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HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

THURSDAY, FEBRUARY 25, 1960

MONDAY, MAY 2, 1960

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WITNESSES:

Mr. A. McNamara, Chief Commissioner, Mr. W. Riddel, Assistant Chief Commissioner, Mr. H. Monk, Q.C., Legal Advisor, *Canadian Wheat Board;* Mr. R. Milner, Chief Commissioner, Mr. W. J. MacLeod, Secretary, *Board of Grain Commissioners.*

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

22631-6—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

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

Argue,
Badanai,
Barrington,
*Belzile,
Best,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Cadieu,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Cooper,
Doucett,
Dubois,
Dupuis,
Fane,
Forbes,
Forgie,
Godin,
Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Horner (*Jasper-Edson*),
Howe,
Kindt,
Knowles,
Korchinski,
Lahaye,
Leduc,
Létourneau,
McBain,
McIntosh,
Michaud,
Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

* The name of Mr. Belzile replaced that of Mr. Fleming (*Okanagan-Revelstoke*) on February 19th.

ORDERS OF REFERENCE

HOUSE OF COMMONS

TUESDAY, February 16, 1960.

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

Messrs.

Argue,	Godin,	Nasserden,
Badanai,	Gundlock,	Noble,
Barrington,	Hales,	O'Leary,
Best,	Hardie,	Pascoe,
Boivin,	Henderson,	Peters,
Boulanger,	Hicks,	Phillips,
Brassard (Lapointe),	Horner (Acadia),	Racine,
Brunsden,	Horner (Jasper-Edson),	Rapp,
Cadieu,	Howe,	Régnier,
Campbell (Lambton-Kent),	Jorgenson,	Ricard,
Casselman (Mrs.),	Kindt,	Rompré,
Cooper,	Knowles,	Rynard,
Doucett,	Korchinski,	Smallwood,
Dubois,	Lahaye,	Smith (Lincoln),
Dupuis,	Leduc,	Southam,
Fane,	Létourneau,	Stanton,
Fleming (Okanagan-Revelstoke),	McBain,	Tardif,
Forbes,	McIntosh,	Thomas,
Forgie,	Michaud,	Tucker,
	Milligan,	Villeneuve—60.
	Muir (Lisgar),	

(Quorum 20)

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

FRIDAY, February 19, 1960.

Ordered,—That the name of Mr. Belzile be substituted for that of Mr. Fleming (Okanagan-Revelstoke) on the Standing Committee on Agriculture.

TUESDAY, March 29, 1960.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and enquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act, and to report to the House observations and proposals thereon.

22631-6—1½

MONDAY, February 29, 1960.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to print, from day to day, such papers and evidence as may be ordered by it, and that Standing Order 66 be suspended in relation thereto; that the quorum of the said Committee be reduced from 20 to 15 Members, and that Standing Order 65(1) (*f*) be suspended in relation thereto; and that the said Committee be granted leave to sit while the House is sitting.

Attest

LÉON-J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, February 25, 1960.

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

FIRST REPORT

Your Committee recommends:

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

2. That its quorum be reduced from 20 to 15 members and that Standing Order 65(1) (*f*) be suspended in relation thereto.

3. That it be granted leave to sit while the House is sitting.

Respectfully submitted.

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, February 25, 1960.
(1)

The Standing Committee on Agriculture and Colonization met at 10.10 a.m. this day for organization purposes.

Members present: Messrs. Belzile, Boulanger, Cadieu, Campbell (*Lambton-Kent*), Cooper, Forbes, Godin, Hales, Hicks, Fane, Jorgenson, Knowles, Korchinski, Lahaye, McIntosh, Michaud, Milligan, O'Leary, Pascoe, Racine, Rapp, Smallwood, Stanton, Tardif, Thomas and Tucker—(26).

On motion of Mr. Knowles, seconded by Mr. Tucker, Mr. Stanton was elected Chairman.

Mr. Stanton, upon taking the chair, thanked the members of the Committee for the honour conferred on him and asked for the co-operation of all members in the work of the Committee.

The reading of the Orders of Reference was dispensed with.

On motion of Mr. Fane, seconded by Mr. Rapp, Mr. Jorgenson was elected Vice-Chairman.

On motion of Mr. Thomas, seconded by Mr. Forbes,

Resolved—That permission be sought to print such papers and evidence as may be ordered by the Committee.

Moved by Mr. Cooper, seconded by Mr. Thomas, that the Committee seek permission to reduce its quorum from 20 to 15 members. Motion carried.

Moved by Mr. Forbes, seconded by Mr. Hales, that the Committee request permission to sit while the House is sitting.

After discussion, the motion was approved on the following division: YEAS, 18; NAYS, 6.

On motion of Mr. O'Leary, seconded by Mr. Jorgenson,

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

At 10.33 a.m. the Committee adjourned to the call of the Chair.

MONDAY, May 2, 1960.
(2)

The Standing Committee on Agriculture and Colonization met at 9.40 this morning, Mr. Stanton, the Chairman, presiding.

Members present: Messrs. Argue, Badanai, Brunsden, Cooper, Doucett, Fane, Forbes, Forgie, Gundlock, Henderson, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Knowles, Korchinski, McIntosh, Nasserden, Pascoe, Phillips, Rapp, Regnier and Stanton—(23).

In attendance: From Canadian Wheat Board: Mr. A. McNamara, Chief Commissioner; Mr. W. Riddel, Assistant Chief Commissioner and Mr. H. Monk, Q.C., Legal Adviser. *From Board of Grain Commissioners:* Mr. Roy Milner, Chief Commissioner, and Mr. W. J. MacLeod, Secretary.

The Chairman announced that the sub-committee on agenda and procedure consists of Messrs. Boulanger, Forgie, Horner (*Jasper-Edson*), Jorgenson, Letourneau, Peters and Stanton.

Moved by Mr. Horner (*Acadia*), seconded by Mr. Knowles,

Agreed—That the Committee print 750 copies in English and 250 copies in French of its minutes of proceedings and evidence.

The Canadian Wheat Board officials were called before the Committee and introduced. Mr. McNarama read a statement regarding the views of the Canadian Wheat Board on the Committee's Order of Reference.

The Committee asked for copies of this statement for each member and the copies were promised for the afternoon meeting.

Distributed to the members of the Committee were two memoranda:

(1) Comments on Delivery Quota Policy;

(2) Wheat Board Regulation of Deliveries to Feed Mills; and copies of office consolidation of the Canadian Wheat Board Act supplied by the Canadian Wheat Board.

The officials of the Wheat Board were then questioned by the Committee on the regulations regarding deliveries to feed mills.

The Committee adjourned at 11.30 a.m. until 3.30 p.m. this day.

AFTERNOON SITTING
(3)

The Committee reconvened at 3.40 with Mr. Stanton, the Chairman, presiding.

Members present: Mrs. Casselman and Messrs. Argue, Brunsden, Cadieu, Cooper, Doucett, Fane, Forbes, Forgie, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Knowles, Korchinski, Lahaye, McIntosh, Nasserden, Pascoe, Peters, Rapp, Regnier, and Stanton —(23).

In attendance: Same as at morning sitting.

Questioning of the officials of the Canadian Wheat Board was continued.

Distributed to the members were memoranda:

(1) The Canadian Wheat Board Instructions to the Trade No. 4.

(2) The Canadian Wheat Board Instructions to the Trade No. 51 regarding Custom Grinding of Grain for Feed and Exchange of Grain for Prepared Feeds.

The questioning of the Canadian Wheat Board was concluded. The officials were thanked by the Committee and agreed to make a further appearance if desired.

Mr. Roy Milner and Mr. W. J. MacLeod were then called.

The officials of the Board of Grain Commissioners were questioned by the Committee on the Order of Reference.

The Committee also concluded its questioning of the Board of Grain Commissioners and the officials were thanked by the Committee.

The Committee adjourned at 5.15 p.m. until Friday, May 6th at 9.30 a.m.

Clyde Lyons,
Clerk of the Committee.

EVIDENCE

MONDAY, May 2, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, you will please come to order. We have a quorum now.

Your steering committee is composed of the following members: Messrs. Boulanger, Forgie, Horner (*Jasper-Edson*), Jorgenson, Letourneau, Peters, and your chairman.

We need a motion now concerning the printing of our proceedings in French and English. Last year there were 750 copies printed in English, and 250 in French.

Mr. HORNER (*Acadia*): I so move.

Mr. KNOWLES: I second the motion.

The CHAIRMAN: It has been moved by Mr. Horner and seconded by Mr. Knowles that 750 copies of our proceedings be printed in English, and 250 in French.

Gentlemen, your steering committee has worked out a tentative schedule of meetings with the various bodies who are interested in grain deliveries. Our meetings will be held every Monday and Friday until our business is completed.

I would ask the members of the committee to confine themselves to the questioning of the witnesses after they have made their statements or presented their briefs.

At the conclusion of the presentations we will have as many meetings as are necessary to allow the members of the committee to present their views.

Today we have with us the Canadian wheat board and the board of grain commissioners for Canada.

I shall call first on the Canadian wheat board and on Mr. McNamara, chief commissioner of that board. Mr. McNamara.

Mr. W. C. MCNAMARA (*Chief Commissioner, Canadian Wheat Board*): Good morning, gentlemen: Mr. Chairman, on this occasion the standing committee on agriculture and colonization is exploring the position of feed mills insofar as these plants are within the jurisdiction of the Canadian Wheat Board Act.

At the outset I want to say that members and officers of the Canadian wheat board will do everything possible to facilitate the work of the Committee, and will impartially endeavour to lay before the committee relevant facts.

The subject of your inquiry is one of considerable importance, involving as it does the responsibilities of the board under the Canadian Wheat Board Act, the relationship of the board to feed plants operating within the designated area and, of course, the interests of producers in the marketing of their wheat, oats and barley.

In 1947 the Canadian Wheat Board Act was amended. As a result of these amendments, the board was empowered to regulate deliveries of wheat, oats, barley, rye and flaxseed into elevators and railway cars. The definition of the term "elevator" as used in the act was broadened to include not only grain elevators but mills that had been declared to be works for the general advantage of Canada. A declaration over and above the one

contained in the Canada Grain Act was added to the Canadian Wheat Board Act to include each and every one of the grain elevators or mills mentioned or described in the schedule to that act.

In 1950, section 39 of the Canadian Wheat Board Act was amended. Section 39 (now section 45) was re-framed to include as works for the general advantage of Canada, all flour mills, feed mills and seed-cleaning mills whether heretofore constructed or hereafter constructed. The schedule referred to in that section was amended and listed flour mills, feed plants and seed-cleaning plants in Manitoba, Saskatchewan and Alberta. As a result, the board was empowered to control the deliveries of grain into the principal facilities available for that purpose.

Members of the committee have before them copies of the Canadian Wheat Board Act, and I would like to call attention to section 45, to which I have referred, and to the attached schedule which lists flour mills, seed-cleaning mills, feed mills and feed warehouses as works for the general advantage of Canada.

I have outlined briefly the powers conferred upon the board by Parliament to regulate deliveries of grain and flaxseed. You will, of course, wish me to relate these powers to the operation which the board carries on under the Canadian Wheat Board Act. The board is incorporated with the object of marketing in an orderly manner in interprovincial and export trade, grain grown in Canada and by the statute and the regulations is instructed to undertake the marketing of wheat, oats and barley produced in the designated area in interprovincial and export trade.

Orderly marketing is achieved by the quota regulations established under the act. These enable the board to ration delivery opportunities equitably among producers and thus the produce of the crop is divided on the same equitable basis. The board also uses these controls to regulate the intake of grain into all channels of the marketing system including grains which the board does not purchase so that currently marketable grains can be received when needed and moved forward for sale and grain for which there is no present market can be kept out of the system.

In the view of our board the essential feature of the marketing scheme established by the statute is the equitable rationing of delivery opportunities and the ensuring that, as far as possible, all producers will get the same basic price at the same time for like, kind, grade and quantity of grain. Equal delivery opportunity is a basic feature of the scheme. In their application to feed mills the controls are used to equalize delivery opportunity and to protect the board's marketing.

If a producer may sell a portion of his crop to a mill for flour, feed or seed, outside of his quota, he would then be able to deliver to the other channels of the marketing system grain up to the amount of his quota and thus achieve an advantage over less fortunate producers who were not able to get their grains into the local flour, feed and seed outlets.

It must also be kept in mind that, while the board is bound to market for producers certain grains in interprovincial and export trade, it is itself a prospective seller to all in the milling trades and the board, in some instances, may find itself in competition with grain offered to feed or flour millers by producers.

Experience has shown that if mills are allowed to buy outside of the quota, usually they purchase grain which is in excess of a producer's quota from producers at prices less than the board would sell equivalent grain to them and to this extent the marketing opportunities of the board are impaired. This operation has the result that the mill in question is enabled by this procedure to compete with millers who have purchased board grain at board prices with

products manufactured from grain, purchased directly from producers at a lower price than that paid by board customers and this also adversely affects board marketing.

Under the act the board operates annual pools on behalf of producers in the designated area. The principle of pooling means that commercial supplies of wheat, oats and barley are delivered to the board, sold by the board, and all surpluses (after allowing for board operating costs) are returned to the producers. This is basically the principle and procedure involved in the Canadian Wheat Board Act. Any procedure which allows commercial supplies of wheat, oats and barley to be marketed in competition with the board and outside the general pooling plan weakens these pooling operations and may, in effect, lessen the effectiveness of these operations.

Furthermore, the act provides for a continuous level of minimum prices in the form of initial payments to producers for wheat, oats and barley. These minimum prices, along with subsequent payments, are made available to producers when their grain enters commercial channels, as it does when a producer delivers to an elevator, a grain warehouse, a flour mill, a feed plant or a seed-cleaning plant.

In short, the board regards the powers derived under Part II of the act as being essential to the marketing operations which it carries on as long as there is congestion in grain handling facilities. I thought, Mr. Chairman, the Committee should have a forthright statement on this particular phase of the problem.

Problems associated with the control of deliveries to feed plants did not become acute until a surplus, exceeding the intake capacity of our elevator system, arose about five years ago. In 1957, infringements of delivery quota regulations on the part of certain feed plants became evident and the board took the action contemplated by the act.

In 1957 the board entered prosecutions against a number of feed mills for violation of delivery quota regulations. The board proceeded with two test cases, one in Alberta and one in Manitoba. In both cases the magistrate upheld the powers of the board to enforce delivery quotas in respect to feed mills. In both Alberta and Manitoba the cases were appealed and the powers of the Board were upheld in the Appellate Court of each province. Leave to appeal to the Supreme Court of Canada from the decisions of the Court of Appeal of Manitoba was sought and was refused by the Supreme Court of Canada. The time for the further appeal of the Alberta case had expired in the meantime.

During the period from 1957 to the end of 1959 board administration and enforcement of delivery quotas, as they affect feed mills, had to be held in abeyance pending the outcome of the litigation described above. The decision of the Supreme Court of Canada cleared the way for the board to enforce delivery quota regulations in respect to all feed mills in the designated area.

I should add that in 1957 the board introduced two measures of assistance to feed mills. These were:— (1) Provision was made whereby producers could take grain to a feed mill for grinding and have it returned to them with a supplement if so desired. (2) Provision was made whereby producers could deliver specified quantities of grain to a feed mill in exchange for prepared feeds. Producers' deliveries under both (1) and (2) are outside of established delivery quotas.

