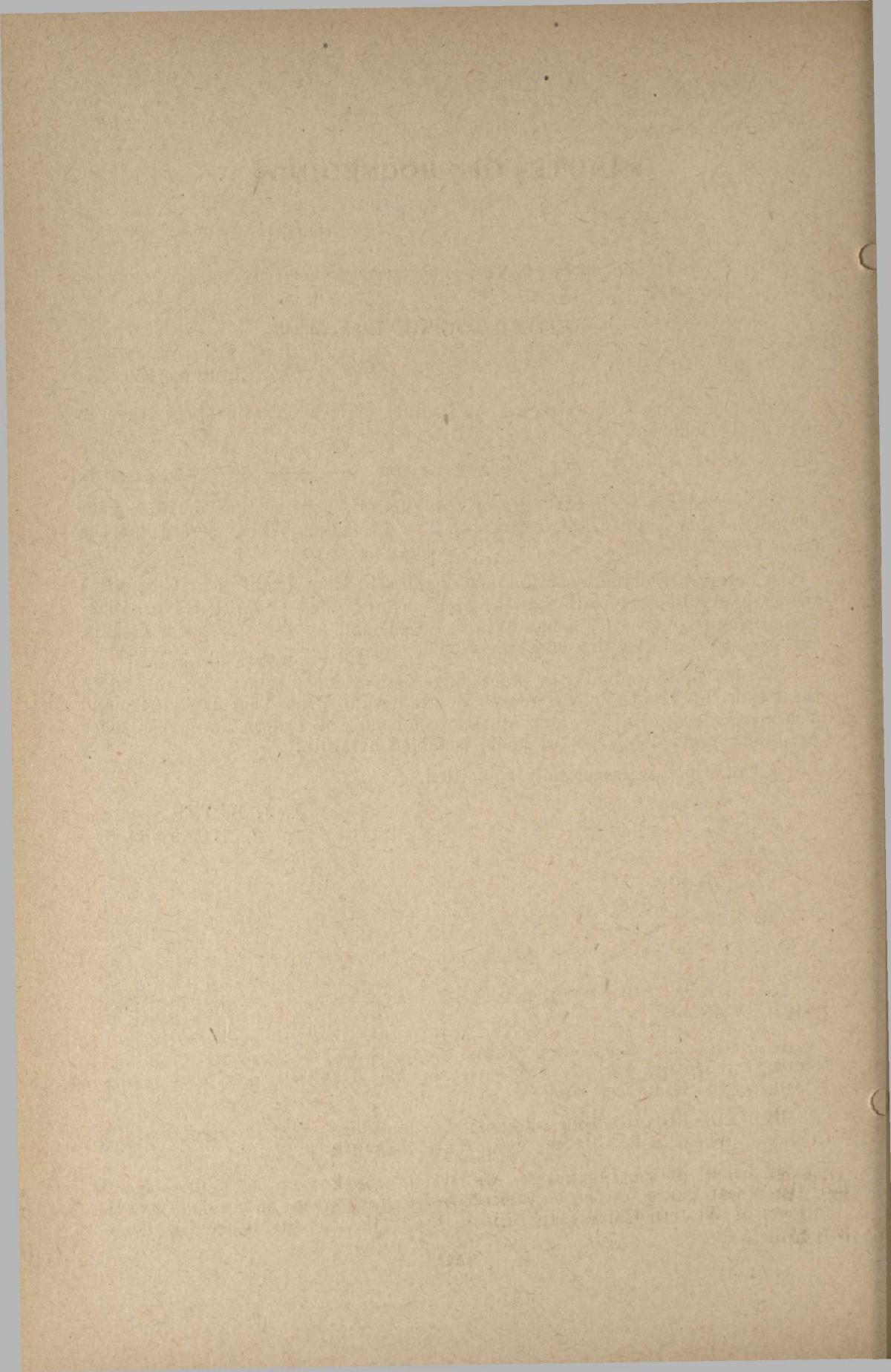
In accordance with an Order of the House issued on June 5, 1950, your Committee has studied the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

A detailed examination was made of the said Report, and your Committee wishes to record appreciation of the assistance afforded by Mr. McIvor, Chief Commissioner of The Canadian Wheat Board, and by three of his assistants, viz. Messrs. Earl, Aseltine and Davidson.

A copy of the minutes of proceedings and evidence taken with respect to the Report of The Canadian Wheat Board for the Crop Year 1948-1949, and also in relation to Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939, previously reported upon, is tabled herewith.

All of which is respectfully submitted.

A. J. BATER,
Chairman.



MINUTES OF PROCEEDINGS

THURSDAY, June 8, 1950.

The Standing Committee on Agriculture and Colonization met at 11.30 a.m. The Chairman, Mr. A. J. Bater, presided.

Present: Messrs. Argue, Bater, Bennett, Blue, Bryce, Charlton, Darroch, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, MacKenzie, McCubbin, Quelch, Roberge, Ross (*Souris*), Studer, Wood, Wright, Wylie. (24).

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Messrs. McIvor, Earl, Aseltine and Davidson of The Canadian Wheat Board, Winnipeg, Manitoba.

Also, Mr. Smith (*Moose Mountain*).

The Committee resumed consideration of The Report of The Canadian Wheat Board.

Mr. George McIvor was called and further examined. He was assisted by Messrs. Earl and Davidson.

Statistics relating to producers' certificates and outstanding cheques were incorporated in the evidence.

Other tables not readily available will be produced at the afternoon meeting.

At 12.55 p.m., the Committee adjourned until 3.30 p.m. this day.

ANTONIO PLOUFFE,
Clerk of the Committee.

The Committee met at 3.30 o'clock p.m. Mr. Bater, the Chairman, presided.

Members present: Messrs. Argue, Bater, Bennett, Bryce, Charlton, Corry, Darroch, Dumas, Fair, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Laing, Leger, MacKenzie, McCubbin, Quelch, Ross (*Souris*), Wood, Wright, Wylie.

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Messrs. McIvor, Earl, Aseltine and Davidson of The Canadian Wheat Board, Winnipeg, Man.

The Committee resumed and completed consideration of the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

On behalf of the Committee, Mr. Wright thanked the attending officials of the Wheat Board for the very clear explanations given, and stated that the farmers of Western Canada appreciated the work that the Board has done.

Mr. McIvor thanked the Committee for the attention given in regard to the Wheat Board Report.

Ordered,—That the Chairman report that consideration has been given to the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

The Committee adjourned to meet at the call of the Chair.

JOHN T. DUN,
Acting Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,
THURSDAY, June 8, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11:30 a.m. The chairman, Mr. A. J. Bater, presided.

Mr. George McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The CHAIRMAN: Gentlemen, I think we have a quorum, and I shall ask you kindly to come to order. We shall resume our meeting, and I think we shall make another attempt to start at page 12.

Mr. Ross: Mr. Chairman, before you go to page 12, I would like to ask a question or two and make a reference in respect to page 9.

The CHAIRMAN: Very well.

Mr. Ross: My question has to do with the distribution of sales. It is paragraph 14, I think, on page 9. One of the gentlemen made a reference about the great loss the farmers were taking under one of those items. In referring to the Canada-United Kingdom Agreement, there is a total of 485,915,258 bushels to the United Kingdom under the Agreement and it is divided into 339,573,484 bushels at \$1.55, and 146,341,773 bushels at \$2. My point is that below that it states: "To other countries subsequent to the Canada-United Kingdom Agreement . . . 169,724,667 bushels . . . the average was \$2.39 per bushel." On the first portion sold to the United Kingdom the difference between \$1.55 and the average of \$2.39 would be, roughly, \$285 million; and on the next portion, the 146 million odd bushels, the difference between \$2 and the average of \$2.39 would be approximately \$45 million, making a total of 485 million and some odd bushels sold to the United Kingdom. In the first three years of the agreement they lost in class 2 wheat slightly over \$330 million. I think that is correct according to this report, is it not? Then reference was made to the domestic market. There is an item of 204,090,130 bushels in the first three years. The average price there would be \$1.60. That has been based on the price which was set up under the Canada-United Kingdom wheat agreement and it is relative to our domestic market price in Canada. So the difference between the \$2.39 average and that \$1.60 average would make another \$153 million. That makes, on the Canada-United Kingdom Agreement and our own domestic market in Canada, a total loss of \$483 million. And in addition, there is this fourth year to be added. According to the figures on page 9, is that correct?—A. I do not think the report says that.

Q. You think it does not go that far?—A. It merely gives the sales figures and I presume you are expressing your own opinions in the matter.

Q. The figures I used are correct, are they not?—A. I am only dealing with the report as the report is written. I do not think I should comment on opinions which you have expressed with regard to losses.

Q. I have used figures in that report, anyway, and that is the situation.

I point it out because we have many arguments about what those losses might run to. I think the chairman said yesterday, quite frankly, when I asked for his opinion on what the world price was: "that he had no idea". In the face of that you can see how we get into all these arguments. I am sorry that the minister is not here today.

The CHAIRMAN: I think you meant the minister when you said "the chairman"?

Mr. Ross: I meant the chairman of the Canadian Wheat Board—not you, but the chairman of the Canadian Wheat Board. Then the minister followed and said that he had had nothing to do with the agreement. You will recall that the then Minister of Trade and Commerce, when he announced the agreement to the House of Commons, said that it was brought about due to the sacrifice of the farmers, and that they had made it possible to enter into the Canada-United Kingdom Wheat Agreement on that basis. He is quoted in Hansard. The reference is to Hansard of July 25, 1946, and again to July 30, 1946, at page 4037. There the Hon. Mr. MacKinnon the previous minister pointed out the sacrifices made by the farmers.

The same basis has continued right up to date. I am not arguing about it. I want to use those figures in there because other people such as the statisticians in Winnipeg have attempted to point out different losses on the American market. I am basing this on one class, class 2 wheat. The chairman of the Wheat Board, I think, made a statement yesterday that while Chicago cash wheat and Winnipeg cash wheat may be quoted at almost parallel, nevertheless they used a formula based on cash wheat in Chicago plus certain premiums, transportation, and other factors to arrive at our price of class 2 wheat basis sea board today; and that compared with the cost of United States wheat basis sea board today there was about 35 cents difference, and that we were selling wheat today at about 35 cents a bushel less than the United States. And I thought he stated their method of creating sales today was to under-sell the United States market on that basis. So if you figure out losses again on that basis adding the 35 cents difference, you will get at a very much greater loss which the farmers have taken. I want to make that point clear because it depends on what you make your comparisons with when you come to find what the farmers have lost.

I do not disagree with the chairman of the Wheat Board when he admits that he did not know exactly what the clause meant, or was supposed to mean at that time, or what the term "world price today" means. On the face of that I think that the Minister of Agriculture who negotiated the agreement at the time should appear before this committee to tell us what he had in mind when he inserted that clause. He must have had some idea. He told us in the House of Commons that it was put in so that a wheat farmer-producer would not take a loss over this period. He thought that the price of wheat would be very much lower by this time. I would like to have the Minister of Agriculture appear and explain to us what he had in mind when he had that clause put in there and what he thought it should imply.

Yesterday when we were discussing the matter of the deficit which is shown on page 8 at some \$5,235,621, we got into a bit of altercation with the comptroller. This was with respect to page 8. And further on there was an exhibit I, in connection with the liability to the banks for accrued interest, if I followed it correctly. It is difficult to remember all these statements now when the record is not yet printed. But he pointed out, I think, that they were able to make that 20 cents during the spring of 1949 on the transfer of funds from coarse grain, such as flax, from the flax account.—A. From flax.

Q. Yes. And in the discussion the comptroller pointed out to us that there is no account of that transaction in this report. That makes it difficult for

us to follow it through; consequently there might be a misconception of the whole transaction, when it was not reported in this report. However, I think they did explain it to us yesterday. Am I clear in my understanding that the entire balance of the fund required was taken out of the flax account? Is that right?—
A. That is right.

Q. We can ask questions about it later on. But could I ask you this question now: How much money was required out of the flx account and from any other source in order to make that payment? I asked the chairman of the Board yesterday. I did not expect him to be able to answer me because it would be unfair—It is a matter of government policy of course—but I asked him if he could estimate what the farmers might expect at the end of this year in the way of final payment. He did not like to answer and I do not blame him in his position. But I might be able to estimate it myself. I have estimated it on the basis of this report. I think it would be between 5 cents and 6 cents a bushel. But that would not be the case with the further evidence we received which was not in this report. How much was taken out of the flax account? How much was borrowed from the bank? What is the total deficit, therefore, in 1949 in order to make that payment? It will have to be made good out of the sales of this present year's crop before that is prorated for distribution over the entire pool.—A. Could you answer that question, Mr. Earl?

Mr. EARL: I would like to point out, Mr. Chairman, that the money was not taken out of the flax account. It was originally loaned from the wheat account.

Mr. ROSS: For flax?