In these brief remarks I have tried to indicate some of the issues involved in your investigation. Mr. Riddel, the assistant chief commissioner of our board, on my far right, and I are here to assist the Committee in its work; and Mr. H. B. Monk, Q.C., our solicitor, will represent the board insofar as legal matters bear upon your inquiry.

A memorandum dealing with the feedstuffs industry of the prairie provinces and outlining board regulations of deliveries to feed mills has been prepared by the board and some members of this committee may already have copies. We have additional copies of this document with us, however, and will be pleased to make it available to committee members who would like it.

Thank you, Mr. Chairman.

Mr. ARGUE: Mr. McNamara, have you other copies of the statement you have just read?

Mr. MCNAMARA: We had some for the press and for the committee reporters. We did not prepare copies for the members. We could do that, Mr. Chairman, if you would like. We could have these copies prepared at noon and have them available for all the members.

The CHAIRMAN: Is it the desire of the members that they have copies?

Some Hon. MEMBERS: Yes.

Mr. ARGUE: Since the wheat board's position and the Wheat Board Act has been upheld in the courts, do you feel there is any need to strengthen the present act, or the present regulations, to increase your powers, or to increase your control over the marketing of grain?

Mr. MCNAMARA: No; I venture the opinion that the powers that we have are sufficient to enable us to control the quota system and to regulate the flow of grain into channels. It is a question of enforcement, however, and, as I indicated in this brief, during the period this matter was before the courts we felt we should refrain from further prosecutions until the legal points had been clarified. But since that time we have started to enforce our regulations and to see that the quota regulations are adhered to, not only by the feed mills but by all handlers of grain.

Mr. ARGUE: When did the Supreme Court refuse the appeal? In other words, when did you come into the position where you were able to enforce your regulations without fear of an adverse decision by the courts?

Mr. MCNAMARA: Mr. Monk says about four months ago this was clarified.

Mr. ARGUE: What companies were involved?

Mr. MCNAMARA: There were a number of individual companies.

Mr. ARGUE: But the two cases to which you referred? You took two test cases.

Mr. H. B. MONK (*Solicitor, The Canadian Wheat Board*): One case in Manitoba was against a person by the name of Klassen who operated a feed mill at Grunthal; and the case in Alberta was against Thumlert, who was an agent of the Midland Pacific Grain Company at Ponoka.

Mr. ARGUE: Mr. Chairman, since this has been cleared up by the courts, and since the Wheat Board is satisfied with the regulations and the law as it is at present in effect, I wonder if I might ask you such a simple question as to why there are meetings of the committee at all. Who has been pressuring to get these regulations changed and relaxed?

I made a strong speech in the house on it. I thought there was some doubt, perhaps—I am glad there is not—in the minds of the Wheat Board. There was certainly no doubt in the minds of the farm organizations. I wondered why the committee should spend its time, if the producers involved and the Wheat Board feel that the act is satisfactory, that it can be enforced, and that the quota system is necessary.

The CHAIRMAN: I believe it has been brought to the attention of the minister by the feed mills and other individuals in the prairie provinces.

Mr. ARGUE: I think this is an affront to the committee, that we should be spending our time looking into something that is working quite satisfactorily.

Mr. JORGENSON: In the cases that were brought before the courts were they not to deal with an interpretation of the regulations as they existed at that time? Is it not an interpretation of the regulations?

Mr. MONK: The cases which were brought before the court were both on the same basis. They attacked, first of all, the constitutional validity of section 16 of the Canadian Wheat Board Act, and also attacked the application of the statute to feed mills. This regulation is not, by means of regulations made by the board; the regulation is effective as a result of section 16 of the statute. The matter before the courts is whether that section is valid; and if valid, whether it applies to feed mills.

Mr. BRUNSDEN: Mr. Chairman, I wonder if it would be possible for the ones who are speaking to speak louder.

Mr. JORGENSON: Assuming the courts have decided that the regulations, as they exist today, are valid, do you not believe that in view of the changing complex of agriculture—the accent on livestock production, that today it may be wise to just have a close look at it? That is why this committee was set up —to have another look to see if the act possibly may be in need of some revisions.

Mr. MCNAMARA: I suggest that is a matter of decision by this committee but, in so far as the board is concerned, I would suggest that we welcome this opportunity in order that the pros and cons may be aired.

This problem—in fact, the whole administration of a quota system—is very difficult, and has given us many problems. We have to have public support. We cannot hope to do it unless we have the support of the producers. There is a problem involved here. We have tried to recognize it and go as far as we thought we could go to provide relief to the feed mills. However, we have no objections to these matters being aired, and we welcome the opportunity for an exchange of views, because evidence may be given in this committee that will assist you in making up your mind. The decisions of this committee will be referred to the government, and at that time we will have a good look at your recommendations.

The CHAIRMAN: The idea of the minister, in setting up this committee, was to get a consensus of opinion, through this committee.

Mr. ARGUE: Mr. Chairman, I would like to ask a question—and I think it is a fair question. If you have not the information, or do not want to disclose it, you can say so. My question is this: Who has been asking for this committee? I think we should have some of the names of the people who are trying to wreck the wheat board system of marketing grain—and that is what this is about. They should be prepared to put their case before us, and we should know who they are.

The CHAIRMAN: Different organizations will be appearing before this committee in the next two or three weeks. I will ask the secretary to read the names of those organizations.

Mr. ARGUE: I am referring to the organizations that want the regulations relaxed, and want the wheat board's control diminished or demolished.

The CHAIRMAN: The secretary will read those organizations.

The CLERK OF THE COMMITTEE: Today, we have the Canadian wheat board and the board of grain commissioners. On Friday, May 6, we will have the Alberta wheat pool. On Monday, May 9 we will have the local custom feed mills. On Friday, May 13, the interprovincial farm union of Saskatchewan. On Monday, May 16, we will have the Winnipeg chamber of commerce and the Canadian feed manufacturers association. On the following Monday, May 23,

the united grain growers will be here. Also, we have requests from the Manitoba and Saskatchewan wheat pools.

Mr. ARGUE: The information I desire is the names of the people who want it relaxed, and although that information is not there, I think I can guess the names of the culprits.

Mr. MCINTOSH: Is the interprovincial farmers union there as well?

The CHAIRMAN: Yes.

Mr. ARGUE: My question is: do you have any information?

Does the chairman have any information as to the organizations that wish to appear before this committee to put a brief in in opposition to the present system?

The CHAIRMAN: The clerk has just read the names.

Mr. ARGUE: But most of those are farm organizations which, I suggest, will be supporting the submission we have had already. Now, this is a simple question. If the chairman does not know, I will accept his answer. But my question is: does the chairman of the committee know what organizations have asked to appear before this committee in order to present a brief opposing the present system of handling grain for feed mills?

Mr. BRUNSDEN: You will know of them when they get here.

Mr. ARGUE: Do I take it that you do not know?

The CHAIRMAN: The minister has referred this subject to the committee for study.

Mr. ARGUE: You do not know which ones are putting in adverse requests?

The CHAIRMAN: No.

Mr. RAPP: Mr. Chairman, I would be very reluctant to have any changes made, in so far as deliveries, quotas, and so on are concerned. This, in my opinion, was strengthened when we met here, just a few days ago, with some of the United States congressmen and representatives. At that time the question of surpluses came up, and it was definitely established that the surpluses are not of a temporary but are of a long-term nature, and have to be looked at as a long-term problem. There is no doubt about it that the surplus is going to be higher this year than ever before. If we are going to be faced with the same problem, and with the problem of disposing of this surplus, there is no question about it—we have to have a quota system, as before, and it has to be under the jurisdiction of the Canadian wheat board. I, as a grain grower, would be very much opposed to having any changes made whatsoever from those which exist at the present time.

Mr. ARGUE: Hear, hear.

Mr. MCINTOSH: As the wheat quotas were brought up—and I do not suppose it has too much bearing on the point in question—I would like to ask how many points in Saskatchewan are on a six-bushel quota, and in what areas. Are there any areas in southern Saskatchewan? Why the variation between northern and southern Saskatchewan?

Mr. MCNAMARA: I have no objection to giving this information, although I would suggest this is dealing with the current operation of the board this year; it is really not related to this question.

Mr. JORGENSON: I think it is.

Mr. MCINTOSH: If you are suggesting that there should be no change in the quota, I do not agree with you.

Mr. ARGUE: You are not suggesting that this is the way to change it?

Mr. MCINTOSH: I think it should be brought up for review, if the wheat board is not doing it correctly.

Mr. McNAMARA: April 25 is the date of the last statement, and some changes have been made since then. This concerns three provinces. There are 41 stations on a two-bushel quota; 641 stations on a three-bushel quota; 613 stations on a four-bushel quota; 444 stations on a five-bushel quota; 267 stations on a six-bushel quota; and at this time there are two stations in the British Columbia block on a seven-bushel quota.

If you would like a comparison with last year, I can give you the figures.

Mr. McINTOSH: I want to bring out the point that in regard to some stations there is only a two-bushel quota, and I want to know why there is only a two-bushel quota when there are a great number of stations on a five and six-bushel quota. Is it fair to those areas that are on a two-bushel quota, when other areas have five or six-bushel quotas?

Mr. McNAMARA: I would say that it is not fair, on the basis of an equitable operation of a quota system.

Mr. McINTOSH: That is the very point I want to bring out.

Mr. McNAMARA: I would like, if I may, to supplement what I have just said. The reason for this inequity, particularly this year, was due to the adverse harvest conditions experienced in western Canada last fall, where many areas had heavy moisture at the time of harvest. There were large quantities of grain thrashed with a heavy moisture content—tough and damp grain. The board decided quite early in the fall, before the harvest was completed, that in order to endeavour to salvage this grain that had been harvested with high moisture content it would be necessary to move this grain to the interior terminals, as well as the terminals at Vancouver and the head of the lakes for drying. This policy was followed during the winter, with the result that we handled 60 million or 75 million bushels of out-of-condition grain—grain graded damp or with a high moisture content.

We allowed the producers to deliver up to six bushels of this type of grain. Except for a limited quantity in the province of Alberta, the bulk of this out-of-condition grain has been delivered by the producers to the level of the six bushels, and shipped to the terminals, where it has been dried and conditioned. However, the preference of box cars into this area had the effect of retarding the deliveries in southern Saskatchewan and in Manitoba, and in parts of Alberta with the result the quota system was thrown distinctly out of gear.

We have many points where producers have now delivered a full six-bushel quota, and at the time of this report there were still 41 stations in western Canada where they had a delivery quota of two bushels.

This situation is improving very rapidly now. Since the opening of navigation we have been able to persuade the railways to preference cars into the areas where quotas are low. Certainly the policy that was adopted by the board —which I think was the only policy we could have adopted under the existing circumstances—did result in a wide discrepancy in the quotas, to which Mr. McIntosh referred.

Mr. ARGUE: Mr. Chairman—

Mr. McINTOSH: Let me finish my question, Mr. Chairman.

Mr. McNamara, would you not say that each year there have been inequities, and you have made an excuse or an explanation for them? From that would you not say that the quota system, as run by the board at the present time, is not fair and has not been proven by any means? In areas where you have five and six bushel quotas, are those all areas where you consider damp grain?

Mr. McNAMARA: First of all, I would agree there are always inequities, to some extent, in the administration of quotas. In the past I do not think we have endeavoured to make excuses, but to give reasons for the inequities.

Mr. McINTOSH: Read the minutes of the last two years' meetings and see.

Mr. McNAMARA: As I have reported on previous occasions to the agricultural committee, we consider the marketing operations are the no. 1 responsibility of the board; and while the administration of quotas on an equitable basis is very important, it must be secondary to the marketing operations. I think I have reported before that we could probably do a much better job of equalizing quotas if it was not necessary for the board at times to draw supplies of certain types and grades of grain from certain areas. This does result in throwing the basis of quotas out of line at times. I do not regard that as any excuse, but I think it is a reasonable explanation, and I think any marketing board—

Mr. McINTOSH: It is a reasonable explanation if your statement is correct, but I do not accept your statement.

Mr. McNAMARA: Then I am sorry, sir.

Mr. JORGENSON: Mr. Chairman, I think we are getting away from the subject under discussion, and I think we should be brought back to the question under discussion by the wheat board.

Mr. HORNER (*Acadia*): I agree with Mr. Jorgenson on this question. I think we should deal strictly with the wheat board regulations that have to do with feed mills. I know the wheat board had difficult times with quotas, and I am certain they are doing their best, to the best of their ability, to regulate quotas in a fair and just manner.

I think we should deal with feed mills, and I would like to ask Mr. McNamara how feed mills do their purchasing now. Under what regulations do they purchase their grain now? Do you buy it under quotas?

Mr. KINDT: On a point of order, Mr. Chairman, before answering that I would like to clear up one point. There has been a charge made against the wheat board, against the chairman of the wheat board. I think it is departmental policy and government policy that the differential in quotas should be put into effect by the wheat board to take care of damp grain.

The CHAIRMAN: I think we are discussing the feed mills, not the quota system and so on.

Mr. KINDT: I want to clear up that point.

Mr. ARGUE: Mr. Chairman, other people have had a chance to ask questions and get replies; and I think it is only fair I should too.

I have one question on the quota system I would like to ask.

The CHAIRMAN: I will allow this one question, but I hope you will stay away from the activities of the wheat board as far as quotas are concerned. This meeting was called specifically to deal with the feed mills.

Mr. ARGUE: I can agree with Mr. McIntosh to a point, on the great complaint against the inequities that exist. I am not going to oppose the wheat board's policy of taking out-of-condition grain first, because I think it would be a tragic loss of millions of dollars to the wheat producers if this grain had not been moved. But as a matter of equity and justice will the wheat board be able to equalize the quota at, say a six bushel basis at the end of this crop year, so the people in my constituency, in Mr. McIntosh's constituency, and others in southern Saskatchewan, may have a chance to deliver the same quantity of grain as producers in other parts of western Canada?

Mr. BRUNSDEN: Mr. Chairman, on a point of order, are we here to discuss quotas or feed mills?

The CHAIRMAN: We are here to discuss the feed mills.

Mr. ARGUE: I think the wheat board are entitled to give an answer to this question, because charges have been made against the wheat board. Others have had an opportunity to ask questions on this point and to get answers, and I think it is a fair question and that we should have an answer to it.

The CHAIRMAN: I allowed Mr. McIntosh a little leeway there, because I thought he was building up to a question on feed mills and getting a little more equity in the purchasing of wheat; but apparently that was not so.

Mr. MCINTOSH: They were brought into this discussion and that is why I brought it up.

Mr. ARGUE: Mr. Chairman, I have asked a question and I would like an answer.

Mr. JORGENSON: On a point of order, Mr. Chairman, the operations of the Canadian wheat board will be brought before this committee at a later date, and we shall have an ample opportunity then to discuss these matters. At the present time we are dealing with this other matter, and at present I would urge you to keep this discussion to that subject.

The CHAIRMAN: I would hope, Mr. McNamara, the members of this committee will stay within the realm of that.

Mr. ARGUE: Am I entitled to an answer to my question, Mr. Chairman? I think it is only right, when this charge has been made about the wheat board, that the wheat board should have an opportunity to reply as to whether or not this inequity will remain, or as to whether or not this inequity, in total, or most of it, will be removed by the end of the crop year. I would like to relate this statement, on the point of order, to the procedure before this committee. If the inference in Mr. McIntosh's question is correct, that the 2 bushels will remain and the 6 bushels will remain, then the wheat board chairman's statement, that the main policy is based on equal delivery opportunity, falls to the ground.