Mr. EARL: For flax, to finance flax operations on behalf of the Government of Canada.

Mr. ROSS: It was originally Wheat Board money?

Mr. EARL: That is correct. It was Wheat Board money; and when the Board was directed to handle flax on behalf of the government, instead of the government advancing the funds for it, the Wheat Board was asked to do it with their available funds. Therefore, we loaned flax account available surplus funds which we had on hand and we charged bank rates of interest. Those funds would be loaned from time to time as the amounts were received, and as long as the wheat account had available funds to loan. But when the time came to make payments, what happened was that we took back the wheat funds which we had loaned and transferred the borrowings to the banks for the account of the flax. And that is the situation as it stands at the moment. It is shown on exhibit II. The total amount due in respect to the transaction is \$24,732,765.78.

Mr. ROSS: Where is it on this page?

Mr. EARL: It is column 3, sir. I am sorry.

The WITNESS: It is at the bottom of column 3.

Mr. EARL: On exhibit 2, the very last figure before the total.

Mr. ROSS: Oh, yes.

Mr. EARL: The total amount of money owing at this time by the government is \$24,732,765.78.

Mr. ARGUE: That is not shown in exhibit I.

Mr. EARL: No, it is not.

Mr. ROSS: On page 8, with respect to this deficit of the five-year pool, that figure of \$5,235,621.37, that is all that you have to make up out of this year's sales before you distribute the balance of the revenue over the pool?

Mr. EARL: That is correct.

Mr. ARGUE: Then, in addition to that you will have the \$24 million?

Mr. EARL: No.

Mr. ARGUE: Then it is a deficit on the wheat account, an actual deficit of a little over \$5 million at July 31?

Mr. EARL: As to the deficit in the wheat account, that is right.

Mr. ARGUE: And that is the deficit. Then, beyond that would not that \$24 million be credited against that deficit?

Mr. EARL: No, not as an operating deficit. That would be credited against the borrowing from the bank.

Mr. EARL: No, not as an operating deficit. That would be credited against the borrowing from the bank.

Mr. ARGUE: And as far as the farmer is concerned, just for my own clarification, say there is \$25 million surplus on the present year. Then, with respect to that \$25 million surplus you would have to deduct from that the \$5 million deficit and then you would have \$20 million to pay out?

Mr. EARL: No, that is not correct. The situation is this, that if the Wheat Board had no other operations than wheat—in other words, assume for a moment that they only handled wheat and the government had paid the amount of money which shows in the borrowings, the situation would be this, that this statement would show approximately \$1,500,000 in the bank and a deficit of \$5 million in the pool.

Mr. ARGUE: That is a net deficit in the pool of \$3,500,000?

Mr. EARL: No.

Mr. ARGUE: I am not an accountant, as you can see.

Mr. EARL: The confusion is this, that the situation on the financing has no bearing on the results of your operations. I am putting it back now on the terms of wheat alone, and putting a cash position on wheat, as if we had never gone through the transaction of financing the flax.

Mr. ARGUE: Yes?

Mr. EARL: In other words, assume that the government had paid for the flax financing at the commencement of the operation. This situation would never have developed, there would be no bank loan figures and we would be showing roughly \$1,500,000 in the bank as cash money.

Mr. ARGUE: As a surplus?

Mr. EARL: Cash only, but we would still be showing a deficit of \$5 million.

Mr. ARGUE: Well, if the pool period had wound up July 31 of last year, what position would the farmer have been in there, as far as other payments were concerned?

Mr. EARL: He would receive nothing. There would still be the deficit of \$5 million, which will be met by subsequent operations of the pool during the current crop year.

Mr. ARGUE: All wheat?

Mr. EARL: Yes.

Mr. ROSS: To come back to our argument on Exhibit 2, this amount of \$24,732,765.78 due to and from other board accounts, does that apply to the wheat?

Mr. EARL: That is correct, the \$24 million.

Mr. ROSS: Well, that gives an entirely different picture, if that is right then, because instead of having this deficit of \$5,235,621.30 to make up in this year's sales, you will have this \$24 million less that deficit as a balance to spread over the full period?

Mr. ARGUE: He said no.

Mr. ROSS: But if I follow his statement through and it is on wheat only—let us take Exhibit 2—

Mr. ARGUE: Exhibit 1.

Mr. ROSS: No, it is in Exhibit 2; it does not appear in Exhibit 1. It says: "Amount due to and from other obard accounts," and I understood Mr. Earl to say that that was originally Wheat Board money loaned to finance crops.

Mr. EARL: Might I just point out for a minute, sir, that the money so obtained by borrowings—was borrowed from the wheat account for the flax. Then the wheat account required the money back, so it became necessary to borrow it from the bank for the account of flax operations. If the \$24 million was paid to the wheat account it would simply be used to liquidate the bank loan.

Mr. WRIGHT: \$23,799,000?

Mr. EARL: That is correct.

Mr. ROSS: All that you borrowed from the bank to finance wheat?

Mr. EARL: We borrowed from the bank to finance flax.

Mr. ROSS: I am sorry, I do not follow that through. I am right in assuming that that amount of money was first of all taken out of the wheat account?

Mr. EARL: That is right.

Mr. ROSS: It applies to the wheat account no matter what you did with it?

Mr. EARL: That is right.

Mr. ROSS: Then, in the final analysis, that must go back to the wheat account?

Mr. EARL: That is correct.

Mr. ROSS: Is it not right, then, to follow that through, to assume that we have that for distribution over the entire pool less the deficit shown in Exhibit 8?

Mr. EARL: No, sir, you are confusing your cash position with your operating position. It goes back to my original illustration that if the Wheat Board operations had been confined to wheat only there would be no bank borrowings. There would be no inter-crop debts from flax to wheat and the situation would be that we would then show on this statement cash on deposit with banks, the difference between that \$24 million and your outstanding bank loans. That is what would be shown—cash on deposit, but it would have no bearing on your operating deficit.

Mr. ARGUE: In other words, going back to Exhibit 1, you would have reduced your liabilities by \$20 million-odd, and you would have reduced your assets on the other side somewhere by the same amount, because then the flax account would not be financing through the wheat account?

Mr. EARL: That is right.

Mr. ARGUE: So you would reduce your liabilities and reduce your assets and the net deficit would be roughly the same?

Mr. EARL: That is correct.

Mr. ROSS: I always have had difficulties with bankers. They have been a problem of mine all my life. I would like to get it clear, if you can tell me in simple terms, what amount of money we will either have to add to this year's sales for distribution or if we do have anything to add or a deficit; in simple terms how much have we to add to this year's figures, or how much are we short—which way is it and how much?

Mr. EARL: Your final surplus for distribution will be the results of your sales of this year's crop less than \$5 million.

Mr. ROSS: That is the total?

Mr. EARL: Yes.

Mr. ROSS: My first assumption, then, was alright?

The CHAIRMAN: Now, may I ask Mr. Earl this—

Mr. FAIR: That would be this year's crop plus the carryover for last year, less the \$5 million deficit?

Mr. EARL: That is right. The inventories must be liquidated as well. They will be sold together with this year's production.

Mr. BRYCE: How do you deal with interest? You pay it with your own money?

Mr. EARL: We charge it through the bank to the wheat account and ultimately against the flax account.

Mr. BRYCE: Well, you are paying it yourself and you are charging yourself?

Mr. EARL: That is right, but we must distinguish between the accounts. That money belongs to the producers and if the producers are going to lend money—

Mr. ARGUE: That is, the producers? That has nothing to do with flax?

Mr. EARL: Yes.

Mr. FAIR: I think it might be good to clear up a point in the minds of all of the people, particularly in other parts of Canada than the western prairie provinces. Out there we know we have taken a loss on wheat on account of government policy, and a lot of people in other parts of Canada do not realize that, and I wish they would. They are also placing this loss against the management of the Wheat Board. I think nothing could be further from the truth, because this British wheat agreement was a deal between the British government and the Canadian government and when you see the actual operations of the Wheat Board, then you see the price obtained for class II wheat which is sold directly by the Wheat Board. That I think, is not understood by a whole lot of people and they are deliberately or otherwise trying to charge against the Wheat Board the losses we sustain on most of the wheat sold by agreement between the two countries.

Mr. ROSS: Mr. Fair, your point is this, that that was definitely a matter of government policy.

Mr. FAIR: It was a matter of policy between the governments and the board has nothing to do with it. The price we get for our class II wheat—I do not care whether you sell it at Chicago prices or Winnipeg prices or anything else—it is a good price that we get.

Mr. QUELCH: And the same thing applies to subsidizing the consumer.

Mr. ROSS: It was applied to some contracts.

Mr. BRYCE: What rate of interest do you charge?

Mr. EARL: We charge 3 per cent—the bank rate.

Mr. HETLAND: Could I ask about the assets on Exhibit 1? You show assets of \$149 million; would that have any bearing on the wheat that is unsold?

Mr. EARL: The wheat that is unsold forms part of that. That is \$132 million, the second item, or—pardon me, \$93,200,000 is the value of your wheat unsold.

Mr. ROSS: That is a carryover from last year?

Mr. EARL: That is right.

Mr. HETLAND: That is approximate, is it not?

Mr. EARL: It is valued to the best of our ability at the time. It is valued at \$2 a bushel.

Mr. HETLAND: You might have to take less?

Mr. EARL: No, actually we cannot take less than that, sir; we took more by some \$465,000.

Mr. HETLAND: It does not show on your last 20-cent payment in the balance sheet what is due on that \$23 million.

Mr. EARL: Yes, sir, on the right-hand side in liabilities under the fourth heading down, "Amount due to producers on outstanding certificates and cheques"—"Balance of wheat adjustment payments on producers' deliveries from 1st August, 1945, to 31st March, 1949, \$23,464,971.69." That is what still has to be paid in respect of adjustment payments of the pool.

Mr. HETLAND: To the farmer?

Mr. EARL: That is correct.

Mr. HETLAND: It does not matter where this \$5 million goes at all, the producers will still have \$23 million coming?

Mr. EARL: That is right.

Mr. WRIGHT: That is due on the other years' payments?

Mr. EARL: Yes, on the 1945-49 Past Account.

The CHAIRMAN: Any other questions before we start on page 12?

By Mr. Argue:

Q. Before we start on oats and barley, I wonder—I might be wrong—but we know at some time, two or three years ago, our class II wheat had a premium over American wheat—A. Yes, for a short period of time.

Q. How much was the highest amount that our wheat ever sold for, over and above American wheat?—A. I think we have that information. I will look it up for you.

Q. Then, a question following that one—why the change? Why two or three years ago was our class II wheat being sold at a premium and why today is it being sold at a price lower than American prices?—A. Well, we have wheat to sell and we are selling it under a very considerable handicap. The Americans are providing wheat—I use the word "providing" because I think that is the correct word—for Germany and Japan and Korea, which are areas of their responsibility, and for other areas of responsibility. That wheat, in many instances, is bought by the American army from the Commodity Credit Corporation. Of the internal arrangements existing in Germany, Japan and Korea, I do not know.

We have wheat to sell and we are selling it at the best price we can get, but, unfortunately, it is not as high as the American price. However, we are trying to get into these markets with this wheat and hold our position in the world export trade.

Q. I do not want to leave the impression that I am criticizing the board for having done that.—A. Well, that is the reason.

Q. The reason is that the Americans have become more competitive for the reasons you have given.—A. Now, I will give you an example of the type of competition that we have been up against in regard to the sale of wheat. We offered three cargoes of wheat to a prominent buyer, and American wheat was sold to that buyer at 46 cents a bushel higher than Canadian wheat, and it was class II wheat.

Now, nobody is going to pay 46 cents a bushel higher if they have to put cash on the line. That is reasonable to assume.

Q. I have just one more question. Is the trend would you say such that Canada or the Board will perhaps have to further reduce the price in order to compete with the Americans—with the reduction of Marshall Aid and so on? Is it becoming more difficult to sell Canadian wheat?—A. I wonder if I should answer that question. We have wheat to sell.

Q. If you do not care to answer I certainly will not press it.—A. Whatever statements I make here are repeated in the press and I do not think it is fair.

Q. Well, you are digging up figures—if you can get the trend from the time the premium was charged until the last day of this report I would appreciate it?—A. Well, we will do that.

Mr. ROSS: When we were selling wheat to the British in 1947 under the contract at \$1.55 I have a note that class 2 wheat on November 28, 1947—this is Canadian class 2 wheat—reached a figure of \$3.45. I think that is on a basis of No. 1 Fort William. So the trend was very different in those years.

The WITNESS: There was a very different supply picture.

Mr. ARGUE: The American price would be much higher at that time.

Mr. ROSS: But you see the contrast between the contract \$1.55 and class 2 wheat at \$3.45.

The WITNESS: We have moved from a position where we used to sit down in Washington—and I was the chairman of the committee that dealt with this—and we were constantly under pressure from buying countries to try and increase their quotas of wheat—wheat they needed badly. Our job was to try and distribute it fairly among a lot of countries which needed it. Gradually, however, the European production has come up and today buyers are considerably more choosy. Since that time we have definitely had a change in the trend. When I think of all the circumstances we have had pretty satisfactory results from the sale of our wheat. As I mentioned yesterday we have been able to get markets which are ordinarily not our traditional markets; we have had to do so. I am not too concerned about the situation at the moment. What will happen in another crop year depends upon what we grow and what we have to sell.

Mr. WRIGHT: And what the other fellow has to sell.

By Mr. Argue:

Q. I was going to ask this question yesterday but I did not get the opportunity. Do you find that the U.S.S.R. and the Danubian countries are getting into the wheat picture? Do you find evidence of increased competition from them?—A. The information that we get on wheat in regard to the U.S.S.R. is just about as obscure as information which is obtained on other subjects. We do find they are moving occasionally into markets. They are making barter deals—deals in which they make exchanges for machinery but it is a sort of in and out proposition. We find they move in and perhaps nothing happens or we find that they have made a deal. It is awfully hard to trace just what they are doing in regard to sales.

Q. Their exports at the present time are not very large? They are not enormous?—A. Well they are not, compared with the old figures of prewar but they are always an uncertain quantity.

Mr. BRYCE: There was a tremendous amount of wheat came out of the Black Sea ports in the old days. Now, under UNRRA we have supplied them with machinery and they can produce more wheat than ever before. We cannot get away from that.

By Mr. Mackenzie:

Q. Is it not true that Russia supplied Britain with enormous quantities of coarse grain?—A. That is right.

Q. And also some wheat?—A. I had not heard about the wheat.

Q. But very large quantities of coarse grain?—

By Mr. Quelch:

Q. Would you say the world production of wheat has reached a position where it is starting to exceed the actual needs of the world, or is it rather a question of the production of wheat now exceeding the ability of nations to finance that wheat?—A. I think the latter is correct. I think if we would get paid for it that it would not be much of a job to sell the wheat but the question of payment comes up in almost every deal that is made other than with a limited number of buyers.

Q. The only reason we have difficulty competing with the U.S.A. is the fact that they are making special arrangements for nations to obtain their wheat without having to pay cash on the line?—A. That is our chief problem.

By Mr. Hetland:

Q. Is there a danger of putting the price of wheat down too low so that we will get in dutch with the United States markets? If we have a tendency to get down below them to sell then it is liable to backfire?—A. I do not want to speak for the United States but I think they realize we have got to sell our wheat; I think they appreciate our position. I think they realize that we only have a price instrument that we can use in regard to a lot of these sales—that is that we have to sell at less than the price which they are getting from those areas that we have talked about; and so far I think our relationship with the United States has been on a most satisfactory basis in regard to our wheat sales.

Q. I was quite interested in hearing that you are selling wheat in some places in the United States at 35 cents—in U.S. markets—A. Not in the United States.

Mr. Ross: It is a formula worked out to get the price down that much below the others?

The WITNESS: I must say that all of this discussion will perhaps make it a little more difficult to sell wheat.

The CHAIRMAN: I am beginning to worry about that.

The WITNESS: I do not mind answering the questions but after all we have wheat to sell and we do not wish to lead with all the aces we have.

By Mr. Wright:

Q. I think it would be a fair observation to make that if the United States had actually gone out to push their surplus wheat on the world market it would have been much more difficult for Canadian wheat to be marketed?—A. Quite correct.

Q. I think the United States have more or less played the game with us in a difficult situation—the situation that existed a year or two years ago and over the last two years?—A. I quite agree with that.

Q. I think that observation should be made.—A. I hope that nothing I have said here will be construed as a criticism of the United States. I am merely trying to answer.

Q. I do not think that anything you have said can be so construed but I just wished to make the observation. I am sure it is true that if the United States had deliberately tried to go out and take the world market when they

had 500 million or a billion bushels of wheat, and when they had an unlimited credit to make available to other countries, it would have been very difficult for Canada to market wheat?—A. The only point is that they paid very high prices for the wheat and of course the lower they sell the bigger the deficit they would have. They are pretty hard headed and are naturally interested in getting the best price they can?

Q. I made that observation yesterday. It is a matter of internal policy of the United States as to whether they wish to show a deficit outside in gifts to other countries or in their own home stabilization policy and in setting their scores in the United States. I would suggest from observation that they prefer to show losses on activities in other countries rather than loose in the stabilization policy at home, and therefore they have been paying fairly high prices.

Mr. ROSS: When the United States made funds available to Britain under the Marshall Aid plan to buy our wheat they were more than generous to us and we should be very grateful.

The WITNESS: Quite right.

Mr. QUELCH: The chairman of the Wheat Board has stated that it is not so much a real surplus of wheat in so far as the needs of the people of the world are concerned, but it is a question of finance. It is you might say the responsibility of the F.A.O. to provide ways and means of distributing wheat to the people that need it. The F.A.O. did bring down a suggestion for an international clearing house but the suggestion was turned down. Was the Wheat Board consulted in regard to Canada becoming a party to an international clearing house?

The WITNESS: No, we were not.

Mr. JUTRAS: Although it is quite possibly true to say that it is highly a question of finance, still it is not only a question of finance. If those countries are enabled to buy wheat, when they have not got the money to buy it, the reason for them not having the money is primarily because they have not sufficient production of their own to obtain dollars to buy with. In the final analysis it comes down to a question of production.

Mr. QUELCH: Yes but not merely that question. We were told that people were not prepared to buy the goods that we were able to sell, and the Minister of Finance therefore advocated a system of barter of our goods for their goods.

Mr. JUTRAS: I do not want to get into an argument on that point. The Minister of Finance did suggest certain things to the industrial people of the country but he did not advocate a general policy. If you had a general policy you would fall into the same difficulty. The difficulty is those people produce very little, and for a very little amount of goods they wish to receive a large quantity of wheat. No matter what kind of financing you advise you will never get enough dollars from a small quantity of goods to purchase a large quantity of wheat. The only alternative or the only solution is to get the country concerned to produce large quantities of goods to exchange them for large quantities of wheat. The question of production has been demonstrated over and over. If industrial production is low the standard of living is also very low.

The point I am trying to make is that it is putting the question a little too simply to say that it is just a matter of finance, and that if you could just get together you could make the finances available. If other countries have not got the goods to exchange for wheat they cannot get the wheat unless we give it to them.

Mr. QUELCH: I would agree with that but never let us forget that we have set up various international organizations and the basis for setting up those organizations has been that never again will we tolerate the position where goods are destroyed or production is reduced while those goods or that

production is needed in the world. However, once again we are faced with that situation. The chairman has pointed out that actually there is not a surplus of wheat. It is needed, but it is merely a question of the international organizations not yet being able to evolve ways and means whereby wheat production can be used as needed.

Mr. JUTRAS: In fairness to the international organizations there is one that is now under way, the technical assistance program, which is really hitting at the core of the situation. It may well solve the problem—and that is the purpose of that organization.

Mr. QUELCH: F. A. O. was supposed to solve it but the nations were not prepared to accept the recommendation put forward by F. A. O.

The CHAIRMAN: I think we had better get back to this report.

Mr. FAIR: I have just one remark to make. As Mr. Jutras suggested where these countries are not producing too much, we are trying to get them to produce more. Perhaps they cannot produce their goods and trade them at a price that is economical and in that way we may well discourage them. That is what happens to us in the west and in other parts of Canada; we cannot produce certain commodities because we cannot trade them economically.

Mr. JUTRAS: That is not really the problem but let us not go into this any further.

Mr. MACKENZIE: What about the Japanese shirt production?

The CHAIRMAN: Let us get back to the report. Are there any more questions before we go on to page 12?

Mr. CHARLTON: Yesterday I asked the total loss taken by the Wheat Board from the years of its inception until 1949. I wonder if that total figure could be given this morning.

Mr. EARL: No, sir; we do not as yet have that figure but we will obtain it.

Mr. CHARLTON: Will you get me then, in so far as the eastern division is concerned in those years when you bought wheat in the east, figures as to whether there was a surplus or a loss?

The WITNESS: 1939 and 1940 were the two years we handled the producer business, and there was a surplus.

By Mr. Charlton:

Q. In the east? You handled it up until 1947?—A. No, may I interject there that in 1939 and 1940 we operated as a board. We took delivery of wheat from producers and sold it but that was ended in the crop year 1940. After that I think you are referring, Mr. Charlton, to the ceiling operations plus certain bonuses paid in Ontario. There was a difference in the mechanics.

Q. Was that not operated through the Wheat Board?—A. That was operated through the Wheat Board but the wheat was sold to the dealers and not to the board.

Q. At a ceiling price set by the Board?—A. At a ceiling price set by the government.

Q. By the government?—A. Yes. Presumably by the Wartime Price and Trade Board which was operating at that time. We had a system whereby we recovered on the flour exports certain moneys which were in the first year, as I recall it, paid after the marketings had been wound up. The next year there were two forms of payment as I recall it. One was a straight 5 cent subsidy payment and the other was an advance payment in lieu of flour export, and that was I think a cent.

Q. I think there was a 3 cent one, a 5 cent one, and an 8 cent one?—A. We can get those figures. We probably have them here. Here is a review of the Ontario wheat operations. May I read it, Mr. Chairman?

Some MEMBERS: Yes.

The WITNESS: This is contained in our report for the year 1946-47.

Ontario Winter Wheat.

From August 1st, 1939 to July 31st, 1944 Board operations in Canada Eastern Winter Wheat were governed by the terms of the Canadian Wheat Board Act, 1935.

In the crop year 1941-42 the Board was relieved of the responsibility of purchasing Canada Eastern Winter Wheat unless the market price fell to support levels. This policy continued through the crop years 1942-43 and 1943-44.

Changed circumstances brought about a new Government policy with respect to Ontario Winter Wheat in the crop year 1944-45, the main features of which were:—

(1) The Board was exempted from its obligations under Section 14 of the Canadian Wheat Board Act;

(2) The Board was charged with maintaining a floor price of \$1.25 per bushel for top grades of Canada Eastern Winter Wheat, basis deliver Montreal;

(3) The Ontario Wheat Equalization Fund was established and it became the responsibility of the Board to assess equalization fees against Ontario wheat and wheat products sold for export.

The Board did not have to purchase wheat in support of floor prices on Ontario wheat, but fees collected in connection with the Equalization Fund resulted in a surplus of \$188,226.09 which was distributed to producers.

The 1944-45 Ontario wheat policy was continued in the crop year 1945-46. Again no action was necessary by the Board in support of floor prices. The Equalization Fund amounted to \$262,114.91 and was distributed to producers.

Government policy with respect to Ontario Winter Wheat during the crop year 1946-47 included several major changes, and was as follows:—

(1) The Board was charged with the responsibility of maintaining a floor price of \$1.25 per bushel for No. 1 Canada Eastern Winter Wheat basis delivered Montreal;

(2) The maximum price of \$1.26 per bushel for Canada Eastern Winter Wheat basis delivered Montreal, established in 1941 was continued;

(3) Equalization fees on exports of Ontario Winter Wheat and wheat flour were continued;

(4) The Board was directed to administer a Treasury payment of 9 cents per bushel over and above the maximum price for deliveries on Ontario Winter Wheat;

(5) The Board was directed to administer the payment to producers, at time of delivery, of a fixed and final equalization payment of 5 cents per bushel.

In administering this program the Board received the full cooperation of the private trade in Ontario. Grain dealers and millers became the agents of the Board in distributing the 5 cent equalization payment and the 9 cent Treasury payment. They made both payments

to producers at the time of delivery and were later reimbursed by the Board. Wheat equalization payments amounted to \$207,336.23 and Treasury payments amounted to \$373,207.11 on total reported marketings of 4,146,738 bushels.

Equalization fees collected on Ontario wheat and flour exported during the crop year amounted to \$290,134.82, and exceeded equalization payments to producers by \$82,798.59, which amount was credited to the Dominion Government. The net cost of the 1946-47 Ontario wheat operation to the Dominion Government, including the Treasury payment and administrative and other expenses, was \$309,025.52. Financial details concerning the Board's Canada Eastern Winter Wheat operation are set forth in Exhibits VIII and IX of this Report.

Q. Just in that connection, the last paragraph in part reads "—and exceeded equalization payments to producers by \$82,798.59, which amount was credited to the Dominion Government." That was money collected through flour sold and in excess of the amount paid to us?—A. In excess of the estimated payment which was made at the start of the year. The fund actually realized a profit of \$82,798.59.

Q. Which was not distributed to the producers?—A. No.

Q. That went back into the Dominion Government fund?—A. It applied against the net cost of the operation; it reduced the amount of the fund that was paid out by the government.

Q. That just bears out what I asked previously and apparently the Wheat Board only handled this directly from 1939 to 1941. I think it would be good if the comptroller could give me the loss or profit on the Wheat Board operations in eastern Canada during those two years?