I think the chairman of the wheat board should have an opportunity to answer this, as to whether or not more equity can be brought into the wheat delivery system by the end of the crop year.

Mr. KORCHINSKI: Will the operation of the wheat board come before this committee at a future date, Mr. Chairman?

The CHAIRMAN: Yes, that is the intention.

Mr. KORCHINSKI: Can not that question be dealt with then?

The CHAIRMAN: Yes. Let us get on with feed mills.

Mr. ARGUE: Mr. Chairman, I am suggesting this question, as I have now phrased it, is entirely in order, because if we are going to go forward on the assumption that an equitable quota system is justified and is essential, then the wheat board should be able to make a reply as to whether they can bring some equity into this present situation. I suggest that affects this whole enquiry.

If there is no inequity there is nothing to be lost, perhaps, by throwing these things to the wolves. But if there is, can the wheat board bring some equity into this by the end of the crop year? That is the question. Chisellers who want to lower the price will have their opportunity—

An Hon. MEMBER: I want to ask the member from Assiniboia if the Saskatchewan election has anything to do with this.

Mr. ARGUE: Absolutely nothing. I have been here for 15 years advocating orderly marketing, and I will not stay here silent and see a bunch of anti-wheat board people tear down the good work done over the last 15 years.

The CHAIRMAN: Let us not bring politics into this meeting, or elections, or what-have-you.

Mr. ARGUE: I have asked a simple question, and I ask for an answer.

The CHAIRMAN: I must say we must lead our discussion along the line of the inquiry into the feed mill question.

Mr. HORNER (*Acadia*): I asked a question some time ago, how they buy grain now and what are the regulations of the wheat board.

Mr. ARGUE: I have never seen such a high-handed action in committee before.

Mr. HORNER (*Acadia*): I asked my question before you asked yours.

Mr. ARGUE: Others have asked questions, and I have asked you three times for an answer. All you have done is to move from my question to somebody else's—

Mr. HORNER (*Acadia*): I asked mine before you asked yours.

Mr. ARGUE: —and I suggest that is the wrong way to operate a committee, and it is an impertinence.

The CHAIRMAN: I suggest we come to the discussion of the feed mill question which has been referred to this committee.

Mr. FORBES: May I ask a question on that line?

The CHAIRMAN: Mr. Horner has the floor.

Mr. HORNER (*Acadia*): Do the feed mills buy their grain on the quota system now, or any place they can purchase it? What is the present arrangement, or is there any?

Mr. MCNAMARA: In answer to Mr. Horner's question, there are a number of feed mills in western Canada as was indicated by the information we made available earlier. I think the majority of them are accepting their grain from the producer under the quota system. We know some of them are not, and those are the ones which we are checking at the present time.

Mr. HORNER (*Acadia*): What is the situation where a feed mill is located at a non-delivery point? I imagine there are some cases where feed mills are situated off the railroad tracks at non-delivery points. Does the wheat board make special provisions for them?

Mr. MCNAMARA: No; but we can authorize a producer delivering at one point to deliver at a point other than described in his regular permit.

Mr. HORNER (*Acadia*): Does the wheat board take that into consideration when setting the quotas and demand for grain by the feed mills?

Mr. MCNAMARA: In setting our quotas we raise the quota, depending on the deliveries under the quota at the regular point. Information is available to us as to the amount of grain delivered, and the grain delivered to a feed mill is taken into consideration.

Mr. HORNER (*Acadia*): Do the feed mills make a report stating how much they have taken in and how much they have in storage?

Mr. MCNAMARA: No. There are a number of feed mills which elect to be agents of the board and they give a complete accounting of their records.

Mr. HORNER (*Acadia*): They more or less buy within themselves.

Mr. MCNAMARA: Yes. They buy, issue producers certificates and report to us. There is, however, another group which do not buy for board account; but they are, under our act, under the quota if they have been described as a work for the general advantage of Canada. We are not interested in the price at which they buy, but we are interested that they only accept from producers in accordance with the quota.

Mr. HORNER (*Acadia*): Some of the feed mills would receive storage charges on some of the grain they have sold.

Mr. MCNAMARA: Yes, on grain bought for board account.

Mr. HORNER (*Acadia*): Would anyone purchasing at a non-delivery point avoid the elevator handling charges on the grain they purchase?

Mr. MCNAMARA: That is outside the jurisdiction of the wheat board. That would be handled by the board of grain commissioners, and Mr. Milner will deal with that. In respect of feed mills which are not agents of the board,

our only interest is that their purchases are in accordance with the quota. They do not have to purchase at the board's price nor do they have to account to us; but we check to see that the quota regulations are being adhered to.

Mr. HORNER (*Acadia*): In cases where charges had been laid and prosecutions made how were the feed mills violating the act?

Mr. MCNAMARA: They were accepting grain from producers over and above the quota and in some instances were accepting grain not grown on the land described in the permit book. Also in many instances they were not making entries in the producer's delivery permit book when they accepted delivery of the grain.

Mr. BRUNSDEN: According to the bureau of statistics, in 1957 the volume in the feed mill district was around 3½ million bushels. That is not all wheat; that is divided between wheat, oats and barley. It is suggested that in this year it may run up to seven million bushels. I do not know whether or not that is a realistic figure. I would like to know roughly what amount of this 3½ million bushels was purchased in 1957 with the full licence and approval of the board.

Mr. MCNAMARA: Mr. Chairman and Mr. Brunsden, it is impossible for us to give you definite figures, because the information is not available. We do estimate that the large bulk of the wheat, oats and barley purchased by feed mills was purchased in accordance with board regulations. The volume of grain we handled which is used by these feed mills is not very large, but if you have a small hole in a bucket, the bucket leaks and it is not as good for carrying as it was before; so it does affect our overall position.

Mr. BRUNSDEN: I might have to challenge that statement later on.

Mr. MCNAMARA: All right.

Mr. BRUNSDEN: I do not agree with the previous suggestion that some persons are trying to destroy the wheat board—

Mr. ARGUE: That is what will happen if you put the hole in the bucket.

Mr. BRUNSDEN: We all are established supporters of orderly marketing of wheat, but I fail to see how a trickle—and it is not even a trickle: granted it is seven million bushels of wheat, oats and barley—can disrupt Canadian marketing. I have used a poor bucket for a long time and it is still a good bucket. I am not interested in feed mill men. I am interested in some producers getting a little larger immediate market for their grain than they have now.

Mr. MCNAMARA: As I indicated earlier, the volume is not large, but as I advised the committee the producer who is fortunate enough to deliver grain over the quota to the feed mill, and at the same time deliver his regular quota of grain through other commercial channels, has an advantage over other producers who are not fortunate enought to be able to market over the quota. If the mill takes grain over the quota it impairs our ability to merchandise board grain in that area and it reduces the potential board market of feed within the designated area.

Mr. BRUNSDEN: But you admit potential production has no bearing.

Mr. MCNAMARA: It is small compared with what we handle, but I think it would have a serious effect in the overall plan. I think when a bucket starts to leak you have a difficulty and have to put in perhaps one plug, and then another plug. I think we might have repercussions outside of the designated area. In eastern Canada and the British Columbia feeding area, the domestic market, is most important to us in merchandizing oats and barley as feed. If the feed mills in some areas secure grain at prices below the prices at which the board is selling, I would suggest there might be demand from other areas of Canada to have the right to purchase grain at below board prices.

Mr. PASCOE: Mr. Chairman, my question was along the line of Mr. Argue's on quotas. I think now I should go on record as resenting some of the remarks he made. I think we are all good wheat board supporters.

The CHAIRMAN: I think I gave my ruling on that.

Mr. FORBES: I understand the purpose of this investigation is to determine whether or not there are any unfair trade practices or discriminations against the feed mills in view of the changing agricultural conditions in western Canada. There is no doubt that the quota system has prompted farmers throughout Manitoba, Saskatchewan and probably Alberta to go into diversified farming in order to make sales of their grain. I think that is the purpose of this meeting; what position is the feed mill in. I have here an ad in the *Western Producer* of April 7, 1960. It says:

> GOOD FEED WHEAT FOR SALE. Eighty five cents per bushel. Sample on request.

There are several other similar ads in here. Is that farmer allowed to sell him this grain? Is the feed mill allowed to buy that grain? This is what has brought down the feed market.

Mr. MONK: If you will be patient, I might explain that there are two types of feed mills. There is the type which is an agent of the Canadian wheat board. They are under agreement with us and they buy from producers in the same way an elevator does within the quota, issue a producer's certificate to the producer, and pay for the grain at board prices. At the end of each week, I think it is, on Friday, they buy from us the grain which they have used during the week and report to us the situation.

Now, that is the first type of case. The second type of feed mill is the type which does not have an agreement with the board. They are under no agreement whatever with the Canadian wheat board, but they are subject to the Canadian wheat board statute.

Mr. FORBES: Are all these feed mills licensed, or are some of them licensed and others not licensed?

Mr. MONK: That is a matter for the board of grain commissioners. Perhaps Mr. Milner can answer that question. But as far as we are concerned we do not issue licences to any of them.

Some of them have an agreement with us; as all the elevator companies do. The group which I was speaking about do not have an agreement with us, but they are subject to the Canadian Wheat Board Act. Nevertheless they do not have any agreement with the board.

That means that they can buy and sell within the province at any price they like; but they cannot ship interprovincially, or use commercial facilities or railway cars.

They are subject to quota regulations; that is, they must buy from the producer within his quota, and not over that quota. They must enter in the permit book the deliveries which they take, they take from the producers; but the price is a matter of negotiation between themselves and the producer.

They do not buy from the board, and there is no question about it because it is not board wheat that they have bought.

The question of enforcement arises in this way: in order to run a quota system equitably, we believe that quotas should be enforced equitably against all persons including the feed mills, because they are subject to the act. But they have an inducement. If they can buy over the quota, they may buy cheaply, because they buy from the farmer grain over his quota at depressed prices.

This particular group of feed mills are the only group in this position, because the ones who have an agreement with us are all bound by the agreement to buy or to sell at board prices.

Some feed mills do not have an agreement with us; consequently when they are in short supply, they buy their grain from the board at board prices. But when there is grain available in the district in surplus, they buy from the producer at prices less than the board prices; they usually buy at a price less than the board price, because they can always buy from the board itself at board prices.

Mr. FORBES: That seems rather unusual. If a man is selling within the wheat board, he can sell it within his quota, and he does not benefit by the wheat board plan.

Mr. MONK: The reason for the application of the quota is twofold: first, there are not feed mills at all points. There are comparatively few feed mills, for instance, in Saskatchewan. And if you have a position where the producer is delivering to feed mills outside of his quota, and delivers his quota to other commercial facilities, to that extent he gains an advantage over the person either at his own point, who cannot get his grain into a feed mill, or other producers at other points where there is no feed mill.

Mr. FORBES: That seems to be one of the irregularities in our whole setup—that is, that some of them are representatives of the wheat board, while others are not. May I interject another thought here?

Mr. MONK: The reason for the application of quotas to these mills is that if they can buy what we call cheap wheat from the producers—and I do not speak disparagingly in that sense—they can manufacture feed at prices which are less than other feeds can be manufactured at mills which buy from the Canadian Wheat Board.

That has the effect that our customers who buy our grain are in a position where they have to compete with feed produced by these mills, made from grain bought at much lower prices, and it has a marked effect on prices which is quite disproportionate to the amount involved, because there is just enough feed sold at the lesser prices to destroy the market for people who have bought their grain from us.

Mr. FORBES: They could all be licensed to buy wheat, acting as agents for the wheat board, or else to buy it on the open market.

A year ago at our committee we had considerable discussion about certain feed mills collecting under PFAA. Here is a case where some of these feed mills would not be collecting under PFAA. Would the same apply to export feed wheat to the United States? I think that is something further which should be investigated at this committee while we are sitting.

I now return to the point that, in order to clear up this situation, all these feed mills should be licensed and act as agents of the wheat board.

Mr. MCNAMARA: There is another point which should have been brought out in this reference.

Mr. Monk dealt with the position of feed mills. But within the province, and subject to provincial legislation enacted by the legislatures of the three prairie provinces, producers may sell to feeders in that province; or they may sell to a man operating a feed lot.

I think the advertisement which you referred to may be in connection with a feeder who does not operate a feed mill, who does not have commercial facilities, but who is feeding livestock.

These feeders of course provide a form of competition for the feed mills who also try to merchandise feed in that area. That is another aspect of this problem which should be considered.

Mr. KINDT: I would like to get clarification on that point. For instance, at Midland, we have a number of local feeders who have feeding establishments. They buy grain from the wheat farmers in the adjacent areas.

That is perfectly legal, as I understand it, under the regulations of the wheat board. In other words, they do not fall into the same category as feed mills. And I want at this point to impress upon you my view that these people should be kept free; that they should be permitted to buy their grain where there is no merchandising or reselling of it, but where they are using it for feed purposes of their own.

That is the claim in western Canada that they give to me, and they ask that in our deliberations we make doubly sure not to do anything to interrupt that flow of wheat to the feeder.

I would like to have clarified in my mind what you mean by feed grain? Is that No. 4 and less, or does it mean any grain?

Mr. McNAMARA: It means any grain. There is no definition. Sometimes they feed No. 2 northern, or No. 3 northern. The bulk of it of course is oats and barley. There is no definition of what constitutes feed grain.

On your point of federal jurisdiction, we have no legal way of following up, within these provinces, from one producer to the feeder, as long as it is not another work for the general advantage of Canada. That is where the federal control comes in, in the railways, elevators, and feed mills which have been named. But as far as sales from one producer to a feeder are concerned, say in the province of Alberta, that is outside federal jurisdiction. As I mentioned earlier, the provincial legislators passed legislation that gives them power to control this, but so far none of the three prairie provinces has seen fit to exercise that control. But this is outside the jurisdiction of the board; whereas the feed mill, having been declared to be a work for the general advantage of Canada, is within the jurisdiction of the board.

Mr. McINTOSH: Are feed mills in areas where the quota is only two bushels, allowed to take only two bushels, regardless of whether it is open in other parts of the province to six bushels?

Mr. McNAMARA: That is right; the same as all other facilities at that point. They can only take the amount of the particular quota at that point.

Mr. McINTOSH: If there is a shortage, what would you do—would you have to ship in?

Mr. McNAMARA: If there were a shortage, the quota would be increased. If there were a shortage of grain marketable in that area, we would raise the quota of grain to allow more grain to come in.

Mr. JORGENSON: Where, generally speaking, would you say that mills not having agreements with the board are located? Would they be in heavy feeding areas?

Mr. McNAMARA: Yes, I think that is true. The bulk of them are in Alberta and Manitoba. There are a limited number in Saskatchewan. In Manitoba and Alberta they seem to be located in the areas of heavy feeding of livestock, no doubt because there are the market potentialities for them.

Mr. JORGENSON: You have said that since 1957 feed mills in western Canada have been buying grain outside the wheat board; that is, at non-board prices.

Mr. McNAMARA: Some of them have, yes.

Mr. JORGENSON: Do you know what relationship these prices bear to wheat board prices?