By Mr. Quelch:

Q. I have just one question. Have you received any protests from any nations regarding Red Bobs wheat being sold as No. 1?—A. No, I do not think so. There has been some criticism of the quality of wheat—especially at Vancouver—as compared with the quality at the eastern seaboard and I presume there is a considerable quantity of Red Bobs in Vancouver. They did not specify a complaint against Red Bobs although they complained of the quality of Vancouver wheat as compared with eastern shipments.

Q. I think Alberta is very interested in the question of Red Bobs being graded down to No. 3. It is one of the most popular wheats in our area and I thought there had been protest from nations importing Red Bobs which had been graded as No. 1?—A. I think that question should be directed to the Board of Grain Commissioners; I would not know anything about that.

Q. At Vancouver they are grading wheat more heavily than down east. I understand they allow a smaller percentage of cracked wheat in Vancouver than in the east?—A. That is also the responsibility of the Board of Grain Commissioners.

By Mr. Argue:

Q. I wonder if the figures are available on that premium wheat? I refer to Canadian wheat sold above American wheat?—A. We will get that for you.

Q. On page 10 you show unclaimed producers' certificates. I wonder if there were a considerable number of outstanding cheques—cheques that had been mailed to producers and which the producers had not cashed?—A. We have enlisted the services of the press on all of the cheques which had not been cashed and which we presumed to be lost. Both Winnipeg papers, the *Prairie Farmer*, and the *Weekly Free Press*, carried the names by districts of all men entitled, and we have been successful in getting a lot of applications for new cheques.

Q. They can now apply for new cheques?—A. Oh, yes—if they can prove the cheque has been lost they certainly are entitled to the money and we will certainly pay them.

Q. You will get most of them in?—A. Yes.

The CHAIRMAN: Are we ready to go to page 12?

The WITNESS: Mr. Chairman, it might be interesting if we gave you the figures up to date of the amounts of the unclaimed balances. These figures are, as you know, as at the 31st of July and there has been a big improvement in the situation since.

Mr. ROSS: I would like to get them.

By Mr. Quelch:

Q. How long will the unpaid balances be held? What will be the final disposition of the unpaid balances?—A. I presume that we will have to hold them until such time as we have proved beyond any doubt that there is nobody to claim the money. The money belongs to those people and we must continue to hold the cheques and try to keep on reducing the amounts. We have been very successful in doing that lately.

Q. There is no time limit?—A. No.

Mr. WRIGHT: It would come in the same classification as an unpaid bank balance. Banks have to carry the amounts for a certain number of years; until there is a federal law passed to take care of it, it must be kept.

Mr. DAVIDSON: At the end of July, 1949, the producers held outstanding certificates on crops, where payments had been authorized, covering about 68 million bushels with a value of \$15,267,000. That is the position as at the end of last July.

Mr. ARGUE: Does that include uncashed cheques?

Mr. DAVIDSON: No, those were just outstanding P.C.'s where producers have not sent them in and surrendered them for payment.

Mr. ARGUE: Would you have the figures for outstanding cheques?

Mr. DAVIDSON: We have them at the end of July.

Mr. ROSS: What page is this to be found on?

The WITNESS: This is a special document.

Mr. ARGUE: Did the advertisements in the papers include reference to outstanding cheques that had not been cashed?

The WITNESS: Just outstanding cheques—we thought we would like to try to clean those up first. Our next effort will be to try to get in the certificates by publishing the names of those who have not sent in certificates.

By Mr. Argue:

Q. The papers do that for the Board as a public service?—A. They are very pleased to do it.

Q. It increases their circulation?

Mr. DAVIDSON: As at the end of May 1950 outstanding P.C.'s authorized payments covering 20,845,000 bushels at a value of \$4,993,000. It has been reduced from roughly \$15 million down to \$5 million in the last eight or nine months.

Mr. CHARLTON: There are still \$23 million out in cheques.

Mr. EARL: At the end of July outstanding cheques totalled \$10,291,479.38.

Mr. CHARLTON: That is at the end of July last year?

Mr. EARL: Yes, that is right. We will obtain the current figure for you in time for the hearings here.

Mr. JUTRAS: Did you figure the average domestic price for the crop year 1946-47?

Mr. EARL: As I remember the question you wished a split on the 1946 crop year and the price applicable?

Mr. JUTRAS: For the year 1946-47 where there is an overlap.

Mr. EARL: On the crop year 1946-47 the Board sold at \$1.25 per bushel, basis No. 1 northern, domestic, 37,825,726 bushels and 15 pounds. During the same crop year the domestic sales on the basis of \$1.55 for No. 1 northern were 37,628,279 bushels and 47 pounds; making a total of 75,454,006 bushels and 2 pounds.

Mr. HETLAND: Is Mr. McIvor going to make a statement on oats?

The CHAIRMAN: Are we ready now to take page 12? If so, I think we will ask Mr. McIvor to start on page 12.

The WITNESS:

Oats and Barley

(a) Minimum Prices

In 1948-49 the Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered 61½ cents per bushel basis No. 1 Feed Oats in store Fort William or Port Arthur.

The price was 90 cents per bushel for No. 1 feed barley.

That was not a Board operation in the same sense as the Board operation today. The Board was being used to provide a floor price on oats and barley. We comment: "Since the market prices for oats and barley remained above the floor prices for the entire crop year, the Board did not purchase oats or barley pursuant to the foregoing minimum prices".

The next item is the question of the equalization funds. In 1948-49 the Board distributed to producers the proceeds of the 1947-48 Oats and Barley Equalization Funds. Out of the 1947 funds the Board distributed \$4,269,706.84 on oats and on barley \$4,402,527.75.

Now, I think most of you will remember that during the time that there was a ceiling on the price of oats and barley in this country the Board instituted a system to recapture the profits on exports. That is anyone who was permitted to export oats or barley had to pay to the Board the difference between the current price and the ceiling price. That resulted in the establishment of what is known as the equalization fund which we paid out over the years, and this is the final windup of the operation. The ceiling came off and there was no need any longer for having that kind of fund.

Mr. WRIGHT: Can the Board give us the number of bushels of oats and barley that were exported during those years and the number of bushels sold on the home market?

The WITNESS: We can get that; we have not got it here but we can make a note.

The CHAIRMAN: I think perhaps we will let Mr. McIvor carry on to the end of Part II and then we will have a question period.

The WITNESS: The next paragraph deals with the future policy. There was an important announcement made by the Right Honourable C. D. Howe on the 15th of March 1949 when he announced that the Canadian Wheat Board would support the price of western oats at 61½ cents, and barley at 90 cents. He also announced on July 20th, that Parts III and IV of the Canadian Wheat Board Act which applied to oats and barley would be brought into force for the

crop year commencing August 1, 1949, and ending on July 31, 1950. Then the statement outlined the conditions which would have to apply if those parts were brought into force.

Then going on, with regard to flaxseed, during the period from 1942-43 to 1946-47 the Board was the sole agency for the purchase of flaxseed from the producers. During those years the Board purchased flaxseed from producers at a fixed and final price with surpluses and deficits for the accounts of the government of Canada.

In 1947-48 the flaxseed program was based upon the provisions of the Canadian Wheat Board Act and minimum price regulations. Effective August 1, 1974 the Board was empowered to purchase flaxseed at \$5 per bushel (later increased to \$5.50 per bushel). At the same time the Wartime Price and Trade Board established a domestic ceiling of \$5 per bushel—that is No. 1 Canada western flaxseed. Similar support prices and ceiling prices were established for Canada eastern flaxseed.

The effect of the maximum price established by the Wartime Prices and Trade Board was to direct virtually all producers' marketings of commercial flaxseed to the Board during 1947-48. In 1947-48 provision was made for the distribution of any surplus on Board operations to producers delivering flaxseed during the crop year. As outlined in the Annual Report of the Board for 1947-48, this operation resulted in a substantial deficit.

On March 23, 1948, the Right Honourable C. D. Howe announced that the Wartime Prices and Trade Board ceiling prices for flaxseed would be removed effective August 1, 1948. He also announced that in 1948-49 the Board would support the price of flaxseed at \$4.00 per bushel for No. 1 Canada Western Flaxseed in store Fort William/Port Arthur with Canada Eastern Flaxseed supported at the same level basis in store Montreal.

With the removal of the price ceiling effective August 1, 1948, an open market operation was possible with the Board providing a floor price of \$4.00 per bushel—

Later in that section we set up the authority of the board for these operations.

Then in the next paragraph we dealt with the supplies and disposition:

While 1948 flaxseed acreage was well below the peak reached during the war, high yields per acre resulted in a crop of 17.7 million bushels, as compared with 12.2 million bushels in 1947.

The commercial supply in 1948-49 was the largest in recent years. On July 31, 1948 the carryover of commercial stocks of flaxseed was 3.1 million bushels. During the crop year producers marketed 15.8 million bushels of flaxseed. Total commercial supplies, therefore, amounted to 18.9 million bushels. Of this supply 4.4 million bushels were exported as seed and 3.9 million bushels were used in Canada or exported in the form of oil. Commercial carryover on July 31, 1949 was 10.5 million bushels. Less than one-half of available supplies were disposed of in Canada and abroad during the crop year.

During 1948-49 the United States and the Argentine had substantial surpluses of flaxseed and/or linseed oil. The United States continued their embargo on imports of flaxseed and linseed oil.

1948-49 FLAXSEED OPERATION

Commencing on August 14, 1948 the Winnipeg Grain Exchange provided facilities for trading in flaxseed futures. On that date the November future was quoted at \$4.55 per bushel and the closing cash price was \$4.50 per bushel—

The section shows the purchases of flaxseed by months and the cost of the purchases. It shows the volume of sales and sales values.

It should be pointed out that in addition to Board sales of 1948-49 acquisitions, the Board also sold the balance of its 1947-48 holdings, and upward of 2.5 million bushels were marketed by the Trade outside of the Board's price support programme.

Flaxseed acquired by the Board was continuously offered for sale at or above the support price until late April, 1949 when the Board, due to competition of their exporting countries, reduced its selling price to \$3.80 per bushel basis No. 1 C.W. Flaxseed in store Fort William/Port Arthur. This selling price applied for the remainder of the crop year. Throughout the crop year, export prices for Canadian flaxseed were competitive with prices of flaxseed being quoted by other major exporting countries.

Future Policy

On March 15, 1949 the Right Honourable C. D. Howe, after reviewing the oilseed position, announced that the Government was not prepared to encourage the production of oilseeds by establishing support prices for 1949-50 but that the position would be examined at a later date. Towards the end of the crop year the Government gave further consideration to the flaxseed position. It was felt at that time that producers should be assured of a market for the small crop of flaxseed which was being produced in 1949. On July 20, 1949 it was announced that the Board would conduct a voluntary pooling operation during 1949-50 on the basis of an initial payment of \$2.50 per bushel.

Then, do you want me to go on to Part III, Mr. Chairman?

The CHAIRMAN: I think we will stop now, Mr. McIvor, and have any questions that anybody might care to ask on Part II.

By Mr. Hetland:

Q. The loss that was taken on flax is not charged to any of the other accounts like wheat, oats or barley?—A. No, that is a loss taken by the treasury.

Q. What ceiling was on coarse grain for eastern consumption while you were selling oats to the United States and getting these export permits? I cannot remember the ceilings.—A. My recollection is—

Q. What was being delivered?—A. I will get those figures for you. I am not just sure about that.

Mr. CHARLTON: Was there a ceiling price in 1947 and 1948?

Mr. HETLAND: Yes, a ceiling on coarse grain delivered to eastern Canada.

Mr. CHARLTON: Just a floor, was it not?

By Mr. Hetland:

Q. No, a ceiling price on what was shipped by the board to the United States. We could not ship to the States ourselves. I have no criticism.—A. Here it is, the 1947-48 maximum price during the period August 1, 1947 to October 21, 1947, maximum prices for oats and barley were 65 cents per bushel and 93 cents per bushel respectively. Those were the ceiling prices.

Q. It was 93 cents for barley?—A. Yes. On October 21st the government announced the removal of maximum prices for oats and barley so the ceiling price from August 1st only lasted to October 21, 1947.

Q. That was paid f.o.b. Fort William at 65 cents?—A. In store, yes.

Q. And 93 cents for barley?—A. Yes.

Mr. CHARLTON: It was only on about three months?

The WITNESS: That was a renewal. It was on for a number of years prior to that, but it was only on for that period during that crop year.

The CHAIRMAN: Are there any other comments or questions on Part II?

Mr. CHARLTON: If all the coarse grain questions are going to be put into Part—

The CHAIRMAN: Well, I would not say that.

Mr. CHARLTON: I had several questions I would like to ask. They are mainly on this year's operations, though.

Right Hon. Mr. HOWE: This year's operations are not before the committee.

The CHAIRMAN: We are dealing with the crop year 1948-1949.