Mr. McNAMARA: No, we do not get accurate records from them. But from information that has been made available to our inspectors, some of the grain has been purchased at the initial payment price, and some purchased at prices substantially below our initial payment prices.

Mr. JORGENSON: Do you know whether or not these lower prices have been passed on to the feeders themselves?

Mr. McNAMARA: No, I have no knowledge of that.

Mr. FANE: Mr. Chairman, I want to go on record first as resenting any implication that we who are farmers are trying to wreck the wheat board when we ask questions in connection with this matter. I, for one, would be the last person in the world who would ever think of wrecking the wheat board.

I have several questions, and the first one I want to ask is this. It may have been mentioned, but I missed it. How can you reconcile the fact that some feed mills are licensed and some are not? How can you make fish of one and flesh of another—and they are doing the same work?

Mr. McNAMARA: As Mr. Monk explained, we do not license them. But I think what you have in mind is, how do we reconcile that some act as agents for the board, and some do not.

It is their choice. If they wish to become an agent of the board, they enter into a contractual arrangement with us, whereby they agree to buy only for board account, to pay board initial payment prices, and to issue producers certificates. And, of course, they buy within the quota, or they are prosecuted for not doing so.

These other feed mills who do not elect to buy for board account are not responsible to us at all in so far as price is concerned. We do not allow any carrying charges on the grain they handle: all we insist upon is that their operations must be within the quota regulations.

Mr. FANE: You would say that any feed mill in Canada could apply to you for recognition as a wheat board agent?

Mr. McNAMARA: That is right.

Mr. FANE: Any one?

Mr. McNAMARA: That is right—within our designated area.

Mr. FANE: And that would make it possible for every one of them, if they were willing to make a contract with the wheat board, to have the same privilege?

Mr. McNAMARA: Yes, they could buy for account of the board.

Mr. FANE: Now I want to ask how you can reconcile the fact that the majority of the implement dealers in western Canada can take in grain, wheat, or anything elese—any other grain—on their accounts, not issuing wheat board certificates, and the other people are under the compulsion of issuing wheat board certificates.

How do you reconcile that, and what do they do with it? They do not sell it through the wheat board; they do not pay wheat board prices; they do not pay the P.F.A.A. one per cent. They just take it in at a reduced price, and then they dispose of it and get the gravy off that, as well as the gravy off their commission for selling their machinery.

Mr. McNAMARA: They cannot sell it in commercial channels; they cannot put it into elevators. The only market opportunities available for them are local feeders within the province.

I think this might be a case where we should take some legal opinion with regard to this type of operator.

Mr. FANE: Does it work that way? I do not think so.

Mr. McNAMARA: Pardon me?

Mr. FANE: I mean, I do not think it works that way.

Mr. MONK: The situation is this, that as far as the constitutional position is concerned, the dominion government has not the power to control sales wholly within a province that do not use commercial facilities that are declared to be works for the general advantage of Canada.

That has the result that the Canadian Wheat Board Act allows a person to trade within a province without restriction. There is provincial legislation that affects it; but the dominion legislation allows farmers to sell to each other, to implement dealers, as long as they do not sell to an elevator or to any works that are works for the general advantage of Canada.

Consequently, an implement dealer, a car dealer, another farmer, a feeder, can buy directly from a producer at any price he likes, and no question of quota or control is involved, as far as the Canadian Wheat Board Act is concerned. He may be in breach of certain provincial statutes, but that is not a matter that we have any control over; enforcement of that is a matter for the province, and not ourselves.

Mr. JORGENSON: A supplementary question, Mr. Chairman.

Mr. FORBES: That is very good in theory; but you cannot tell me that all these people have not got a farm—I mean the implement dealers, car dealers and those people who take in grain, you cannot tell me that if they have got a farm somewhere, they do not sell that grain to the elevator as their own.

Mr. MONK: They may. That is a breach of the statute, if they do. Most of them have feed lots, or connections with feeders, and they dispose of the grain—

Mr. FORBES: Some do, and some do not.

Mr. ARGUE: If they did—and I have no information on anybody—it would certainly be subject to the quota. They are limited anyway.

Mr. FORBES: Yes; what they sell to an elevator would be subject to the quota.

Mr. MCNAMARA: Regardless of the quota, if they sell and market under their permit book—grain not produced on the land—they are violating the Canadian Wheat Board Act, and we prosecute on receipt of such information.

Mr. FORBES: You could prosecute, if you got an affidavit to the effect that it is being done?

Mr. MCNAMARA: That is right.

Mr. MONK: It would probably raise an income tax problem too.

Mr. FORBES: It could. With some of them, it would not.

Mr. JORGENSON: To follow up what was said previously, am I correct in understanding that implement dealers, appliance dealers, et cetera, are free to buy and sell grain without coming under the jurisdiction of the board, with that one condition, that they sell within the area to producers; and yet feed mills, who are capitalized to carry on this sort of business, are prevented from doing so?

Mr. MONK: The position is that feed mills have been declared to be works for the general advantage of Canada, as they are grain handling facilities, and anything that comes in to them must be bought within the quota system, within the quota. As far as car dealers and implement dealers are concerned, they are free, subject to provincial legislation, to sell and buy as they wish.

I may say there is provincial legislation in all three prairie provinces which prevents them, but it has not been enforced.

Mr. FORBES: What actually happens, in effect, is that the implement and appliance dealers are competing directly with the feed mills.

Some Hon. MEMBERS: No.

Mr. MONK: I do not think that is right.

Mr. PASCOE: Well, I wondered; it is beyond their scope. I wonder if the question of provincial legislation could be enlarged upon, especially in Saskatchewan. When was it passed?

Mr. ARGUE: Or, especially in Manitoba.

Mr. PASCOE: I said Saskatchewan.

Mr. ARGUE: Be a little more subtle.

Mr. MONK: I think I can say that it was passed about the time the Canadian wheat board took over oats and barley.

Mr. PASCOE: But it has never been enforced.

Mr. MONK: The acts were to enforce, or reinforce, the control of the movement of oats and barley. The scheme of control of the Canadian Wheat Board Act is based upon the fact that a surplus is produced in each of the prairie provinces, which must move out of that province to market; and by preventing the movement out of a province by anyone except the Canadian wheat board, that surplus is forced into the hands of the board. That is true in relation to wheat. At the time it was doubted if that scheme would work as well in relation to oats and barley, as there was a smaller surplus and it did not move as freely between provinces to market. The three provinces roughly follow the statute in a similar way to prohibit producers from selling oats and barley—and in Saskatchewan, it is barley and wheat—to anybody except the Canadian wheat board and, I think, a feeder. The act was passed in 1948.

Mr. ARGUE: These acts were considered necessary at the time by the federal government in order to—

Mr. MONK: I do not know what the federal government felt.

Mr. ARGUE: —to make it possible to have oats and barley under the Canadian Wheat Board Act.

Mr. MONK: It was part of an over-all scheme.

Mr. ARGUE: And it was felt that the provincial statutes were necessary to the operation of the federal statute.

Mr. FORGIE: Can feed mills supply grain from sources other than the wheat board, and ship the finished product, or the feed grain itself, to an eastern consumer?

Mr. MCNAMARA: No; Mr. Monk says only if they are agents of the board. I thought you were referring to those who were not agents of the board.

Mr. BRUNSDEN: Supposing that I run a feed mill, and buy again; are you telling me that I cannot ship my concentrated feed manufactured from that grain outside of the province?

Mr. MONK: That is right, unless you are an agent of the board. That is covered in section 32 of the Canadian Wheat Board Act.

Mr. JORGENSON: How does that affect people who are off the railway lines? How is it possible for them to make deliveries outside of the provinces —even if they become agents of the board?

Mr. MCNAMARA: Possibly they could truck it.

Mr. FORGIE: Have there been any complaints regarding the situation where a feed mill which is buying grain outside of the board, has applied to you for the privilege of selling outside the province?

Mr. MCNAMARA: Not to my knowledge. I do not know of any case. I do not recall a case where a feed mill, which was buying grain outside of the board, has applied to us for the privilege of selling outside the province.

Mr. FORGIE: If they applied, would you grant them that privilege?

Mr. ARGUE: Would you please tell us the general policy of the Canadian wheat board, in so far as price is concerned. Is it a policy of the Canadian wheat board to sell the grain, for which they accept delivery, at the best possible price for the grain producers?

Mr. McNAMARA: That is our responsibility—to secure for the producer the best price for the grain that we can.

Mr. ARGUE: That is the attitude you take in regard to selling it within a province, outside, and so on?

Mr. McNAMARA: All markets.

Mr. ARGUE: If feed mills were allowed to buy grain outside the jurisdiction of the wheat board, outside of the wheat quotas and so forth, what would be the effect on the prices of grain they purchased? Would they purchase at lower prices?

Mr. McNAMARA: In the event that they have been purchasing, in some instances, at prices below our initial payment price, which is the guaranteed price, we pay to the producer—when we merchandise a producer's grain, if we have been fortunate, as we have been in all except one case, in selling at a better price than the initial price, we reflect to the producer the final price, after deducting our operating expenses. So, to the extent that a feed mill procures grain at a price below the price at which the board is selling the same grain and type of grain at that time, it enables them to undersell the board agent, who must buy at the board price—and this creates a price competition with board grain.

Mr. ARGUE: And it would lower the return to the grain producers. Anything done this way would affect adversely the total amount of money paid to the grain producer?

Mr. McNAMARA: Yes. If a feed mill bought and sold below our prices it would create competition for us, and could have the effect of forcing us to lower our general price levels.

Mr. ARGUE: I have two or three more questions. You say that the feed mills, in some instances, have been buying below the initial price. I would suggest that feeders, in some instances, have been buying greatly below the initial price. I make this statement: I see no reason why the feed mills could not buy as cheaply as the feeders, if they have the same opportunity. Are you aware that in some instances advertisements have appeared saying that wheat would be purchased for as low as one cent a pound, or 60 cents a bushel.

Mr. McNAMARA: Yes.

Mr. ARGUE: So, if you had a bad situation, so far as surplus is concerned, I suggest by doing this you might cut the initial price as much as 50 per cent —in some instances, you might cut it in half.

Mr. McNAMARA: That is a matter of opinion. Competition would be a factor in it. However, so far as the board is concerned, I would point out that these feed mills, who are not agents of the board, we do not endeavour to control their prices. They are free to pay a price below or above. All we are concerned with is that in buying from producers they must live up to the quota regulations. The advantage is when the farmer can deliver his quota and get the guaranteed price, he is not likely to deliver a quantity of grain at a price below our initial payment.

Mr. ARGUE: That is my point. The fact that the quota is there removes, I would think, almost all—maybe not quite, but almost all the incentive to deliver the grain to a mill, even at the initial price. If that is done, there is no further participation taken.

Mr. McNAMARA: No, unless they are an agent of the board.

Mr. ARGUE: So while you are not expressing any direct concern in regard to price, nevertheless the fact they have to buy within the quota regulations means that some expense—perhaps I had better put it this way: the producer

is in a position to get for himself at least the initial price, and to that extent it strengthens the position of the board and the position of the grain producer. But if there should be a removal of these restrictions, no matter whether most of it goes to the advantage of the feed mills or their customers, the result of it is a reduction in the total income to grain producers. I suggest, Mr. Chairman, that that income is already too low, and that we should be looking at this problem, not from the standpoint of weakening the regulations that exist now, but from the standpoint of strengthening them.

Mr. HORNER (*Acadia*): Mr. Chairman, my question has to do with something that was tabled today. I am referring to page 3 of the wheat board regulations, relating to feed mills. It reads as follows:

> Every three months producers may deliver to any feed mill within the province in which their land is located, to be exchanged for prepared feeds at such feed mill, quantities of wheat or oats or barley not exceeding in combination thereof 25,000 pounds.

On another page they cite the same regulation, and say 20,000 pounds. I know it is a small point, but I wondered which was right.

Mr. MCNAMARA: Mr. Horner has raised a point to which I referred in my opening statement. That is the action the board has taken to endeavour to cope with this problem, and to meet the change in feeding methods that are developing in western Canada. I would like to ask Mr. Riddel if he will deal with our instruction No. 7, which I think outlines the special arrangements we put into effect in this regard.

Mr. HORNER (*Acadia*): When were they put into effect?

Mr. RIDDEL: This instruction was first put into effect on May 23, 1957, after several meetings with the various feed plant representatives. At that time we made provision whereby the board would be prepared to consider applications from producers requiring feed—pardon me, that is not the one.

Producers may deliver to any feed mill, at such feed plant, within the province in which his land is located, to be ground or otherwise processed and returned to him, or to be exchanged for prepared feeds, quantities of wheat or oats or barley not exceeding in combination thereof, 20,000 lbs. in total weight for all grain so delivered.

Mr. HORNER (*Acadia*): 20,000 lbs.?

Mr. RIDDEL: That is the first provision that was made. At the same time provision was made that a producer requiring feed in excess of 20,000 lbs. could make special application to the board, in which case he would be given a special permit to allow him to take more to the feed plant.

For the intervening period the same regulation was passed in each of the years, except that it was changed to 25,000 lbs. on November 4, 1958. The 20,000 lbs. was changed to 25,000 lbs; and the 25,000 lbs. was allowed in any quarterly period.

Mr. HORNER (*Acadia*): Then, in effect, one could receive permission to deliver up to 100,000 lbs. in a year?

Mr. RIDDEL: Within a year, without permission; and if more was required by any individual feeder he could still make application to the board stating his circumstances, in which case he could be given a special permit for the larger quantity.

Mr. HORNER (*Acadia*): The producer had to take this grain back again as ground feed, or was this a sale?

Mr. RIDDEL: This was an exchange. He could take the grain in and have it ground and, if he wished to, have supplements added; or he could take the grain into the feed mill and have it exchanged for prepared feeds, feeds already made up.

Mr. HORNER (*Acadia*): I would think this should be a considerable help to feed plants or producers of feed wishing to have their feed mixed with supplements.

I, along with the rest of the farmers here, certainly do not want to see prices reduced to farmers. I wonder what the board's view is with regard to the number of plants they have no agreement with. Is it the board's opinion they should have an agreement with the 122 plants that they have not an agreement with now?

Mr. MCNAMARA: No, I do not think we would think it advisable to force these people to become agents of the board if they do not wish to. As long as they would adhere to the quota regulations, I think there is no reason why they should be forced to become agents of the board.

Mr. HORNER (*Acadia*): I notice that at one point here, somebody—whoever tabled this brief—suggests there is one type of operation which is an agreement with the board and another type which is not. You go on to say:

> Under the latter type of operation feed mills may acquire feed grain at a discount under the board's initial payment.

This would be in direct violation of the wheat board's regulations?

Mr. MCNAMARA: No, not if they do not have an agreement with us.

Mr. HORNER (*Acadia*): It would not?

Mr. MCNAMARA: No, it would not be.

Mr. HORNER (*Acadia*): Looking at it quickly, it appears it would be better for the producer if they did have an agreement. They would have to buy it at the price prescribed by the wheat board.

Mr. MCNAMARA: Of course, I think it would be fair to say that in some instances a feed mill might elect to pay a price higher than the board's initial payment price.

Mr. ARGUE: Do you know of one case?

Mr. MCNAMARA: Yes, higher than the board's initial payment price, but not higher than our final payment price.

In fairness to the feed mills, I think in recent discussions with their representatives they have suggested if this pricing is a problem they should possibly undertake to guarantee they would pay at least the initial payment price. Just how that would be policed by us I have not been able to figure out. This is a recent development. They have suggested, if they could operate without the quota regulations, they would endeavour to work out some pricing regulations whereby they would guarantee to pay the board's initial payment price and not the final payment price.

Mr. HORNER (*Acadia*): This is the same information I have. They came back to me and said they are in agreement to pay at least the initial payment price. In what category are seed plants? There is a number of seed plants, I imagine, and it would be difficult for seed plants, where you have grains and cracked wheat left over. Where are they authorized? Are they agents of the board?

Mr. MCNAMARA: They are works for the general advantage of Canada, the same as the rest of the elevators. They are under the regulations.

Mr. HORNER (*Acadia*): They are seed plants.

Mr. MCNAMARA: They are not necessarily agents of the board, but they are works for the general advantage of Canada.

Mr. HORNER (*Acadia*): That may be the reason, but in our seed plants, they do not have to deduct for P.F.A.A., or do they?

Mr. McNAMARA: The control of the P.F.A.A. is not under wheat board regulations, but under the board of grain commissioners.

Mr. FORBES: Again, is that a matter of licensing? Some seed plants are licensed and some are not. I know of companies doing business in Manitoba today where one seed plant buys it fully processed and deducts P.F.A.A., and others do not deduct P.F.A.A.

Mr. McNAMARA: I suggest this question of P.F.A.A. deductions should be discussed with Mr. Milner. He is much more conversant with it, and it comes under his board.

Mr. ARGUE: I suppose that comes up when the board of grain commissioners appear here.

Mr. McINTOSH: Mr. McNamara said certain seed houses work for the general good of Canada and some are not necessarily agents of the board. What is the difference?

Mr. McNAMARA: It is exactly the same as the feed plants. Under our statute all seed mills as well as feed mills have been declared works for the general advantage of Canada. That means they must live up to the quota regulations of the board. Some of the seed-cleaning plants as well as the feed mills have elected to be agents of the board, and others have not. But they are all under our jurisdiction in so far as accepting deliveries from producers, as far as quotas are concerned.

Mr. McINTOSH: What advantage do they get by becoming agents of the board—or disadvantage?

Mr. FORBES: Could I answer that?

Mr. McNAMARA: Thanks very much.

Mr. FORBES: If you are agents of the board, a licensed dealer, it is much easier to get the permit to export this grain than if you are not.

Mr. McNAMARA: Only agents of the board can move their grain into interprovincial trade, and nonagents are confined within the particular province.

Mr. McINTOSH: Thank you, Mr. Forbes.

Mr. JORGENSON: There is the odd case where an organization may operate both the feed lot and the feed mill. I do not suppose these are numerous, but there are some.

Coming back to my question about moving concentrated feeds out of one province into another, I would like to know if the board has any method by which it can determine in this joint operation what quantity of grain purchased goes into the feed lot and what goes into the feed mills? There is a very possible outlet there for some operators, and I know it is being used.

Mr. HENDERSON: That is for some of that good cattle you keep talking about all the time.

Mr. JORGENSON: We ship to your country to put some meat on those cattle of yours.

Mr. McNAMARA: A mill offers to be an agent of the board. If they suggest they have another company it must be a separate company.

Mr. BRUNSDEN: Would the board, or would it not issue a permit to a joint operation under one corporation?

Mr. McNAMARA: The answer to that is no. We do not recognize as an agent of the board a company having another subsidiary.

Mr. McINTOSH: How about an individual?

Mr. McNAMARA: Nor an individual.

Mr. JORGENSON: How about these feed mills which are not agents?

Mr. BRUNSDEN: I have a specific case. I do not know whether or not in this case it is an agent of the board. This organization is a family compact. It is an incorporated company and operates a very large feed mill. I am trying to determine in my own mind whether or not when they go out and buy grain, even though they buy under a permit, if there is any possible check by the board as to the relevant proportions of grain they purchase which is going into the feed mill.

Mr. MCNAMARA: Probably I did not correctly interpret the question.

Mr. MONK: I do not know whether or not you said this organization operated entirely in the same province.

Mr. BRUNSDEN: Yes; in so far as its feeding is concerned.

Mr. MONK: If they purchase the grain in the same province as their feed lots, if they are not an agent of the board, none of the operations would be under the control of the board. They could carry on within the same province without any supervision by, or report to, us, provided they bought the grain from producers within the quota; that is, so long as each delivery is within the producer's quota. In the case of an agent of the board, the agent would buy at the board price and we would get a full report. We would not make it an agent of the board nor have an agreement with it unless the feed lot area was entirely separate from its purchasing from farm producers and its accounting to us. The feed lot would have to buy entirely as a separate entity.

Mr. JORGENSON: In the event that you have a situation where an unlicensed mill runs a feed lot or poultry or hog farm in conjunction with its feed mill, what check have you on that?

Mr. MONK: The only check we have on them is on their purchasing. They are required to be subject to our quota regulations and that means they have to buy from producers within the quota, enter it in the producer's permit book and keep records of their purchases open for inspection by our inspectors, or report to us on request what their purchases are, who from and the amount.

Mr. JORGENSON: Are they free to buy as much grain as they want to operate their feed lot? Do you have any check on that?

Mr. MONK: They can buy as much as they like so long as each individual purchases within the quota of the producer selling to him.

Mr. JORGENSON: They can go to any number of producers and get any quantity.

Mr. MONK: They can only buy from producers delivering in that area.

Mr. MCNAMARA: I think Mr. Jorgenson is speaking about a feed lot. The answer, I think, related to a feed mill.

Mr. MONK: You were speaking about feed lots?

Mr. JORGENSON: I am talking about operators of feed lots.

Mr. MONK: For the feed lot they can buy any amount of grain.

Mr. JORGENSON: There is no check at all?

Mr. MONK: No.

Mr. JORGENSON: Supposing a person operating a feed lot also owned a feed mill, what check have you that the grain being bought will go into the feed mill.

Mr. MCNAMARA: The only check is that under the provisions of our act we have tried to examine the operations of the feed mill and satisfy ourselves that the grain used has been bought from producers within their quota. If not, he is in violation of our act.

Mr. HORNER (*Acadia*): How often are these checks made?

Mr. MCNAMARA: Not too often recently because during the period when these test cases were before the court, the board waited for the court's decision before instituting further checks or prosecutions. We have resumed again our activities in that regard and our inspectors are active in endeavouring to ascertain how these feed mills are conducting their operations.

Mr. KORCHINSKI: Normally how often would you check?

Mr. MCNAMARA: Normally three times a year.

Mr. KORCHINSKI: You can ask them to produce all of their records and they have to comply?

Mr. MCNAMARA: Yes. We have authority under our act. In some instances some of the feed mills have refused to make those records available to us and we are giving consideration to what future action we will take.

Mr. KORCHINSKI: Even if they have no agreement with the wheat board?

Mr. MCNAMARA: Yes. Because of the fact that they are a work for the general advantage of Canada we have a right to check their records and secure information regarding their activities.

Mr. NASSERDEN: Have you any figures regarding the amounts handled by these non-line mills?

Mr. MCNAMARA: Do you mean mills which are not agents of the board and not buying for the board account.

Mr. NASSERDEN: Yes.

Mr. MCNAMARA: No. It has been stated the bureau of statistics did make an estimate, but we do not have any definite figures.

Mr. NASSERDEN: You should have figures along that line as they are following your regulations.

Mr. MCNAMARA: They do not have to report to us as to their purchases from producers. We are just satisfying ourselves that what they do purchase is purchased within the quota.

Mr. NASSERDEN: Would you care to estimate it?

Mr. MCNAMARA: It is difficult to say. I would think the volume would be within two or three million bushels a year in that particular category. That is just an estimate.

Mr. REGNIER: I think the prime function of the board is to dispose of all the grain. At one time there were no quotas. The quotas came in 1940. I cannot understand why the board would insist that grain sold for local consumption be within the quota because the more grain disposed of openly outside of the board the more opportunity the board has to unload grain they buy. The function of the board is being helped rather than otherwise, because after all their function is to dispose of grain. The less grain they have to dispose of within the quota, the less difficult is their function. I do not think it is unfair to those within the quota who are selling directly to the board, because the more grain sold locally the less which has to go through the elevator agency.

Mr. MCNAMARA: I do not think I could quite agree with that analysis. I certainly agree it is the job of the board to sell as much grain, as the producers deliver, to the best possible advantage in all markets; but we are also responsible for endeavouring to provide equal delivery opportunity for all producers. To the extent that some producers are allowed to sell in excess of the quota, that grain is sold at the expense of the producers delivering within the quota. To the extent grain is marketed outside the board it retards the utimate sales the board might make to the same area. We market within the designated area ourselves.

Mr. REGNIER: It is open to all who want to take advantage of it. It might be on account of their location that they may not be able to take advantage of it. However, because of the fact that the elevator facilities are relieved by reason of some grain being sold outside the elevator and so on, there would be more room for those who do not take advantage of selling outside the quota. What they lose on the one hand they gain on the other hand.

Mr. MCNAMARA: During the last five years when we had a large carry over of grain on the farms, which was just about all that time, this is the period when we were faced with congestion.

Mr. ARGUE: If there were a relaxation of board's policy, so that more grain would be sold outside the wheat board's jurisdiction, would this in any way make any easier the total marketing of grain both within and without? Would you see any increase in sales whatsoever?

Mr. MCNAMARA: I would not.

Mr. ARGUE: One of the results, however, would be fewer dollars in the pockets of the grain producers.

Mr. MCNAMARA: I cannot see that it would increase the overall consumption of grain within the designated area.

Mr. REGNIER: Your greater concern is to protect the farmer by selling at lower prices. Is that the main concern? Or what is the real reason?

Mr. MCNAMARA: The major concern of the board is to merchandise grain which the producers deliver to us to the best possible advantage. We regard that as our number one consideration, and we should not let quotas or other things interfere with our sales at all.

Our second responsibility is the equitable administration of the quota system.

Mr. REGNIER: Have you any figures from the implement dealers or merchants?

Mr. MCNAMARA: We have no figures, and there is nothing in our records to indicate it; but we do know that some of those dealers have purchased grain from producers at prices well below our initial payment prices.

Mr. REGNIER: Would not some of them pay a higher price in order to make the sale of a tractor? Would they not give the farmer a greater price than the wheat board is paying?

Mr. MCNAMARA: They might, but it would be up to them. I think the information available in our office would indicate that some of the grain over the quota has been purchased at prices well below what the board is paying, but it would be possible as an advantage in selling a tractor to give the purchaser higher prices.

Mr. REGNIER: Or in connection with the payment of a debt; they might give a higher price?

Mr. MCNAMARA: Yes, that would be possible.

Mr. REGNIER: You have no doubt about it?

Mr. MCNAMARA: No.

Mr. GUNDLOCK: A while ago Mr. McNamara was pointing out the prices for which they sold grain to the feed mills. I think he said it was the initial payment. In other words, do you say that the feed mills bought wheat at cost?

Mr. MCNAMARA: No. If I said that I was in error. The feed mills which are agents for the board, buy for our account at the initial payment price; and when they wish to take delivery of the grain to put it into their plants, they have to purchase it from the board. That is, we would sell it to them at our regular market sales price, at the price we are selling it for any other market. They pay that price.

Mr. GUNDLOCK: What is that charge?

Mr. MCNAMARA: It fluctuates from day to day. I have it here. These are yesterday's prices.

Mr. GUNDLOCK: Another question is in regard to this interprovincial trading. I understood that the federal government or your wheat board is interested in transportation, railroads, and one thing and another. Where is the cut-off between the federal and the provincial control over interprovincial trading, and how tight is it? I understand it is absolutely impossible today to take a bushel of wheat across a provincial boundary.

Mr. MONK: Section 32 of the statute reads as follows:

> 32. Except as permitted under the regulations, no person other than the board shall
>
> (a) export from or import into Canada wheat or wheat products owned by a person other than the board;
>
> (b) transport or cause to be transported from one province to another province, wheat or wheat products owned by a person other than the board;
>
> (c) sell or agree to sell wheat or wheat products situated in one province for delivery in another province or outside of Canada; or
>
> (d) buy or agree to buy wheat or wheat products situated in one province for delivery in another province or for delivery outside of Canada. 1948, c. 4, s. 3.

Mr. GUNDLOCK: Previously you said that the railroads and others were under government control.

Mr. MONK: I go back to the statute and say that the constitutional power of the Dominion of Canada extends to interprovincial trading, railways, and such things as may be declared for the general advantage of Canada—these are the fields in which the dominion can legislate. The dominion has legislated in the field of interprovincial trade and prohibited the movement of grain across a provincial boundary unless such grain is owned by the board or permitted to move by the board; that is, except as permitted under the regulations. The regulations give the board power to grant permits, and there are no general exceptions.

Mr. MCNAMARA: In other words, it is up to the board whether they allow it or not.

Mr. MONK: That is correct.

Mr. REGNIER: Suppose you have a corporation within a province. Could it buy and sell freely? Could that corporation do that, or would its charter prevent it from exporting?

Mr. MONK: The position of these feed mills which are not agents of the board is exactly as you describe.

Mr. REGNIER: You say they have to come within the board?

Mr. MCINTOSH: Has the board ever done that, and if so, under what circumstances?

Mr. MONK: Done what?

Mr. MCINTOSH: Acted under the regulations permitted?

Mr. MONK: Yes, but usually with respect to seed products and special varieties of seed that require to be moved from one province to another; and there have been some cases under various circumstances where permission has been granted to move.

Mr. MCINTOSH: What cases?

Mr. MONK: First, in regard to the movement of seed grain.

Mr. McNAMARA: On a number of occasions when a producer was moving from one province to another and wanted to take along his seed grain or his carry over of grain, the board authorized that movement, from the farmer's own province to his new farm in another province; that is, with respect to grain he had in store, his own grain. I remember instances where farmers moved from Alberta to British Columbia and applied for the right to transfer some of their own grain to their new farms in British Columbia, and the board authorized it.

Mr. McINTOSH: But once it was in British Columbia it would no longer come under the control of the wheat board, because it would have been moved out of your jurisdiction.

Mr. McNAMARA: No. The authorization which we gave was with the assurance that he was moving it to British Columbia for his own use and not for resale. However, it was outside our jurisdiction once it was moved into a non-designated area.

Mr. KINDT: Is there any way of following that up? I ask this because it particularly applies to the constituency I represent, in southwestern Alberta, where a good many farmers are unable to market all their wheat. Nevertheless in times past they have allotted a few sacks of wheat—that is, they have gone to Creston to buy apples. Now, the apple farmer raises chickens and he likes to have this feed for the purposes of his chickens. In other words, the apple farmer likes eggs and chickens to eat, whereas the wheat farmer likes to eat apples.

These regulations would prohibit any of that traffic across provincial lines; and my question is this: is there any regulation or special dispensation which these farmers could obtain from the wheat board to enable them to be within the law and within the regulations in bringing about this exchange, or barter, or whatever you wish to call it, of fruit for wheat?

Mr. McNAMARA: This raises the whole question of trading and domestic business within Canada. I appreciate the problem in Alberta near Creston. The board understands the approach by the producers in Canada who would like to ship their grain to Ontario, which is one of our largest domestic outlets.