Mr. ROSS: I wonder if in the case of flaxseed on page 12 the chairman of the Board would explain the increase of 50 cents a bushel. I am not objecting to it: I would like to have explained the increase from \$5 to \$5.50.

The WITNESS: Well, I can give you the reason for that. There was a considerable quantity of flax being sold in Canada at \$5 a bushel and the government felt, in view of the fact that the price outside Canada was higher, that in fairness to the producers they should increase the price to \$5.50, which, I certainly think, was a very fair action.

Right Hon. Mr. HOWE: It cost us money, I might say.

The WITNESS: But I think the man—if I may say so—the man who is responsible is sitting on the left of the chairman.

Mr. ROSS: Santa Claus.

Mr. HETLAND: Could we get the figures of how much oats were exported to the United States under those export permits and how much was sold in Canada during that year?

The WITNESS: Yes, I think we could get that for you.

Mr. WRIGHT: That was the question I asked a moment ago.

The CHAIRMAN: Are there any other comments on Part II or any questions pertaining to this part? If there are no other questions on Part II I think we will adjourn now.

Mr. ROSS: I wonder if I might just ask one question of the minister. I should know the answer myself. Is there a floor price or guarantee on flax for this new crop year 1950?

Right Hon. Mr. HOWE: No, there has been no decision made as to that. As a matter of fact, the position on flax is that we will have a considerable flax carryover, and for that reason we do not want to make any announcement now that will encourage producers to put in flax. Some people will put in flax because they always have—it is part of their usual farming activities—but we do not want to encourage any more people to do so.

Mr. ARGUE: But you are having pretty good luck in selling flax?

Right Hon. Mr. HOWE: No, we have sold some but on the whole the luck is bad.

Mr. ARGUE: I thought the carryover was going away down.

Right Hon. Mr. HOWE: It will be down considerably, but we will still have more flax going into a new crop than I like to see. It is the policy of the government to stand aside and let the new crop sell first. Under that policy we may carry the government surplus for years if we get a big crop of flax. If we could get out of surplus flax and start over again, we could afford to encourage greater production.

Mr. FAIR: Paint the buildings and get rid of a lot of it that way.

Right Hon. Mr. HOWE: The trouble is that synthetics are coming in to replace linseed oils in paint, and that has had a big effect on the consumption of flax in this country and abroad.

Mr. ROSS: When would you like to meet again, Mr. Chairman?

The CHAIRMAN: I think we will adjourn until 3.30.

Mr. ROSS: I move we adjourn until 3.30, if that is agreeable.

The committee adjourned.

AFTERNOON SESSION

THURSDAY, June 8, 1950.

The committee resumed at 3.30 p.m.

The CHAIRMAN: Now, gentlemen, if you will kindly come to order, we have a quorum, and I think I am correct in saying that Mr. McIvor has just run through his commentary on Part II, if I remember correctly.

George McIvor, Chief Commissioner, Canadian Wheat Board, recalled:

The CHAIRMAN: Now, I do not know if there are any more questions you would like to ask on Part II.

By Mr. Jutras:

Q. I wonder if you could give us in round figures the amount of coarse grain that was received and how it was received by months during the crop year?—A. To which year are you referring?

Q. This year, 1949.—A. We did not receive any.

Q. Just to give an idea of the marketing of grain through the board for farmers.

Mr. ROSS: The board did not handle it then.

Mr. JUTRAS: That is right.

The CHAIRMAN: Are there any other questions under Part II? Are we ready to go on with Part III?

Mr. CHARLTON: Mr. Chairman, I had a few questions on coarse grain that may have reference to this year's operations. I wonder if Mr. McIvor would like to answer a few questions on this year's operations, or would he rather not?

The WITNESS: Well, you are putting me in rather a difficult position. I would prefer, if the minister is going to come down, if we could leave it until the minister is here, because I think we are going outside our province.

The CHAIRMAN: Now, if there are no more questions under Part II, I think we will ask Mr. McIvor to carry on with Part III of the report.

The WITNESS:

SPECIAL OPERATIONS ON BEHALF OF THE GOVERNMENT OF CANADA

Rapeseed and Sunflower Seed

By authority of Order in Council P.C. 2717, August 25, 1948 the Board was empowered to buy rapeseed and sunflower seed at a price to assure that producers in Western Canada would be continuously offered

a price of 6 cents per pound for top grades of rapeseed and sunflower seed basis delivery points to be designated by the Board.

Rapeseed

Pursuant to the foregoing instructions, the Board was called upon to purchase practically all of 1948-49 deliveries of rapeseed by producers, this position resulting from the fact that an alternative market was not available to producers at the support price or better.

During 1948-49 the Board purchased from producers 52,411,500 pounds of rapeseed at the support price. These purchases were valued at \$3,086,003.73 and were basis country delivery points specified by the Board. Within the crop year, the Board completely disposed of its holdings of rapeseed, sales amounting to \$2,062,213.13. These sales were made in store Moose Jaw, Saskatchewan or Saskatoon, Saskatchewan.

The principal item in the operating deficit of the 1948-49 rapeseed handling was freight from country points to Moose Jaw, Saskatchewan and Saskatoon, Saskatchewan. These costs amounted to \$304,002.86. Other costs included handling, sacking, conditioning, storage, weighing and inspection, and administrative costs which totalled \$63,469.31. The sales deficit plus operating costs resulted in a deficit of \$391,262.77 as at July 31, 1949.

Sunflower Seed

As an alternative market was available to producers of sunflower seed in 1948-49 at or higher than the floor price of 6 cents per pound for top grades, the Board did not have to purchase sunflower seed during 1948-49 and consequently there are no operations to report.

Announcement of 1949-50 Policy

On March 15, 1949, the Right Honourable C. D. Howe, Minister of Trade and Commerce, announced that the Government was not prepared to encourage the production of oil seeds by establishing the support prices for 1949-50. While the Minister indicated that the position would be examined at a later date, no further action was taken in respect to these products.

That is all of Part III.

The CHAIRMAN: Are there any questions under this heading of Part III?

By Mr. Argue:

Q. Are we not handling rapeseed and sunflower seed now?—A. No, we are not.

By Mr. Quelch:

Q. Was all marketing done in Saskatchewan?—A. Yes.

By Mr. Hetland:

Q. How much less is rapeseed now than 6 cents?—A. I think my last recollection is that it is selling around 4 cents.

Q. It is 4 cents?—A. Yes. Rapeseed was largely a wartime operation to replace some of the fats which were no longer available from the Pacific area, and this report really deals with the tail end of that type of operation.

Q. If the growers of Saskatchewan would ever grow any quantity, you would not get anywhere near 4 cents, would you? The market is very limited?—A. Yes, very limited.

By Mr. Ross:

Q. It was all handled at Saskatoon and Moose Jaw, was it?—A. That is right, except there were some sales made on whole rapeseed for export. Any that was crushed in Canada was all crushed at Saskatoon and Moose Jaw.

Q. There would be a minor quantity exported?—A. Yes, it was small.

The CHAIRMAN: Are we done now with Part III? If so, we will pass on to Part IV.

By Mr. Hetland:

Q. One more question. How many more pounds of rapeseed have you left to carry over to next year?—A. We have not any.

Q. The government either?—A. No.

Q. That is the reason you got the 4 cents?—A. Yes, it is all cleaned up.

The CHAIRMAN: Are we ready for Part IV? If so, we will ask Mr. McIvor to start on it.

The WITNESS: I think with regard to Part IV, Mr. Chairman, all this deals with the financial statement and I would like to ask Mr. Earl if he would comment on it.

The CHAIRMAN: Certainly.

Mr. EARL: The narrative section of Part IV deals with comments in respect of certain items appearing on the Board's balance sheet and the statements of operations of the Board on various accounts.

The first section, refers to stocks of wheat and stocks of flaxseed, and deals with the inventories or carryovers of these grains as at July 31, 1949; it also sets forth the agency basis on which these grains are provisionally sold to Board's agents through whom they are ultimately resold to consumers. The detail of the inventories and the basis of the valuation are shown on the balance sheet.

The item of accounts receivable consists principally of amounts due from the agents of the Board in respect to sales which had been completed, but for which the final accountings were not received by the Board until after the date of the year end.

The second item of importance is the amount due from the United Kingdom government for additional freight and winter storage costs in accordance with an arrangement negotiated under the provisions of the Canada-United Kingdom wheat agreement.

The item, grain trade memberships, sets forth the memberships owned by the board and used in its operations.

In respect to the Canadian Wheat Board building, the details are set forth as to the purchase of this building by the board as at August 31, 1946, at a price of \$450,000, which was the total cost of the land and buildings. It subsequently became necessary to avoid confusion with the name of the new premises purchased by the pools to change the name of the building to the Canadian Wheat Board Building, which is the name it is now known under.

During the year it became necessary to undertake major alterations and repairs to the building and these were completed during the crop year at a cost of \$39,409.10. This amount will be amortized over a three-year period, and for the past crop year an amount of \$13,136.36 has been charged against the operations of the 1945-1949 pool.

The deferred portion is shown on the balance sheet as a deferred expense to operations, and will be written off in the subsequent two years of the board's operations.

It also became necessary to effect substantial improvements to the lighting in the building and this was completed at a cost of \$21,495.20. The board's

accounts also provide for the usual depreciation rate on a building of this structure, namely, at the rate of 2 per cent; and the amount of depreciation for the year is \$7,800.

The table on page 17 sets forth the amount due from the government of Canada as at July 31, 1949, and this amount was paid to the board on April 30, 1950. That has now been collected in full.

The section, dealing with the bank loans, points out the development in the board's cash position as a result of the second 20-cent adjustment payment to producers and sets forth the transactions briefly as they occurred from the selling of the last board investment, namely, \$40 million of 5/8ths per cent treasury notes down to the present position as it now stands at July 31, 1949, showing the bank loans at \$23 million-odd, and the accrued interest to that date of \$3,911.62.

Liability to Agents

Grain companies acting as Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board fixed initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents. The liability to Agents amounting to \$39,484,002.40 represents the amount payable by the Board to its Agents for purchases from producers at country elevator points to July 31st, 1949 for which delivery to and settlement by the Board will be completed subsequent to the date of the Balance Sheet.

That is, when delivery is completed by our agents.

The next section deals with the amounts still owing by the board in respect of emergency wheat receipts which were issued on the 1945-1946 accounts and as at the end of the year the board still owed \$1,439,796.84 in respect of the receipts.

As at July 31, we had issued all the cheques for the receipts on the 1945 crop account, but at the same date there were 675 emergency wheat receipts on the 1946 crop account which remained to be forwarded by producers to the board for payment.

I might say that as of June 6, this year, there are 14 receipts outstanding in the names of six producers, totalling \$31,208.97; so there has been a very substantial reduction in that liability.

The amount due to the producers on outstanding certificates and cheques—are shown in tables on page 19 which reflect the board's liability to producers on final and adjustment payments. The top section of the table deals with the final payments on the 1940 to 1944 crop accounts inclusive, and the bottom section deals with the position on the adjustment payments which have been made in respect of the 1945-1949 pool accounts.

On page 20—accrued expenses and accounts payable represent the accruals of board liabilities as at the end of the year. The principal item is an amount of \$2,542,653.58 due to the Board of Grain Commissioners for Canada in respect to the Prairie Farm Assistance Act levy on the wheat adjustment payments to producers applicable to deliveries on the 1945-49 pool account. Of that amount, \$2,537,653.58 was paid on September 23, 1949, and the balance is still being held in board accounts and will be paid at some subsequent date.

Also included in the item of accrued expenses and accounts payable is an amount of \$153,596.91 payable by the board to the Employee Retirement Plan of the Canadian Wheat Board. This amount consists of the contributions required under the plan from its members and the board for the period July 1, 1948, to July 31, 1949, and which had not been paid as at the end of the fiscal year, pending the appointment of a trustee, as required by the plan.

This amount, together with appropriate interest, was paid by the board during the month of August, 1949.

The balance of accrued expenses and accounts payable comprises, in the main, open purchases of wheat and flaxseed and sundry accounts unpaid as at July 31, 1949, together with accrued carrying charges, storage charges, etc., to that date.

In respect of the statements of operations on the 1945-49 pool account, the details of those operations are set forth in exhibit 4, and resulted in a deficit of \$5,235,621.37. The comment in respect of this deficit indicates the basis on which it was calculated with particular reference to the valuation of the inventory and with reference to the increase in the initial price as a result of adjustment payments.

In the third paragraph, order in council, P.C. 3376 of July 28, 1948, effected the price at which the board sold wheat to millers, processors, manufacturers, feeders and dealers for domestic requirements in Canada. This price was increased from \$1.55 per bushel plus an allowance of 3½ cents per bushel for carrying charges, to \$2 per bushel plus an allowance of 5 cents per bushel for carrying charges, both prices basis No. 1 northern wheat in store Fort William/Port Arthur or Vancouver. This new price basis applied to sales completed on or after August 1, 1948.