Producers who live near the interprovincial boundary have thought it possible to market their grain within the United States, and they would like to market it outside of the control of the board.

Producers within Alberta that have a feed market in British Columbia would like to sell grain outside the board and without regard to our quota controls.

Again, it is just a case of to what extent you should open up those controls. We regard as a special problem this marketing outside the board, and we regard it as the basis of competitive operation, because it is putting grain into competition with board grain that we are endeavoring to sell.

I have the information on prices, and I will give you a few of the basic grades on barley. No. 1 barley, basis Fort William, the initial payment price is 87 cents a bushel; and our selling price for No. 1 feed barley on April 29, on Friday, was 96½ cents a bushel.

For No. 2 feed barley, our initial payment price is 83 cents per bushel, while our selling price was 95¾ cents per bushel.

On oats, taking again the two basic feed grades, the initial payment price for No. 1 feed oats, basis Fort William, is 55 cents per bushel, while our selling price last Friday was 76¼ cents per bushel.

No. 2 feed oats, initial payment price is 50 cents, and the board's asking price was 73¼ cents.

No. 6 wheat is another grade of feed. The initial payment price is $1.02, and our asking price for No. 6, basis Fort William, was $1.47⅜.

Mr. FORBES: These are the prices at which you sell to the feeders?

Mr. MCNAMARA: That is right, on the basis of Fort William, and the initial payment prices which we pay on them.

The CHAIRMAN: Gentlemen, the members of the board have a luncheon engagement. So with your permission we shall adjourn now until 3:30 this afternoon.

Mr. RIDDEL: Mr. Chairman, I am sorry, but I believe I gave the wrong date in connection with the change from 20,000 to 25,000 lbs. for delivery to feed mills. The change was made on July 30, 1957, instead of the date which I previously gave.

Mr. MCINTOSH: I have a question which may require some time to answer. May I ask it now?

The CHAIRMAN: Yes.

Mr. MCINTOSH: I want to know the number of permits issued for the transfer of grain from the prairie provinces to other provinces, and the amount of grain in each case?

Mr. MCNAMARA: How far back do you want it?—to 1935?

Mr. MCINTOSH: 1950 would be all right.

Mr. MCNAMARA: It may take a little time to work out, but we will get at it right away.

The committee took recess until 3:30 p.m.

AFTERNOON SESSION

MONDAY, May 2, 1960.
3:30 p.m.

The CHAIRMAN: Gentlemen, please come to order. I believe we now have a quorum.

When we left off before adjournment, Mr. Kindt was asking a few questions. We will now have Mr. Rapp.

Mr. RAPP: Mr. Chairman, I forget the question I was going to ask. But I wanted to know if a feed mill applies for a licence, is there any restriction or regulation as its size, its capacity, or its location, and so on. Is there any restriction in this way?

Mr. MCNAMARA: I think that your question should be directed to the board of grain commissioners when they appear, because they have the responsibility for licensing.

Mr. RAPP: You would have no idea? It would give us some information if you know that, because we have some small feed mills in Saskatchewan, particularly in the northern section, and I wondered if they would be able to obtain these licences the same as the larger feed mills?

Mr. MCNAMARA: Mr. Milner is present today and no doubt he will be on the stand later on, when he can answer your question.

The CHAIRMAN: Now, Mr. Nasserden?

Mr. NASSERDEN: I am afraid that I am at a loss to remember where I was.

Mr. JORGENSON: Well, I have a question.

The CHAIRMAN: No, Mr. Horner comes first.

Mr. HORNER (*Acadia*): My question has to do with the subject of quota. According to my understanding the feed concerns showed in a statement that they were to some extent against quotas. There was a statement made by a group, that they would like to see quotas removed, or that they could buy additional quotas given to them; but I understand they are prohibited under the present regulations from doing this.

My question is: are the feed concerns considered fully?

Let us say at one elevator delivery point I can see where it would be very easy to determine the quota for that elevator, depending on the amount of grain, and reports from that source. But at another delivery point, where there was more than one elevator, and a couple of feed mills besides, does the wheat board receive many requests from feed mills, that they are not able to buy more grain? Do they complain to the wheat board that they are not allowed to buy more grain, and that the quota is not large enough?

How is their effect felt in the setup of the quotas?

Mr. MCNAMARA: I should explain that, in the administration of the quota policy, the board at the first of the year establishes a unit quota, a general quota, regardless of the space available and the size of the farm. We get reports from the elevator agents as to the space available and the amount of grain delivered, so we are in a position at all times to calculate what percentage of the quota has been delivered, and how much space has been created at that particular market for a new quota.

When, in our judgment, the bulk of the old quota has been delivered and there is space available to start a new quota, we increase it at that particular point.

In relation to feed mill operations at that point, they take delivery of grain from producers under the quota, and the quota is revised accordingly. As the space becomes available we raise the quota at that particular point.

To my knowledge we have never had too much representation from individual feed mills that the quotas should be raised, because generally at most points in western Canada there has been enough grain available for delivery under the regular quota to satisfy the local requirements.

I must tell you that in some areas I can understand there could be a shortage of a variety of grain for feed mill requirements from time to time.

Mr. HORNER (*Acadia*): Do all feed mills, whether they are agents or not of the wheat board, have to receive deliveries according to the quota system?

Mr. MCNAMARA: Under the act they have to do so, but we do not get reports from the non-agents. They do not have to report to us if they are non-agents.

Mr. HORNER (*Acadia*): In order to get reports from them there would be no way of doing this without making them become agents?

Mr. MCNAMARA: We have the right under our act to go in from time to time and inspect their records to find out how much grain they are taking from the producers in order to satisfy ourselves that they are taking it within the quota.

Mr. HORNER (*Acadia*): But there is no regular inspection on unlicensed farms?

Mr. MCNAMARA: No.

Mr. MCINTOSH: I have a question along the same line. I understand Mr. McNamara to say that the wheat board decides when the quota will be open. How do you decide when it will be raised? Do you have certain key personnel at the different points to inform you?

Mr. McNAMARA: Yes, at every station there is an agent who has been selected. We call him a key agent. He has the responsibility of reporting to the board and making recommendations.

In addition we get from every agent a market report weekly showing the amount of grain shipped out. We do not necessarily rely on the advice of the key agent, because in some markets we find that one particular company may be reluctant to see the quota increased until they are able to get more space. So there are many times when the management of the board take into consideration the overall space on the market, and we will increase the quota, even though it has not been recommended by a particular elevator agent at a certain point.

Mr. McINTOSH: How are the agents selected, and who selects the key agent at the different points?

Mr. McNAMARA: They were selected years ago under an appeal for scrap iron or scrap metal; the companies got together and agents were appointed in charge of the scrap metal campaign, and that has been carried on during the years.

Mr. McINTOSH: Are the agents all selected from one particular grain company?

Mr. McNAMARA: No, they are spread all over the industry.

Mr. McINTOSH: Does the board make any effort to rotate the key personnel at delivery points, and if so, how often or how long is it customary to act in this capacity?

Mr. McNAMARA: We make no effort to change agents.

Mr. McINTOSH: Do the personnel have any particular duty in this regard in establishing the liability of information received from the persons charged with reporting of requirements for increased quotas?

Mr. McNAMARA: Our inspectors go around the country. However, when a key agent makes a recommendation that is not in accordance with the facts at the delivery point and is not supported by his competitors in the market, our inspectors make recommendations direct to us, and we adopt their recommendations over and above those of the key agents. But we use the key agents as a basis for the report itself.

Mr. McINTOSH: How many times have you made the change?

Mr. McNAMARA: It is not often. We find that some companies are reluctant to see the quota go up, because their competitors have more space. So we recognize the space on the market regardless of the position which the elevator itself is in.

Mr. McINTOSH: Has it ever been established by the reports of the key personnel that their recommendations are not submitted until they have space available in their own particular elevator or elevators regardless of room available in their competitors'?

Mr. McNAMARA: Yes, in some cases we have found that where a key agent has been reluctant to recommend an increase, we have moved on our own.

Mr. McINTOSH: You say you do not allow these key personnel, but are personnel or key people allowed to have a mutual understanding they will not request an increased quota until they each have a designated amount of space available?

Mr. McNAMARA: That is right.

Then as to the question you asked before we adjourned for lunch, we have telephoned to Winnipeg for the information, and we will give it to you just as soon as it is available.

Mr. KORCHINSKI: Where we find that elevators are filled up to capacity and at the same time we find that feed mills might have room for grain, or perhaps require grain. In such a case, according to your information there is no method, or no posibility of increasing a quota. Apparently you do not have any information from these feed mills.

I am sure the farmers would welcome an opportunity to sell even to the feed mills, if they paid them a fair price, and so on. How do you determine when you should move? Is it only when the elevators have their required space in such a case? Have you ever had complaints from feed mills in such instances?

Mr. MCNAMARA: We look at the elevator space. That is our guide to the quota situation at the market, the deliveries, the shipments out and the space available. In cases where there are feed mills who are not agents of the board, we do not take their space into consideration in our calculations. But to my knowledge I have no recollection of a feed mill applying for a quota to be increased, because if a feed mill cannot get the supplies it wants, I think it would indicate the quota position generally is good at the station, that most of the farmers have delivered their quota. Do I make myself clear?

If, in a market, the feed mill at that market is not able to get the supplies it requires within the quota, I suggest that would mean the deliveries under that quota have been made pretty freely to the elevator companies and the quota will be going up.

Mr. KORCHINSKI: But deliveries may have been made to the elevator and may have congested the elevator, and at the same time there may be some space, so there were possibilities of selling more grain to the feed companies. In such a case, the farmers in that particular area are not at such an advantage.

Mr. MCNAMARA: If they have unfilled quotas, they can sell to feed mills; but if—

Mr. KORCHINSKI: Everything is filled up; you reach a point, say, of two bushels in such a case of filling up the elevators, and yet they are not filling up their feed mills. In effect, you should really increase the quota to three, in such a case, because the feed mills would take up such space; but you do not permit cars to go into that particular area. The feed mills cannot possibly purchase because the quota is not up, and at the same time the cars cannot come into that area. You see what the difficulty is.

Mr. MCNAMARA: I think I would agree that there is a possibility of that position arising.

Mr. KORCHINSKI: You have no—

Mr. MCNAMARA: No, I have no indication of any case such as that.

Mr. NASSERDEN: As a result of your investigations of these feed mills from time to time, have you had any indications that the mills in Manitoba have suffered as a result of the quota, in so far as keeping their operations going?

Mr. MCNAMARA: Yes, they have made representation to that effect to us when we have met them. We have had several meetings with the feed mills and their representatives, and this is part of the case they have presented to us, that at times they have found it difficult to secure the type and grade of grain that they want at that time because of our quota regulations.

Mr. NASSERDEN: Has that been confined more or less to Manitoba?

Mr. MCNAMARA: Manitoba and Alberta. It does not seem to be the same problem in Saskatchewan. Of course, it is not such a heavy feeding area.

Mr. JORGENSON: Just before the lunch hour, Mr. Chairman, Mr. McNamara gave us some figures on buying prices and selling prices. I will take wheat

No. 6 as an example. You quoted the price of $1.02 initial payment and the selling price of $1.47 3/8. Can you give us a breakdown of where that difference comes in? How much is freight charges, handling charges, et cetera? The full $1.47 is not returned to the farmer?

Mr. McNAMARA: No; from that we would deduct our expenses, the operating expenses, to come the final price. I think the best example would be in a previous year. We could indicate the price. We paid the $1.02 for No. 6 wheat. We could give you the final return for the 1957-58 pool. I will give you that figure in a minute. That narrows the gap. But I can say that it would be roughly seven or eight cents a bushel, in the price. I will give it to you.

Mr. RIDDEL: If that represents the average during the period of the pool, it could vary from a spread of 20 cents to 45 cents.

Mr. JORGENSON: I fully understand the board's position as to getting the best possible price for the producers. In other words, you are acting in the interests of the grain producers.

I think you will also agree that we members here represent not only grain producers, but feeders as well, and the problem that is arising right now is one of the producers versus the feeders. Do you agree that forcing the feed mills to buy through the wheat board is increasing livestock prices; would that be a fair statement to make?

Mr. McNAMARA: I would question that. I would not like to give a considered opinion. I would say that if all the buying and handling was through the wheat board, all the grain going into consumption would bear its share of the wheat board's charges. But to the extent that you allow grain to be marketed outside the board, then that particular portion of grain is not carrying its share of the cost of this administration.

Mr. JORGENSON: Is it not true that the trend today with most livestock producers is to buy balanced rations, prepared rations, from the feed mills?

Mr. McNAMARA: Yes.

Mr. JORGENSON: And if they are compelled—as they are, through this regulation—to pay a higher price, it would increase the cost?

Mr. McNAMARA: Of course, I think that is true. We sell, as a board, in Manitoba and Alberta—in the designated areas—at the same basic price that we sell all over Canada, and the eastern feeder would argue, why should we be making our feed grain available in the designated area at a lower price than we re selling in the rest of Canada.

Mr. JORGENSON: Is it not true, also, that in the west our main markets for livestock are in the eastern provinces, Ontario and Quebec?

Mr. McNAMARA: And B.C., yes. The domestic market is our big market.

Mr. JORGENSON: Would it not naturally follow that they would be in a better position to compete in eastern markets if feeders were able to buy more feed at a lower price?

Mr. McNAMARA: Yes. Of course, I think this raises a question that I suggested the committee should give consideration to, that I am personally disturbed that if we legalize sales outside the board, or take steps to encourage the movement of feed grain outside the board, within the designated area, at lower prices, then I would think that our consumers in other parts of Canada would question as to why western Canadian grain should be sold at the board price to them and why they should not have the right of dealing direct with western producers and getting some of this cheap priced grain.

This has been raised before, and it is one of the things that concerns me and which might well be undermining our whole market position for forced grains, which is our domestic market. I would suggest that this is a

phase of this problem that should be considered by the committee, the effect of change in eastern Canada within the designated area. What the repercussions would be within B.C. at the present time, of buying at the board price, where they have no opportunity of securing their feed from western producers at prices below the western price, I do not know.

Mr. BRUNSDEN: Perhaps that counterbalances any advantage the western producer may have in buying there.

Mr. MCNAMARA: I am inclined to agree with that. We do find, in talking with some of our eastern customers, that they do think we are taking advantage of them sometimes, regardless of the freight subsidy.

Mr. JORGENSON: Is there not a possibility of feeders in the western provinces seeking alternatives for western grain, such as this American corn which I understand is coming into this country?

Mr. MCNAMARA: Yes, this is true, not only in western Canada, but all over in our domestic market. I think we must keep our market competitive with the price of corn and other substitute feedstuffs.

Mr. JORGENSON: In arriving at corn prices, do you take that into consideration?

Mr. MCNAMARA: Yes, we watch corn. And, in regard to oats and barley, the movement of these other foodstuffs into Canada has a bearing on the daily prices that are quoted.

If I may give this figure to Mr. Jorgenson, for the 1957-58 wheat account, the initial payment price for No. 6 wheat was $1.02 per bushel, as I told you earlier. We made an interim payment of 10 cents per bushel, and a final payment of 18.466 cents per bushel; so that the actual realized price for No. 6 wheat in that pool period, basis Fort William, was 130.466 cents per bushel.