As a result of this price increase, millers, processors, manufacturers and dealers were required to pay to the board an adjustment charge of 46½ cents per bushel on all stocks of board wheat on hand as at the close of business July 31, 1948. Amounts collected by the board in respect of this price adjustment have been included as revenue of the 1945-1949 pool account.

The next section, dealing with the flaxseed division, also makes a reference to the authority of the board to purchase Winnipeg flaxseed futures. I think this matter was referred to in section II of this report. The marketing operations in respect of flaxseed acquired by the board resulted in a deficit of \$3,806,855.19, and the comments in respect of the valuation of the inventory as they affect that deficit, are also given.

There is also reference to the 1947 flax account and the position of that account as at the end of July, 1949.

In respect of the oats and barley division, mention has already been made to these grains in a prior section of the report and in respect to paragraph 2, we deal with the position of the equalization fund for oats and barley for the 1947-1948 crop. The 1947 oats equalization fund and the 1947 barley equalization fund both resulted in final payments to producers of \$4,269,706.84 and \$4,402,527.75 respectively. The total payment of \$8,672,234.59 was distributed at the rate of 5.881 cents per bushel for oats and 6.780 cents per bushel for barley. Cheques were issued for the total amount of these payments on March 7, 1949, in respect to deliveries by producers for the period from August 1, 1947, to October 21, 1947, both dates inclusive, and on May 2, 1949, in respect to deliveries by producers for the period from October 22, 1947, to July 31, 1948, both dates inclusive. There were two separate cheques issued to cover the total deliveries for the crop year. As at July 31, 1949, the final payment cheques totalling \$8,207,272.19 had been cashed by producers.

The section of the report dealing with order in council, P.C. 1292, covers the operations of the board in respect to the authority given to the board under this order to acquire stocks of oats and barley in Canada. The operations resulted in a surplus of \$6,727,573.71, and under the terms of the order this amount is payable to the Consolidated Revenue Fund of the government of Canada, and at the end of July, 1949, the amount of \$6,324,789.99 had been remitted. The balance will be remitted at some future date.

Reference has already been made to the rapeseed and sunflower seed division, and I do not think that any further comments are required on that particular phase of the report.

The refund account resulted from the authority under order in council, P.C. 3376, whereby on and after August 1, 1948, the price at which the board sold wheat to millers and processors was increased from \$1.55 plus an allowance of 3½ cents per bushel for carrying charges, to \$2 a bushel plus an allowance of 5 cents for carrying charges.

In terms of the same Order the Board was directed to pay, on behalf of the government of Canada, a refund of 45 cents per bushel to flour millers and wheat processors on all western wheat flour and western wheat products sold and delivered for domestic human consumption on and after August 1, 1948, and which had been produced from western wheat purchased at the increased price level of \$2.00 per bushel, plus an allowance of 5 cents per bushel for carrying charges, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. The amount of refund was subsequently increased to 46½ cents per bushel effective September 1, 1948, as authorized by Order in Council P.C. 4287 of September 29, 1948.

The results of these operations are set forth in exhibit XIII and indicate amounts of money distributed by the Board on behalf of the government of Canada in respect of the domestic flour refund.

The next is the drawback account. In connection with domestic flour refunds which applied from 1942 up until September 17, 1947 at which time it was removed. It is exactly the same type of operation as the refund account but it became necessary to distinguish between the two because they were authorized by separate orders.

The last item is the schedule of administrative and general expenses. It shows that for the year under review the administrative expense amounted to \$2,071,655.32 comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto, Washington and London offices of the Board. Details of expenses and allocations to the Board operations and to operations on behalf of the government of Canada are set forth in the last exhibit in the part namely number XVI.

That completes comments on section IV.

The CHAIRMAN: You have heard Mr. Earl go through Part IV; have you any questions or comments?

By Mr. Argue:

Q. The case referred to on page 21 as being before the Supreme Court, to recover money, arises I presume out of the lifting of the ceiling?—A. That is correct.

Q. Has that case been decided?—A. No, it is before the Supreme Court now.

Mr. WRIGHT: If that case is lost will it leave the Board liable for any very large sum of money as a result of suits that might be entered into by people in similar positions to the one that the present case concerns?

The WITNESS: I have always been advised that we should not comment on a case before the courts.

Mr. WRIGHT: We have been told that before too. I do not think that it would be a comment on the case though, would it? I think that would be just a comment on the position of the Board. It has nothing to do with the case itself.

Right Hon. Mr. HOWE: The answer might encourage others to enter the same kind of action.

Mr. WRIGHT: That probably would be the case.

Rt. Hon. Mr. HOWE: I think it might.

The CHAIRMAN: Are there any other comments or questions here?

Mr. HETLAND: I would like to ask Mr. McIvor a question. There seems to be a lot of misunderstanding out west about the Board handling our coarse grain. A lot of people thought when the government took over coarse grains that the Board would not use the open market to sell. I do not know whether Mr. McIvor would like to comment on this or not but I would like to ask him whether he knows of any better way of handling coarse grains than the way in which we are handling them.

Mr. LAING: Are we not dealing with the report?

Mr. HETLAND: There is a lot of misunderstanding in many places out west and they think the grain exchange is being manipulated, and that they will not get the full price of any grain that goes up. It is always the broker that gets the advantage of the price of grain that goes up. I think it would satisfy a lot of people if Mr. McIvor could tell us just how it is done and if he thinks there would be a better way to do it.

The CHAIRMAN: I will leave that to you, Mr. McIvor.

Rt. Hon. Mr. HOWE: That is not within the terms of reference but if Mr. McIvor would care to give us a little discussion on that subject it might be helpful.

The WITNESS: If I understand your question it is whether I know of a better way to handle coarse grain?

Mr. HETLAND: Yes, if you would comment on that?

The WITNESS: Well I say no, I do not know of any better way. There may be a better way but I do not know of it.

The position is that all of the oats and barley in western Canada are being delivered to the Board and we use the facilities of the open market and other facilities and we make a direct sale of oats and barley. We spread our sales out over the months and over the year and at the end of the year when our grain is sold we will of course return whatever results we get over and above the initial payment.

Mr. ARGUE: How do the costs of selling oats and barley by that method compare with the costs of selling wheat, without the exchange?

The WITNESS: We do not know yet, and we won't until we get through the end of this year. We do not know what the costs will be.

By Mr. Bryce:

Q. Can you tell us why there were fluctuations in oats? Just take oats? Did somebody buy short or did somebody buy and then another fellow squeeze him when he needed the supply?—A. I think the chief reason oats went up is that more people wanted oats than there were supplies available, and the price advanced. We have been very free sellers of oats; we have not attempted to hold oats off the market.

Q. You put oats on the market every day?—A. We put them on the market as we get them but there has been a very substantial demand for oats.

By Mr. Ross:

Q. Can you say what percentage of oats you have sold through the open market? I do not suppose you want to give any breakdown by months?—A. I think the Board's position on this is certainly that the last thing in the world we would like to have the Board accused of is holding back information.

Q. Well I want to be fair about it.—A. May I go on just for a moment. However, here we are in the midst of a marketing year and we are the steward or the trustee for a lot of farmers grain, trying to merchandise it in the best way we can. The minute we state what our position is then that minute we weaken our own position as trustees of that grain.

Q. Without stating the amount would it jeopardize your position if you were to give the percentage sold to the open market and the percentage sold to the exchange?—A. I do not think it would help.

Rt. Hon. Mr. HOWE: The whole problem is that in this country grain is distributed by dealers. The ordinary farmer does not go to the Board to buy grain—not many farmers buy a carload. In the same way there are not many dealers who can buy a half million bushels of oats and put up the half million dollars to pay for it. The Board sells for cash. I do not know of any way that you can make the distributing machinery of this country work to distribute coarse grains unless there is some way that these dealers can hedge their purchases.

By Mr. Bryce:

Q. I would like to have it made clear to the members of the committee—I think I am clear myself—the Wheat Board will sell a car of grain to any organization that wants to come along and buy it from you directly?—A. Absolutely.

Q. The eastern members are not quite clear about that. I can show you a dozen letters from people in eastern Canada who have written to me telling me that they could not do so and that the Wheat Board will not sell. Without asking anybody, I thought I knew enough about it to know that they would sell.

Here may I go off the track a little. I want to ask a question at the same time. The prices quoted for grain have been pretty good but the man who is feeding hogs today is not a producer of grain. We will say that I feed hogs and that my neighbour takes a few wagonloads of barley to the local elevator. I need it for feeding purposes but I have got to pay Fort William prices for it. Is there not a more reasonable way in which we can aid the agricultural economy of this country by saying that such a man may buy the grain less the freight charge to Fort William. I know that you are going to pay him so much and he is going to get a participation certificate later but I do not think we should pay the freight. It would be of assistance; because the fellow in eastern Canada is getting a certain advantage to help him feed hogs.—A. I do not think you can differentiate between freight and price. If you say this man, and presumably you are talking of the man who lives in the west, if he is going to get it less the freight costs—

Q. No, I refer to the same point. My friend draws in a load and sells to the Board at the elevator. I draw in behind him and buy the grain.

Mr. QUELCH: Out west?

Mr. WRIGHT: Yes. If the elevator charges were paid with a premium sufficient to meet your payment later on I do not see why I should have to pay 14 to 21 cents freight to Fort William?

The WITNESS: You do not have to pay it.

Mr. BRYCE: Well, let it go. I will take it up with you and show you where it is being paid.

By Mr. Ross:

Q. The point is when the producer sells his coarse grain at the elevator he pays the rate then. It is deducted from his payment?—A. That is right.

Q. In every case the producer pays the freight to Fort William when he gets his settlement. That is deducted in full.

By Mr. Charlton:

Q. And when the buyer buys it he pays the price as at Fort William?—
A. No, the buyer buys it at the local price at the point.

By Mr. Bryce:

Q. Why should you charge the price of freight to Fort William when it never leaves the elevator?—A. We do not.

Q. Well I go to the elevator and pay 14 cents a hundred?—A. If you ship it to Fort William.

Q. But a fellow comes in behind and buys it?

Right Hon. Mr. HOWE: Based on the Fort William price less 14 cents.

Mr. ROSS: And handling charges.

The WITNESS: If I get your point clear, Mr. Bryce, if a man delivers his grain, oats or barley, at Selkirk which is a point I know you are familiar with, he gets an initial price of the Board, less freight to the lakehead. Now, however, if a man buys the grain at Selkirk he pays the Fort William price less the freight to the lakehead. If I understand your suggestion it is that we should sell the man who buys the grain at the initial price, but if we did that we only reduce the value of the pool. The man that delivers the grain loses then.

Mr. BRYCE: Do you not think you would gain more by stabilizing your agricultural economy?

The WITNESS: Well if somebody instructs us to do so we will consider it, but our instructions are to sell grain at market price.

Right Hon. Mr. HOWE: Why doesn't the man who sells the load, sell it direct to the second farmer so that he can take it away before it goes into the elevator?

Mr. ROSS: I would like to ask a question.

Mr. BRYCE: I am glad you asked that question, because if you do it is against the law in the country today.

Mr. GOUR: In my riding we use feed coarse grains and wheat. None of the farmers criticize the Board. We have found out that it is the best thing in the world, except that we have also found that the price of the grain today is too high for what we are able to use. It is keeping our farmers from using less for cattle feeding than if the price was around \$10 a ton cheaper. We find the western farmers are very happy to get good prices, but we feel that if the price continues to be so high we will be able to use less of it in the east. This spring in my business we bought less, and the farmers are buying less for cattle feeding and for chickens. We find that the Wheat Board has done a splendid job but our farmers find the prices too high. I deal in large lots myself; I handle one hundred cars of coarse grain a year. We do not criticize the Board and we do not criticize anybody but we just find that the price is a little too high. We are not speaking against the western farmers but we think it will be just too bad if we quit buying in the east. The people in the west need us and we need them, or there will be less market still in the west.

Mr. ROSS: Following up Mr. Bryce's dilemma about buying from a neighbour before it goes through the elevator, I may say that I have never been too sure, when I have bought oats not through the elevator, whether I was within the law. Would the minister make a comment?

Right Hon. Mr. HOWE: You are strictly within the law if you do not move the wheat out of the province.

Mr. Ross: I am not referring to wheat; to coarse grain?

Right Hon. Mr. Howe: It is permitted under both federal and provincial law.

The CHAIRMAN: As long as it stays within the province.

Mr. Ross: Then there is another question. Turning back to the question of whether Mr. McIvor thought this was the most satisfactory way of doing business for wheat. I think that anyone will realize that I am not a supporter of the exchange but I do not understand why it would apply to wheat only. I think the majority of these coarse grains are handled by the milling companies. If that were true would it not also be true for wheat?

Right Hon. Mr. Howe: Coarse grains are really domestic crops. Normally they are sold within the country. Wheat, however, is sold outside of the country and generally to governments within the International Wheat Agreement. If it is sold in the country it is sold to mills but, under those circumstances, there seems to be no credit situation as there is for coarse grains which are sold on the domestic market. It is much safer for everybody to have the wheat agreement carried out between governments, particularly when practically all dealers within the agreement are governments. If there was to be a general return to open markets then it would be worth considering whether Canada should or should not return to the open market. Today, however, when nearly all of the business of the world is being done through governments we think it is better to have our part of it done by our government. The decision must depend upon a marketing situation.

By Mr. Wright:

Q. I would like to ask a few questions with respect to the chapter Liability of Agents. Can Mr. McIvor give us the picture as to what is paid to the handling company for buying of wheat and the picture with respect to when they deliver that wheat to the Board? Is it when the wheat is shipped to the terminal elevator or may the company hold that wheat for a period before turning it over to the Board? I just want the general picture of what the Board pays the handling companies for purchasing wheat for them, and the time within which that wheat is turned over to the Board? I think there is a little misunderstanding with regard to it?—A. Every year we negotiate handling agreements with the elevator companies. As I explained we try to cut down costs of handling as much as we can but we find that when the producer organizations say this is the basis that they require, there is not much distance that we can go beyond that point.

Q. I would like to get some figures?—A. We have agreements with the companies and under those agreements the companies take delivery of the wheat from the producer and they deliver it to the Board. Once they take the wheat in they send a report to the Board on the amount they have taken in and that is Board wheat subject entirely to our control. We then can ship it to a mill, to Vancouver, to Fort William, or to any place that we wish to ship it. They deliver wheat to us at the terminal in the form of a warehouse receipt. We pay them a carrying charge until the wheat is delivered to us. After the wheat is delivered to us at the terminal we order it out. They have nothing to do with it, they have no control over it whatsoever; it belongs to us; and we order it out and they have to ship it out in accordance with our instructions.

Now, with respect to handling charges there are two classes of wheat handled by the elevator companies. One is class A which is a special bin wheat and which is handled in accordance with the tariff of the Board of Grain Commissioners. That is the only charge that can be made by the elevator companies.

Now, in regard to class B wheat, which is the great bulk of the wheat produced, the street price to the farmer is based on the Board price, at the

lakehead, for that particular grade, less freight charges and less $4\frac{1}{2}$ cents per bushel. That is on wheat.

In regard to oats exactly the same conditions apply. As soon as oats come into the elevator they are the property of the Board and the charges on oats are $3\frac{1}{2}$ cents per bushel. The barley charge is the same as for wheat— $4\frac{1}{2}$ cents per bushel.

Q. For those charges the grain handling company then must supply the money for the initial payment to the farmer for his wheat when he delivers it to the elevator?—A. That is right.

Q. And what else does that $4\frac{1}{2}$ cents cover? How much storage does that cover? Do you immediately start paying storage?—A. It does not cover storage.

Q. I see; that is just for the act of purchasing and the interest on the money?—A. That is known as street margin. If you remember in the days before the Board operated there was always a street deduction at country points, and this is the street margin in a Board operation.

Q. Well the point I was trying to get at was this. The grain handling firms, when they borrow the money to make the initial payments to the farmers for wheat, have to pay 4 per cent interest and that interest is included in the $4\frac{1}{2}$ cent charge which they are paid?—A. No.

Q. Do you pay them interest besides?—A. Interest is included in the carrying charge. We pay them a carrying charge of the regular storage rate, the maximum of which is fixed by the Board of Grain Commissioners, plus interest.

Q. The point I was trying to get at is this. While that wheat remains until you have taken it over there is 4 per cent interest paid on the money used. Once you people take it over your interest rate is only 3 per cent.—A. I think the rate is $3\frac{1}{2}$ per cent but I will check on the interest rate.

We have thought of what you say, Mr. Wright, but remember when the handling companies pay for wheat in the country they assume complete responsibility to deliver that wheat to the Board. Now then, if we were to pay for the wheat in the country we would have to send the money out to payors' agents or to banks and take all the risks. Those people would have the responsibility of paying the money out to producers and we just question whether in the long run we would be any further ahead.

Q. It is a saving in interest between what the banks charge you and what they charge the grain handling firms; I understand it is 1 per cent?—A. You are quite right, the rate is 4 per cent.

Q. When millions of dollars are involved it runs into a considerable sum. I believe on September 30th of this year the handling firms had probably in the neighbourhood of \$150 million in borrowings from the bank, while you people on the same date only had about \$3 million in borrowings from the bank. 1 per cent interest on \$150 million is a considerable saving—if it can be saved? That is the only point I am raising?—A. We have looked into that same thing a number of years because it worried us—probably as much as it is worrying you now—however, we came to the conclusion that there were considerable risks in us sending the money out into the country—millions and millions of dollars into the hands of payors' agents without being on the ground to supervise it ourselves. We came to the conclusion that we would be better off as we were.

Mr. JUTRAS: How do you arrive at the statement that the companies are paying 4 per cent?

Mr. WRIGHT: 4 per cent is paid by the grain handling companies on money borrowed from the bank; when the Board borrows money from the bank it pays 3 per cent.

By Mr. Jutras:

Q. You meant that the 4½ cents a bushel is for the carrying charge alone and does not include storage?—A. It does not include the carrying charges. It is street margin; the actual handling margin of the elevator company.

Q. Does the company assume the cost of the first thirty days free storage?—A. No, not on, class B wheat. Carrying charges are effective as soon as the wheat comes in because the wheat is our property. I can tell you that we do not leave it in the elevator a day longer than we have to. Just as soon as it is taken in we are ordering it out and getting it on its way; getting it sold.

By Mr. Argue:

Q. This may be a little off to the side. I remember last fall that there was a considerable delay after the beginning of harvesting before the elevator agent was in a position to make a payment for farmers deliveries. It was quite a while before he got instructions as to what the price would be. Why would that be?—A. We have always taken the position that we are duty bound to find out what the constituents of the crop are—what the grades are—before we fix the spreads. Now, to illustrate my point, if we were to fix the spreads say in the middle of July, and set No. 4 wheat at 12 cents under No. 1 northern, that would mean that every producer would get a payment of 12 cents less than No. 1 northern for every bushel. If we came along on the 10th of August and found that 25 per cent of the crop was frozen and we had a huge quantity of No. 4 wheat on hand, we probably would not be able to sell it within any distance of 12 cents. So we have taken the position we would like to hold off as much as possible in trying to examine what kind of a crop it is before we fix the initial price.

Q. Is the farmer getting the right of free storage of grain?—A. Yes, he gets free storage and does not pay any interest.

Q. How long after the instructions are sent out will the storage charges commence?—A. Not until we are in a position to pay him the initial price and then it will be for our account and not for the farmer.

Q. Which?—A. For the account of the Wheat Board.

Mr. Ross: The farmer does not pay anything.

Mr. ARGUE: The reason I was asking is I had an elevator agent tell me he had instructions to have the wheat sold in a matter of three or four days or the farmer would be charged storage. The country mail service was poor, with no telephone service, and it was physically impossible for him to notify all farmers in time to get the grain sold before the storage charges came in.

The WITNESS: We have always made that retroactive as far as storage and interest is concerned. The farmer should not have to pay it. When settlement is made it becomes Board wheat and the Board has to pay the carrying charges.

By Mr. Charlton:

Q. I wonder if Mr. McIvor would like to comment on the percentage of oats and barley as sold direct to feed dealers or manufacturers and which does not go through brokers?—A. Well I do not know what you mean by brokers. The bulk of our oats and barley is sold to firms like Parish and Heimbecker, James Richardson, Toronto Elevators, Ontario Co-operative Elevators, and similar firms. Many of those companies have their own feed plants.

Q. I have been told that the service directly from the Board was not nearly as good as if you were dealing through a broker.

Mr. Ross: Do you mean through a grain commission broker?

By Mr. Charlton:

Q. Yes, would you believe that statement or disbelieve it?—A. Well, I would not agree with that statement, I do not see any reason why it would not be as good. If you gave me the situation involved in the case I would soon look into it.

Q. Apparently it is not and even to the point where they pay a premium price to get the grain.—A. I do not know what you mean "for the service". We have oats and barley at the lake head and we sell them to anybody who wants to buy them. We give them the documents and they can dispose of them as they see fit.

Q. If you order a car of grain today through the board it might take two months before you get it. But if you order that car of grain through a broker, you will get it next week.

Mr. GOUR: Suppose you divert a car, let us say, from Ottawa or Montreal. Suppose I am short of feed and I take a running car. I have to pay more because it is a running car and it is transferred, let us say, from one railroad to another or from one station to another. That is the quick service that we get from the board.

Right Hon. Mr. HOWE: If you buy from the board in store at Fort William, then it is up to you to get the grain loaded. You may not be as clever as the broker, perhaps, with that particular movement.

The WITNESS: Well, of course, you will find brokers who will praise the Wheat Board and brokers who will damn the Wheat Board depending on exactly what their views are.

By Mr. Charlton:

Q. Is there any pressure brought to bear upon them that they should deal through a broker?—A. No.

The CHAIRMAN: Are there any further questions on this part of our report? If not, I think we shall turn to the exhibits. Exhibit I "Consolidated Balance Sheet". Are there any questions? Shall the item carry?

Carried.

Exhibit II. Shall the annex carry?

Carried.

Exhibit III. Shall the annex carry?

Carried.

Exhibit IV. Shall the annex carry?

Carried.

Exhibit V.

By Mr. Charlton:

Q. Mr. Chairman, with respect to exhibit IV I see there is an item entitled "Drying, reconditioning charges, grade adjustments, etc.: \$2,574,625.67". That would be grain which comes in with probably a high moisture content.—A. Yes. That chiefly is a charge in connection with wheat that went through Vancouver. Alberta was unfortunate enough to have a late harvest and they had a lot of wet grain which had to be dried before being shipped overseas.

Q. The farmers have to pay for it?—A. Yes. It comes out of the pool.

Q. That would be a lower grade and he would get a lower price for it?—A. He gets a lower price in his initial payment.

The CHAIRMAN: Exhibit V. Shall the item carry?

Carried.

Exhibit VI. Shall the annex carry?

Carried.

Exhibit VII. Shall the annex carry?

Carried.

Exhibit VIII. Shall the annex carry?

Carried.

Exhibit IX. Shall the annex carry?

Carried.

Exhibit X. Shall the annex carry?

Carried.

Exhibit XI.

By Mr. Wright:

Q. On exhibit xi what firms handled this rapeseed for the Wheat Board?—
A. At Saskatoon it is the Saskatchewan Cooperative Plant; and at Moose Jaw it is the "Prairie Vegetable Oils".

Q. What proportion of the crop is handled by them?—A. I do not know. I do not know whether or not we have that information. In fact, I do not think we have.

Right Hon. Mr. HOWE: I do not think the Cooperative Plant was finished until late in that year.

By Mr. Wright:

Q. There was very little, if any, handled by the Cooperative Plant that year. I think it was done mostly by the Moose Jaw firm.—A. I think there was quite a bit handled, and if you would like to have the figures we would be glad to get them and file them with the committee.

Q. I would like to have the figures and the basis on which they handled it for the board.—A. The basis on which they handled it was that we sold it to them.

Q. You sold it to them outright?—A. Yes, and they made their own deal from then on. We got as good a price as we could. That was the basis.

Q. Was rapeseed offered by the board in the United States?—A. Yes. We sold rapeseed wherever we could. They had to compete with any other buyers.

Q. Were sales made to United States firms?—A. Yes.

Q. I would like to have the prices and the amounts sold by the board to the Cooperative at Saskatoon, to the Moose Jaw firm, and directly to the United States.—A. Very well, we shall get that information. It will take a day or so to get it. I cannot give it to you today.

Q. That will be all right.

The CHAIRMAN: Shall the annex carry?

Carried.

Exhibit XII. Shall the annex carry?

Carried.

Exhibit XIII. Shall the annex carry?

Carried.

Exhibit XIV. Shall the annex carry?

Carried.

Exhibit XV. Shall the annex carry?

Carried.

Exhibit XVI.

By Mr. Charlton:

Q. I see that audit fees are listed at \$41,500. It seems to me rather a high amount for just one year. I presume that is just for one year?

Mr. EARL: That is correct. It is for one year for audit of the board's wheat accounts and all other operations of the board.

Mr. CHARLTON: That is quite a lot of money to pay.

The WITNESS: I would say that Mr. Earl comes from that profession and he would know something about audit fees. I would like to have his comment.

Mr. EARL: I have always been of the opinion that it is a fair charge for the services which the auditors perform. Their services have to do with all the operations of the Board such as current wheat operations, payment accounts, flax, and any other operations in which the board is engaged. They must perform a continuous audit service. You can see from the volume of those operations that a considerable amount of time must be consumed. In addition to that, the Canadian Wheat Board Act requires that a statement shall be prepared and submitted monthly, and also by the terms of the same Act, it must be audited by the board's auditors. So, having regard to all their various activities in auditing the board's accounts, I feel that it is a fair and reasonable charge for audit fees.