Mr. FORBES: In connection with that point, would it not be reasonable to sell grain to feeders say, at Winnipeg, at your price, less the freight to Fort William? Why should they be penalized, so to speak, by paying the freight price?

Mr. MCNAMARA: We buy basis Fort William, less freight; and we sell basis Fort William, less freight.

Mr. FORBES: You do that?

Mr. MCNAMARA: Yes.

Mr. NASSERDEN: Mr. Chairman, before we leave this point I would like to say that I think Mr. McNamara has made a very good point, and if there was any relaxation of the regulations you would break up the entire quota and wheat board system of marketing. There is no reason why a feeder in western Canada should have an advantage over a feeder in any other part of Canada.

Mr. BRUNSDEN: You better be careful what you say. Mr. Nasserden has no feeders in his area, or he would not say that.

Mr. KINDT: There is one point which I would like to clear up. It follows that the feed mill, which is not under contract with the board, must, of necessity, buy from the wheat board.

Mr. MCNAMARA: The feed mill that is not under contract?

Mr. KINDT: Yes.

Mr. MCNAMARA: No.

Mr. KINDT: Must, of necessity, buy from the wheat board, he is not permitted to buy from the farmer.

Mr. MCNAMARA: Yes, he can buy from the farmer.

Mr. KINDT: If he is not under contract with the wheat board.

Mr. MCNAMARA: He can buy from the farmer, but must buy within the quota. He can buy from whomever he likes and at whatever prices exist. It must be within the quota.

Mr. HORNER (*Acadia*): I have a question in connection with oats and barley. During the past year I have myself had to purchase this from the wheat board. Could you give us the percentage of oats and barley sold in Canada through the wheat board, and that which is sold back to Canada? I would like the percentage of total volume bought and total volume sold back to the producers and feeders in Canada.

Mr. MCNAMARA: Will you leave this with us for a few minutes? We will see if we can obtain the information for you.

Mr. BRUNSDEN: Mr. Chairman, there has been some reference made to complaints by the agreement mills with respect to the purchase of grain by the non-agreement mills. I am impressed by the fact that the board is doing a lot of work. Was this work inspired by a small volume of complaints, or is the complaint one of great substance? Is it a sporadic thing?

Mr. MCNAMARA: No. Going back to the amendment in 1950, when the act was changed, feed mills were designated as works for the general advantage of Canada. There was criticism from the mills who were agents of the board, that they were being forced to buy at board prices and within a quota, whereas the other mills who were not agents of the board were taking grain over the quota, and they could not meet the competition. That is what was behind the 1950 amendment. However, in recent years, the complaints we have received are from the mills who are living up to quota regulations. They say: we are quite happy to buy within a quota, if everybody else does; but the board is not policing these regulations, and you should be policing them further. And, secondly, the feed mills have made representations to us, and pointed out, as it has been suggested today, that because of the boards quota policy, we are restricting the natural development of feed stuffs—of prepared feeds—and that we are holding back and stopping the normal development in western Canada to the extent that it has been developed in other parts of the world. We appreciated the point that has been made, and that is why, in 1957, we put in the regulations in regard to exchanging and allowing farmers to exchange for prepared feed, or to have their grain custom ground, with supplements added. We have gone as far as our act will permit us to, in meeting this problem, but it has not fully satisfied the feed mills.

Mr. BRUNSDEN: But you know you cannot police the non-agreement mills.

Mr. MCNAMARA: Oh yes, we can.

Mr. BRUNSDEN: Within the quota.

Mr. MCNAMARA: It is our responsibility, and not the provincial responsibility, to police quotas. I believe I told the committee last year that unless we have the general support of the producers for the quota system, we cannot enforce it, as there are too many delivery points. We would need a police force to completely enforce quotas. It is becoming a difficult problem and, of all our administrative problems, I think the policing of these feed mills would be most difficult.

Mr. BRUNSDEN: Still, with all due respect, you made my point—you cannot enforce the non-agreement mill to come within the field of your prerogative.

Mr. MCNAMARA: I think we can, to a degree, but it would be difficult. For a two-year period, when this question was being decided through the courts, we refrained from policing it. As a result, it got out of control. At the present time we are controlling it a little more effectively.

Mr. FANE: I would like to ask Mr. McNamara why it is that the spread between the actual value of grain, which a farmer or a feed mill buys from the elevator, is so high. What I am trying to get at is that the price of oats, for example, is about 14 cents more than the initial payment on the oats, when buying it back from the elevator. There is the interim payment, the final payment, and a certain amount of storage. Why the extra 14 or so cents?

Mr. MCNAMARA: It varies from year to year. These are the only final figures I have in connection with the 1957-58 oat account. We paid an initial payment of 55 cents a bushel for No. 1 feed oats. The final payment was 3.164 cents a bushel. Therefore, the total realized was 58.164 cents per bushel. In other words, after taking the price at which we sold them, less operating expenses, the net result was a realized payment of 58.164 cents a bushel. Two years ago the oat pool ended in a deficit. We paid out more than we realized.

Mr. FANE: Does that explain the extra 14 or so cents per bushel more than the cost of buying it, or paying for it?

Mr. MCNAMARA: No; you must remember the initial payment has no direct relationship to the value of the commodity. It is a price which the government agreed to authorize us to pay as a floor price. The return to the producer is what we can secure for the grain, less our costs of administration.

Mr. NASSERDEN: I think what Frank wants is a breakdown of those costs.

Mr. FANE: Yes; that is probably what I want more than anything else.

Mr. MCNAMARA: We have those in our last year's report. Would you wait a moment, until I find it. I am reading, in part, from the supplementary report:

> Throughout the duration of the 1957-58 oats pool there was a continuous surplus of oats in commercial positions over and beyond possible export and domestic demand. This fact not only affected the selling prices for oats but also added substantially to carrying charges paid by the pool. Total operating costs applicable to the 1957-58 pool, including carrying charges amounted to $5,597,389.5, or 9.676 per bushel.

Mr. FANE: May I ask one more question?

The CHAIRMAN: Yes, Mr. Fane?

Mr. FANE: It may not be too relevant here, but it is just on the same subject. Why is the final payment on lower grade oats and rejected oats high enough to raise it up to what is paid for No. 1 feed, say?

Mr. MCNAMARA: Do you mean, why has there been a higher final payment for lower grades than the No. 1 feed grade?

Mr. FANE: It amounts to that, because it brings it up to the same price, more or less.

Mr. MCNAMARA: The fixed payment for the basic grade 2 C.W. oats is set by the governor in council, and that becomes the floor price. The wheat board recommend what it should be for the various other grades. At the beginning of the crop year you are not sure of the quantity of lower grades that are going to come into the pool. We are quite conservative in our spread, in the first instance, but we market oats to the best possible advantage. If we can sell at a narrower spread, we do so; and in recent years we have been able to sell off-grades at narrower spreads than initially provided, and that enables us to make higher returns to the producers. This cannot be done every year, and a lot depends on the market possibilities and the value of the off-grades that come into the pool.

Mr. FANE: You do not average what you get for off-grades and what you get for higher grades?

Mr. MCNAMARA: There is a separate pool for each grade of grain.

Mr. FANE: The final price for the lower and rejected grades is worked out according to what you get for those grades?

Mr. MCNAMARA: Yes, based on our sales experience.

Mr. HORNER (*Acadia*): I asked Mr. McNamara this morning whether the wheat board thought these 122 non-agreement feed mills should be forced, or should be made to take out an agreement with the wheat board; and I think your answer was, "Not necessarily"—you did not really think they should be made to.

Are any of these 122 non-agreement plants large concerns who would desire to ship outside the province in which they operate?

Mr. MCNAMARA: Yes, some of them are.

Mr. HORNER (*Acadia*): Would it not be to their advantage to take out the agreement then?

Mr. MCNAMARA: That would be up to them. If I left the impression this morning they should be enforced, I did not mean that. I meant I did not think we should force them to be agents of the board, but I think they should be expected to and we should force them to live up to quota regulations.

Mr. HORNER (*Acadia*): I am sorry, that is the impression I got.

Another question I ask is: Why do not some of these take out an agreement and become agents of the wheat board, if to some extent it would be an advantage to them?

Mr. MCNAMARA: Many of them do. I think the larger feed mills in western Canada are agents of the board, though there are still some fairly large ones that are not. It is up to their choice.

Mr. HORNER (*Acadia*): Would there be any other advantage of not joining, other than the fact they maybe can buy their grain cheaper, or are they not allowed to?

Mr. MCNAMARA: If they are agents of the board they must buy at board prices.

Mr. HORNER (*Acadia*): If they are agents they must buy at board prices, under quotas?

Mr. MCNAMARA: Yes.

Mr. HORNER (*Acadia*): And if they are non-agents they can buy at any price, but still under quotas?

Mr. MCNAMARA: Yes.

Mr. KORCHINSKI: I was going to ask the same type of question as Mr. Horner asked.

Mr. MONK: If they are not board agents and the quota is enforced, the inducement to sell to them at less than board prices is probably removed, and they would be unlikely to be able to buy at less than board prices.

Mr. HORNER (*Acadia*): If the board enforces this regulation in a given period of time, or eventually, they will be buying at board prices?

Mr. MONK: Yes, because if a farmer has grain to sell there is no reason, if he can only sell within the quota, why he should sell at any less than he can get from the board.

Mr. HORNER (*Acadia*): There is the desire sometimes, on the part of some farmers, whether rightly or wrongly. The quota is not large enough and they want to sell and, perhaps against the regulations, they do sell.

Mr. JORGENSON: If a farmer has more grain than he has storage space for, would he not then, in lieu of building additional storage, at some expense to himself, be better off if he were able to sell this grain to a feed mill and get it in storage and off his hands?

Mr. McNAMARA: Yes, if he can sell over his quota.

Mr. Riddel has some of these figures that were asked for earlier.

The CHAIRMAN: Those figures were asked for by Mr. Horner.

Mr. RIDDEL: I take it what you are interested in is the grain handled by the board, how much of it goes into export, and how much into the domestic market. You were dealing with oats and barley only.

In 1957-58 the board handled 60 million bushels of oats, and of that quantity 26 million were exported, leaving 34 million, roughly, going into the domestic market.

In barley, in 1957-58, 117 million bushels were under administration by the board, and of that quantity 75 million were exported, leaving 42 million disposed of in the domestic market.

Mr. HORNER (*Acadia*): To follow up that same question. You say, "disposed of." Was that disposed of, or is some of it still in storage?

Mr. RIDDEL: Some may have been carried over from the previous pool and some carried into a later pool, but I think the one practically offsets the other, in so far as they are concerned.

Mr. HORNER (*Acadia*): What was the total of the barley, again?

Mr. RIDDEL: 117 million bushels.

Mr. JORGENSON: Would that quantity of grain in the domestic market disappear into the province of origin, or across Canada?

Mr. RIDDEL: That would disappear into the domestic market, through commercial channels. We could also take a look at other statistics which show a much larger picture in so far as supplies are concerned.

For example, in 1957-58, from carry-over in the commercial field and on farms, and production, the total supply of oats in Canada amounted to 606 million bushels. Of that quantity it was estimated by D.B.S. that 286 million disappeared on the farms; that is, it was fed on the farms. 39 million disappeared through commercial channels; 26 million disappeared into export channels; and 155 million was carried over on farms and in commercial channels.

It is much the same in so far as barley is concerned. The total supplies of barley were 358 million. This takes in the whole of Canada, eastern Canada as well as western Canada. 123 million disappeared on the farms. 37 million disappeared through commercial channels, in the domestic market; 80 million were exported; and 118 million were left for carry-over on farms and in commercial channels at the end of the crop year.

Mr. JORGENSON: Your jurisdiction is only within the prairie provinces, and you have no control over prices feeders pay in the province of Ontario and Quebec?

Mr. McNAMARA: Do you mean for domestic grain?

Mr. JORGENSON: Their own production?

Mr. McNAMARA: Yes, that is right.

Mr. JORGENSON: Then they do have the right to buy feed outside the board's jurisdiction?

Mr. McNAMARA: Yes.

Mr. JORGENSON: In these provinces?

Mr. McNAMARA: Yes, that is right. The local grain is produced outside the designated area, outside our control, and can be sold by them at any price they like, to anyone.

Mr. JORGENSON: Have you much idea how much corn is coming into Canada from American sources?

Mr. McNAMARA: I cannot give you a figure offhand, but that is published by the board of grain commissioners, how much corn is moving into Canada.

Mr. JORGENSON: Perhaps Mr. Milner might obtain that for us.

Mr. McNAMARA: Yes.

Mr. KINDT: I think probably we have talked enough about this that we may now summarize. The 122 feed mills especially, and perhaps the others as well, want to buy direct from the producer and in all probability drive a harder bargain, get this grain cheaper and buy it outside the quota. I obtained my information directly from the brief of the mill feed operators and I take it that my statement is in essence their position.

In analyzing that statement, it boils down to this. I remember the time. the wheat board was set up. I helped to write the Wheat Board Act. My understanding of the things we talked about at that time is that they had their bearing on giving the wheat board a complete monopoly in selling their wheat so that they would not be plagued with the individual, like the old grain trader, going to the farmer and being able to bargain with him as an individual. They wanted a central selling agent. That is what we set up. The mills are directly at cross purposes to that objective of the wheat board. If their policy was put in effect there is no doubt that we would be putting a foot in the door, opening the whole thing, and it would smash the pricing system of the wheat quota.

Furthermore the only objective on the part of the mills is to buy this wheat cheaper and be able to carry on their integrated feeding operations which is not in line with the—

The CHAIRMAN: I believe you are getting off on a statement such as I refused Mr. Argue to make this morning.

Mr. ARGUE: You would not even let me ask a question this morning.

The CHAIRMAN: We can take this up after we finish hearing the witnesses.

Mr. ARGUE: Mr. Chairman—

Mr. KINDT: I have the floor. Mr. Argue will have it later.

Mr. ARGUE: Mr. Chairman, on the point of order you have raised, I would suggest that the practice of our committee has been to allow a member in putting questions to make what might be defined as a short statement. The rule comes into effect when a statement is lengthy. I think the statement so far is within the rules of the committee.

Mr. KINDT: If there is any other statement longer than that of the member for Assiniboia I have yet to hear it.

Mr. ARGUE: I am on your side. Why be in heat?

Mr. BRUNSDEN: I take it these gentlemen who are here before us are here to give us information. I suppose there will be another group or perhaps several groups here to give us information. I am not prepared to lay down what I think about the outcome at this stage. I believe that is the job for the committee after the witnesses have appeared.

The CHAIRMAN: Yes.

Mr. JORGENSON: Absolutely. Our purpose here is to obtain information.

The CHAIRMAN: Yes. Then the individual members of the committee will give their own opinions.

Are there any further questions.

Mr. KINDT: May I ask Mr. McNamara this question: is it not true that the wheat board regards the entire domestic market as a very inelastic market and there is just so much of a market there. If the grain is not sold by the wheat board and part of that market is taken up by somebody else, it denies the wheat board that portion of the market due to the inelasticity of the demand for wheat.

Mr. McNAMARA: I think I would agree with that except for the reservation that we must always watch the importation of other substitute feeds and cannot allow ourselves to price ourselves out of this important market. We are very conscious of domestic requirements and mean to keep Canadian grain in the market. We always watch the importation of substitutes such as corn for barley.

Mr. KINDT: As a policy of the wheat board you take that into consideration at all times.