Mr. CHARLTON: There must be somebody working at it all the year 'round.

Mr. EARL: That is right.

Mr. ROSS: I know they are a very reputable firm of auditors. They have quite a reputation out there.

The CHAIRMAN: Very well, Mr. Bryce.

By Mr. Bryce:

Q. May I ask how many seats the Wheat Board owns on the Winnipeg Exchange and other exchanges?—A. I think we have that information here.

Mr. EARL: There are four memberships in the Winnipeg Grain Exchange; one membership in the Clearing House; one membership in the Lake Shippers' Clearance Association; and one membership in the Vancouver Grain Exchange.

Mr. BRYCE: Have you got the fees there?

Mr. EARL: I think that is covered in the report separately; \$1,900.

Mr. BRYCE: You have got them divided up, then.

The CHAIRMAN: \$1,900 for the four, or for each?

Mr. EARL: For all the memberships for that year.

Mr. BRYCE: Could you let me have it later on?

Mr. EARL: I could. (*See Appendix "A" to this days' evidence*)

By Mr. Wright:

Q. With respect to the purchase of the Royal Exchange Building, did the funds for the purchase of that building come out of the growers' wheat or was it

a separate purchase by the government? Who owns the building?—A. It was purchased with producers' funds. The purchase will be amortized over the years.

By Mr. Wright:

Q. Amortized over what number of years?—A. At 2 per cent per annum—if the building were sold I think there would be \$100,000 to \$150,000 profit which would get into the pockets of the farmers.

Q. It belongs to the farmers?—A. If we have to sell the building the money would get into the farmers' funds.

The CHAIRMAN: Does exhibit XVI carry? Does the item carry?
Carried.

By Mr. Fair:

Q. How many meetings does the advisory committee hold during the year?—A. That is give non page 11, Mr. Fair. Three meetings.

By Mr. Mackenzie:

Q. Does the board hedge its sales on the market in coarse grain?—A. No. We do not hedge. We just sell.

By Mr. Wright:

Q. I think you answered my question in the House the other day. I asked if the Board at any time sold more grain than they actually purchased in the country?—A. And the answer given was "no".

By Mr. Hetland:

Q. Supposing a very large amount of coarse grain was sold in a certain week. Would you sell it all in that week or carry it on?—A. We try to sell it at the best price we can get over a twelve-month period.

Q. You carry it along?—A. No. We always feel that we must never be holders of oats and barley, but that it must be prepared to sell every day, and that is the policy which we follow.

Q. That is, if you have buyers?—A. Of course. We cannot sell if we have not any buyers.

Q. You would not put up grain unless a lot of people bid on it?—A. They can bid on it if they want to buy it. It is just a question of merchandising.

Q. I am afraid you do not get what I mean. I mean that if there were heavy deliveries in one week, and maybe the next week you did not have any deliveries, would it be sold over the next two or three weeks?—A. It might be sold over two or three or four weeks.

Q. It is not sold in the one week?—A. Oh, no.

Q. Not to support the market?

The CHAIRMAN: Are there any more questions under Exhibit XVI? Does the item carry?

Carried.

It appears that we have come to the end of the report.

Mr. CHARLTON: I had a question to be answered later.

Mr. EARL: I have those figures now. Your question was as to the total losses of the board from its inception.

Mr. CHARLTON: Yes.

Mr. EARL: For the period August 1, 1935 to July 31, 1949, on wheat, western division, not including the 1945-49 pool—\$113,349,851.27; and on coarse

grain for the western division, which includes flax, oats, barley, rapeseed, and sunflower seed, the total is \$42,040,112.88, making a total for the western division of \$155,389,964.15.

Mr. CHARLTON: That does not include the \$5 million?

Mr. EARL: On the pool, no. And I might point out that the figure on the 1948 flax is in here, but it is not a final figure.

Mr. ARGUE: Those losses would be mostly before the board.

Mr. EARL: No—During the period of Board operations from 1935 to 1949.

Mr. FAIR: It might be a good idea to put in what it cost the wheat growers of the Prairie Provinces to subsidize Canadian consumers while the war was on.

Mr. EARL: The eastern division wheat, Ontario wheat, amounted to \$316,020.60.

Right Hon. Mr. HOWE: Who paid the losses?

Mr. EARL: The losses were all paid by the government of Canada.

Right Hon. Mr. HOWE: Thank you!

Mr. GOUR: What did it cost the eastern farmer to carry on? The price was settled by the government during that time. And you have to have regard to this fact and you have to balance it

Mr. CHARLTON: Those were the losses year by year 1939 to 1941.

Mr. EARL: On the Ontario wheat?

Mr. CHARLTON: On the Ontario wheat?

Mr. EARL: No. On the 1946 Ontario wheat payment account.

By Mr. Charlton:

Q. That partly balances up what we lost before.—A. I think there are two other questions that we promised to get information about. I have it now. One was when Mr. Argue asked about the Class 2 price basis. From July, 1946 to July, 1948 we maintained a Class 2 price for No. 1 Manitoba Northern f.o.b. East Coast seaboard of approximately 20 cents per bushel over the f.o.b. Baltimore price for No. 1 Hard Winters, ordinary protein. This spread was based on 15 cents per bushel allowance for protein content of Canadian wheat and 5 cents per bushel for grade allowance between No. 1 Manitoba Northern and No. 3 Manitoba Northern.

From August, 1948 to July, 1949* the premium differential for Canadian wheat was wiped out and we went as low as 33 cents per bushel in May of 1949 under the f.o.b. Baltimore price for No. 1 Hard Winters. At July 31, 1949 we were back to 11 under.

From August, 1949 we kept widening this spread to point where we were 35 cents per bushel under on a Canadian East Coast-Baltimore basis. This spread was equivalent to our in store Fort William price being 19 cents per bushel under the in store Kansas City price for No. 1 Hard Winters (allowing for 10% discount on Canadian funds). Since December 6th, we have continued to widen this spread to a point where the price of our No. 1 Manitoba Northern in store Fort William and Port Arthur is today 35 cents per bushel under the price of No. 1 Hard Winters in store Kansas City.

The other question I think was asked by Mr. Jutras about the cost of shipping wheat from St. Lawrence ports to Liverpool. The present cost of shipping wheat from in store Lake Head to Liverpool, No. 2 Northern in store Lake Head, is \$2.03, forwarding costs to f.o.b. St. Lawrence 18 cents, making a total of \$2.22. The ocean freight from the St. Lawrence to Liverpool, 15 cents; delivery cost; \$2.36 in Canadian funds. I think that is all I have, Mr. Chairman.

The CHAIRMAN: Thank you. Are there any other questions?

By Mr. Laing:

Q. What is the Vancouver ocean freight? Have you got that?—A. You have got me. I would have to get that for you. I would say that Vancouver competitively is cheaper than the St. Lawrence now.

Q. By mileage?—A. On the over-all cost.

Q. This is a heavy reduction, this recent reduction.—A. Yes, it is a heavy reduction.

Mr. DAVIDSON: We have a question from Mr. Wright which is in the process of being answered and the answer will be filed with the committee very shortly. It has to do with the export figure on oats and barley. (*See Appendix "B" to this day's evidence.*)

The CHAIRMAN: Are there any other question?

Mr. WRIGHT: Before the committee rises I would like, on behalf of the committee, to thank the Wheat Board very much for the very clear explanations which they have given of their accounts. I am sure that the committee appreciates it and I am sure that the farmers of western Canada appreciate the job they are doing.

Mr. ROSS: Before we rise, Mr. Chairman, at this morning's session I asked if the Minister of Agriculture might appear before this committee because there has been considerable misunderstanding about a clause. I think the chairman of the Board said he had not any idea of what it meant, or how you arrived at the Montreal price. The minister now responsible says that he had nothing to do with the contract then.

Right Hon. Mr. HOWE: I did not say that.

Mr. ROSS: Did you not have something to do with the contract which was negotiated for 1946?

Right Hon. Mr. HOWE: I had the same responsibility for it as any other member of the government.

Mr. ROSS: The Minister of Agriculture negotiated the contract for 1946.

Right Hon. Mr. HOWE: I do not think this committee has the power to summons a minister.

Mr. ROSS: I quite realize that. We cannot summons him. I think he made a statement in January 1949, when they were negotiating other contracts, that the two governments had agreed that their representatives should meet not later than the 31st of July, 1950, to settle any obligations of the United Kingdom which may then be outstanding under clauses 2 and 3 of the agreement. If he does not want to appear, we cannot do anything about it. But I made the request at the opening of this morning's session so that if he wished to do so, we could find out what the intention was in that clause.

Right Hon. Mr. HOWE: I do not think it is within the terms of reference of this committee. I know I would like to listen to the argument, but I do not think it comes within our terms of reference.

Mr. ROSS: I also pointed out that according to these figures on page 9—and that has a bearing on Mr. Fair's statement—the difference between the average of \$2.39 shown on that page, and what Britain paid for 485 odd million bushels worked out to some \$330 million. Those are the figures of this board. Call it a loss if you like. On the domestic market it was tied to the United Kingdom agreement; and on some 204 odd million bushels there was a loss, in my opinion, of \$153 million, according to the board's own figures on page 9. There appears to be a difference of some \$423 million. I would like to have a few words from the Minister of Agriculture, but I agree that we cannot summons him here. That is quite true.

The WITNESS: Mr. Chairman, I just want to thank the committee very much for the attention they have given us in regard to our accounts.

I would like to take this opportunity of paying tribute to my two associates on the board, Mr. McNamara and Dr. Grindley. I am sorry they are not here today, but Mr. McNamara is on his way to London to attend the meeting of the International Wheat Council and, unfortunately, Dr. Grindley had a severe operation some days ago and is laid up in hospital.

I would like also to pay tribute to our other associates on the board. It is a very big business and I am sorry that the other two members could not be here yesterday and today to attend the committee's sittings. Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. McIvor.

Now, I presume the committee will report to the House that consideration has been given to this report of the Wheat Board for the year 1948-1949. Is that agreed?

Agreed.

The committee will stand adjourned, I presume, to the call of the chair.

The committee adjourned.

APPENDIX "A"

Answer to question by Mr. Bryce:—

Grain Exchange dues appearing in Exhibit XVI (Report C.W.B.) amounting to \$1,900, consists of the following payments paid to the Winnipeg Grain Exchange:—

1. Annual dues on 4 memberships owned by the Canadian Wheat Board @ \$250 each.....	\$ 1,000 00
2. Annual dues on 3 memberships owned by employees of the Board and used in conducting Board business @ \$250 each.....	750 00
3. Transfer fee of 1 membership.....	50 00
	<hr/>
	1,800 00
4. Annual dues on 1 membership owned by the Canadian Wheat Board in the Vancouver Grain Exchange.....	100 00
	<hr/>
Total	\$ 1,900 00
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APPENDIX "B"

Answer to question by Mr. Wright:

Oats	Marketings	Carry-over* (commercial) at beginning of crop year	Total Supply	Exports ¹	Carry-over (commercial) at end of crop year	Apparent Domestic Disappearance
1942-43.....	120,841,072	4,434,188	125,275,260	63,323,012	30,936,515	22,015,733
1943-44.....	144,046,208	30,936,515	174,982,723	74,737,335	39,056,383	61,189,005
1944-45.....	135,964,571	39,056,383	175,020,954	85,797,940	37,430,162	51,792,852
1945-46.....	107,359,887	37,430,162	144,790,049	43,860,722	26,404,528	74,524,799
1946-47.....	99,765,491	26,404,528	126,170,019	29,758,771	17,106,659	79,304,589
1947-48.....	72,530,760	17,106,659	89,637,419	10,202,037	10,298,059	69,137,323
1948-49.....	85,715,789	10,298,059	96,013,848	23,219,634	12,143,604	60,650,610
Barley						
1942-43.....	85,858,654	5,709,462	91,568,116	34,689,651	27,964,502	28,916,963
1943-44.....	85,234,231	27,964,502	113,198,733	37,028,128	22,570,269	53,600,336
1944-45.....	76,627,540	22,570,269	99,197,809	39,879,980	11,100,181	48,217,644
1945-46.....	67,255,294	11,100,181	78,355,475	4,982,286	16,053,099	57,320,090
1946-47.....	67,518,803	16,053,099	83,571,902	7,539,335	12,272,387	63,760,180
1947-48.....	64,926,907	12,272,387	77,199,294	3,564,936	14,076,460	59,557,898
1948-49.....	70,185,715	14,076,460	84,262,175	24,020,196	11,187,143	49,054,836

¹Including Rolled Oats and Oat Meal.²Includes Malt Exports in terms of barley.

*Commercial—carry over stocks minus stocks on farms.