Mr. McNAMARA: Yes.

Mr. NASSERDEN: Since I cannot make a statement, may I ask a question. Do you not think the instructions under No. 7 here give the feeders every opportunity if possible to secure grain where they can get it, and get it ground into feed or mixed with supplements.

Mr. McNAMARA: That was the purpose of the instruction and it was made after representations which had been made to us by the feed mills. At that time we went as far as we could under the provisions of the act in an endeavour to cooperate with them. I think the feed mills will admit it has been helpful but they say it does not go far enough.

Mr. NASSERDEN: It seems it should meet the needs of the feeders. If I were a feeder I could get almost any quantity I want ground and mixed.

Mr. McNAMARA: In so far as the board is concerned, although we have had representations made to us by the industry, they have been very frank with us and have kept us posted. We have not had the same representations by individual producers for a relaxation of our control. In no area have the producers or the feeders indicated that our policy was making it difficult for them to secure their feeds.

Mr. KINDT: On the contrary you have had very violent support for the position of the wheat board in the policy they are pursuing.

Mr. McNAMARA: The criticism is we are not enforcing our regulations enough. We have been criticized for not enforcing our regulations.

Mr. HORNER (*Acadia*): Who has criticized you for that?

Mr. McNAMARA: Various farm organizations and individuals have brought it to our attention.

Mr. ARGUE: I have a general question.

Mr. CADIEU: I know of a feed outfit which does a good deal of preparation of feed. This is what they give as an illustration:

> In 1959 we bought No. 1 feed barley from a grower and paid him the initial of 71¾ cents per bushel. Before we were permitted to use the grain we had to pay the board 12½ cents—a total of 84¼ cents—but the board was buying the same quality of barley at the same initial payment of 71¾ cents. Add to this the final payment of three cents or a total of 74¾ cents and the difference is 9½ cents a bushel or $3.99 a ton.

This was drawn to my attention. This outfit prepares quite a lot of feed for small livestock producers. Why should he have to pay 9½ cents more than is paid by the board?

Mr. McNAMARA: I endeavoured earlier to explain this in the case of oats. The initial payment price we pay is the floor price we guarantee at the time of delivery. It is not related to the actual value of the grain. The price at which we sell to feeders or any other customer is the selling level. The final price is determined by taking our gross selling price less the cost of administration, including carrying charges.

In the case of oats in the 1957-58 pool it amounted to 8 or 9 cents per bushel. It would be the same case in respect of barley. I can give you the actual figure on barley. I do not think barley was quite as high. We do not have the same carrying charges on barley. Quoting from our report:—

"The principal item in operating costs was carrying charges which amounted to $4,862,703.43 or 4.177 cents per bushel on producers' deliveries to the pool. Interest and bank charges amounted to $12,048.46. Diversion charges on barley shipped to the Pacific coast for export amounted to $145,983.90. At the same time freight recoveries on these west coast shipments amounted to $697,299.28. Drying charges, and brokerage and clearing association charges were $21,496.90 and $12,874.69 respectively. Administrative and general expenses amounted to $502,567.19 or .4317 cent per bushel on producers' deliveries of 116,405,633.9 bushels.

Net operating cost applicable to the 1957-1958 barley pool were $4,860,375.29."

The total charges on barley were not as heavy as on oats due to the storage factor because we carried larger stocks of oats.

This trend has been reversed this year. The quantity of oats that has been delivered to the current pool, carried in commercial position, is much below what it was in this last pool.

Mr. ARGUE: The discussion we have been having centers around whether or not steps may be taken to weaken the control of the Canadian wheat board over the orderly marketing of grain as it applies to feed mills.

I would like to see the committee in discussing this question also consider —as I am sure we are doing—how the position of the board might be strengthened even beyond that which it is today, so that the board might be able to do a more effective job in the orderly marketing of grain.

I wonder if Mr. McNamara would care to tell the committee whether he feels that the powers of the board, after grave decision, are fully adequate, or if the board in its judgment feels that parliament should give to it additional powers, or whether there should be greater cooperation by the provinces.

I am very much in favour of the wheat board system of marketing grain, and I would like to see this authority maintained, and, if it is needed, extended. I wonder if the committee might have the views of the board on this particular question.

Mr. MCNAMARA: That is a very difficult question to answer.

Mr. MCINTOSH: Is this just in regard to feed mills, or does it have general application to board policy, Mr. Chairman?

The CHAIRMAN: It is in connection with feed mills, I presume.

Mr. ARGUE: This has to do with the quota system and the things we have been talking about, such as the delivery of grain to machinery dealers and so on.

Mr. MCNAMARA: It is pretty hard to separate a particular question from a general question. The question is related to feed mills; but I would say that I think we have the legal authority under our act to enable us to enforce the quota regulations. But at the same time, as I indicated previously, I think we have to have producer support of this policy for us to do an effective job.

If you would not mind my drawing on an illustration, it becomes something like prohibition; if the public is not for it, then it is very difficult to enforce.

I have been concerned in recent months at the attitude of some producers who advocate quotas and indicate that they want us to administer them, yet some of them seem to be taking advantage of opportunities themselves.

If this trend develops, I am afraid that the board possibly is going to have to revise the quota system. I have no suggestion as to how it could be made more effective, but I am concerned about the situation which appears to be developing in western Canada, where they seem to be starting now to get over the quota deliveries.

Mr. ARGUE: Is there anything the provinces can do? There was some discussion about provincial jurisdiction.

Mr. MCNAMARA: I think if the provinces enforced the legislation which they have enacted, it would ease our problem with respect to quotas.

Mr. ARGUE: Have you approached any of them in this respect?

Mr. MCNAMARA: No, we referred to them incidents which have been brought to our attention, where it would appear from our reports that their regulations are not being lived up to. But to my knowledge none of the provincial governments has taken any action in regard to these cases. In other words, they have not endeavoured to enforce their legislation in any way.

Mr. ARGUE: Have you ever considered visiting the three provincial governments and sitting down with their representatives to discuss this question?

Mr. MCNAMARA: We have discussed it in the board. The general view of the board is that probably it is not our field to be making representations to provincial governments on what their policies ought to be, or what steps they ought to take to enforce their own legislation. We bring violations to their attention, but we doubt if it is within our scope of responsibility to suggest the action they should take in regard to their own legislation.

Mr. MCINTOSH: I shall save my questions until the board appears before us next week.

Mr. RAPP: From what Mr. McNamara has just said, we gather that the board would like to see their hands strengthened instead of having some of these regulations relaxed here. Is that not right? Or would you prefer to see it go the other way, and not infringe on your powers to implement the Act as it is now?

Mr. MCNAMARA: Let me put it this way: I believe as a strong supporter of this type of marketing that the quota system is very necessary in order for us to control the intake of grain and to see that the grain required is in the right position at the right time. I think that delivery quotas are an essential part of this type of marketing. Therefore I would like to have the cooperation of the producers under the quota system, and have it fully lived up to, because I believe it would certainly facilitate our operation. But whether or not we need further power from parliament, I am not prepared to say.

Mr. RAPP: You would not want to have any of your powers relaxed?

Mr. MCNAMARA: No.

Mr. PASCOE: Following up the question of provincial legislation further: you have told the committee that from the way the quotas are going in the west, you thought that the provincial governments should do more now. I am not quite clear on what regulations they have. How could they enforce quotas better?

Mr. MCNAMARA: Perhaps Mr. Monk might deal with your question.

Mr. MONK: Provincial statutes were passed requiring persons to sell to the board. But there are certain exceptions. One of them is feeders; they may sell to feeders. We know, and we have had examples here, of sales to implement dealers, and to various other companies that have received it.

As far as the actual enforcement of quotas is concerned, that is a matter for the dominion government and for ourselves, and we are taking steps to enforce them. We have enforced them against the elevators, and we are taking steps now to enforce them against the feed mills.

As far as the feed mills are concerned, we have had a period of two years when the two test cases were going forward through the courts, and they have ultimately been decided in our favour. So we have only recently commenced enforcement against them.

There are some problems of enforcement against feed mills which are somewhat different from enforcement against elevators. At the present time we have sufficient power to enforce them, and we are proceeding on the basis that this is so, and we believe it is.

Once we have been working for a year or so we will know if there are any loopholes in our regulations or in our act. But at the present time we do not know of any. I think that is a fair statement. Experience will show us. I may say we are meeting some resistance. Probably it is quite natural, under the circumstances.

Mr. JORGENSON: A resistance from whom—the producers themselves?

Mr. MONK: We requested information as to quotas, and we have not yet got it. We have requested information from feed mills as to who has delivered to them, the amounts of grain that were delivered, and when it was delivered, and some of the mills have refused to give it to us. We are in process of considering that matter.

Mr. CADIEU: I have a question which I wish to follow up, on the other question I had and on which I was interrupted. A firm brought this question to my attention. It is a bonded firm, paying $3,000 a year for the bond, and I think they have got a logical complaint when they were charged, as I pointed out, 9½ cents over what the wheat board paid. And yet they see many people in their district—retail businessmen—selling all kinds of other things and paying much below the price. And this is going back to other users of feed who have been selling washing machines and television sets.

This is a bonded firm, and they are running a good business. They are very much hurt about this. I can understand their position. While I certainly do not want to do anything to destroy the wheat board, I really do believe they have a logical "beef".

Mr. MCNAMARA: I can appreciate the problem of a legitimate firm that is buying these feed supplies from the board at our regular asking price and, at the same time, seeing others who are not so engaged—I am not suggesting feed mills, but implement dealers, television people—securing supplies of grain from farmers at distress prices well below the market value. But that is outside our control, because if that sale is within the province and the grain that is purchased from the farmer is not delivered into commercial facilities, but is fed, it is legal under our act and we cannot do anything about that.

Mr. MONK: It is outside the scope of our act. It is within the provincial jurisdiction. That is exactly the type of thing that I meant could be met by enforcement of the provincial statute in that respect.

Mr. KORCHINSKI: The wheat board is apparently interested in tightening the regulations affecting the quotas, and in this case the feed mills will be affected so as to register any sales to the feed mills in every permit book.

Would that still not leave—as was mentioned here earlier—implement dealers and a few other avenues whereby you still will not have control over the quota in each area? You will still have a loophole there. Even though there is a provincial regulation, the fact is that there still remains a loophole in there; is that right?

Mr. MONK: The scheme of control is based upon the constitutional problem that exists in Canada; namely, that the dominion government cannot pass laws controlling sales wholly within a province that do not use railways or commercial facilities. As far as sales to implement dealers and the like are

concerned, if the provincial legislation was enforced, they would be forbidden, which would obviate that loophole.

As long as the provincial legislation is not enforced, the loophole remains. There is no way that the dominion government can control that loophole.

Mr. KORCHINSKI: Could you suggest any reason, outside of the fact that there would be too many people affected, why the provincial authorities are reluctant in enforcing it?

Mr. ARGUE: Would it be possible for the wheat board to lay a complaint against an implement dealer for having contravened a provincial act, and take that dealer to court? I am no lawyer, obviously. Can you lay a complaint and take the party to court?

Mr. MONK: Any person could lay a complaint; but we believe that a dominion incorporated body, an agency of the dominion crown, should not enter into the enforcement of a provincial statute.

That has been the policy, I believe, of the government for some years, not only with respect to ourselves, but any crown corporation.

Mr. ARGUE: But you are not saying you do not have the legal right to do it?

Mr. MONK: I think we probably have the legal right to do it. I think it is governed by over-all policy.

Mr. ARGUE: You mean, if somebody steals something from the C.N.R., and it comes under dominion jurisdiction, they just say, "That's fine. We have lost it—too bad!"?

The answer to my question, however, is that the board could, but for other reasons has deemed it inadvisable to do it.

Mr. KINDT: I have a question on Mr. McNamara's point that quotas were for orderly marketing. There is another blade to that sword, and that is production.

Quotas are extremely important in controlling production. That point was not brought up. Would you like to make a statement on that?

Mr. MCNAMARA: I feel quite strongly on this. I think I reported to the committee last year that I think the policy Canada has adopted, through the board, under the quota system, of having surplus grain that cannot be marketed remain on the farm, has been a very effective control of acreage—much different from the policy that has been employed below the line. I think this has been one of the reasons why the Canadian acreage has been held quite constant, and it has been a very effective policy of the government in this regard.

Mr. NASSERDEN: The policy of the board is to treat every buyer in the same way, is it not?

Mr. MCNAMARA: That is right; we have one price for all buyers, regardless of the quantity they buy.

Mr. NASSERDEN: If you buy from a farm in Saskatchewan, it may be the same price as if I had a farm in Ontario, to buy a bushel of barley or oats?

Mr. MCNAMARA: Yes, at the basic ports. We base our prices on Fort William. The man in Ontario would pay the Fort William price, less the freight assistance which he receives from the federal government—I will start over: my colleagues say I have got mixed up here. I meant to say that the man in the east pays the Fort William price, plus freight, less freight assistance from the government. The man in Saskatchewan pays the Fort William price, less the freight in Fort William. But the basic price is the same for all.

Mr. NASSERDEN: In other words, the problem is to bring these fellows that are working outside of that price into line, if it is possible?

The CHAIRMAN: Are there any further questions, gentlemen? If not, we will call on the board of grain commissioners. Have you any explanation to give, Mr. McNamara?

Mr. MCNAMARA: No, except that we have an outstanding question from Mr. McIntosh. If we have it before we leave here, we will give it to you. If not, I will see it is in the hands of the chairman and made available to you.

Mr. MCINTOSH: I have one more question. Perhaps you could find the answer to it by that time too.

In the case of a complaint being lodged with you by an individual or an elevator agent at a certain delivery point, where he feels he is not getting a fair shake from your inspector or from the key personnel we were talking about, have you any cases on record where there has been an adjustment made; or cases on record where you have had a complaint and no adjustment made?

Mr. MCNAMARA: I am not sure, Mr. McIntosh. I do have in my memory an incident in Saskatchewan, where not only the key agent, but our inspector who went in there either was misinformed or the information was wrong and we raised the quota. Subsequent investigation by another inspector resulted in the transfer of that inspector, and we rolled the quota back, because obviously the information given to us was wrong at that time. But that is the only direct instance that I know of.

Mr. MCINTOSH: Previously you said that you had inherited these agents, those who had purchased scrap metal during the war.

Mr. MCNAMARA: That is right.

Mr. MCINTOSH: Have there been many changes in the personnel that you have?

Mr. MCNAMARA: No. Basically it has just been a change in the personnel at the individual market. If the man happened to be the agent for the Pioneer Grain Company, the Pioneer Grain Company still continued to assume that responsibility, although they may have changed their local agents. But there have been a few cases where representations have been made to us, we have discussed it with companies in the market, a transfer has been made and another company employed as key agent, because probably that one did not want to continue any more to take that responsibility. But it has been worked out in agreement with the companies.

Mr. MCINTOSH: But there has been no perference given to any one of the companies?

Mr. MCNAMARA: No.

Mr. JORGENSON: The discussion has gone on around feed mills generally. My question is, there are feed mills in those areas that are deficiency grain producing areas, and regulation seven does not apply to them, because it only applies to those people who produce enough feed for their own use; then they are able to bring their own grain in, have it ground and taken back to the farms. But the problem that has developed is where the feeders are in short supply of grain, and this regulation would have no effect on them.

Would it not be possible to relax the regulations as they apply in quotas to feed mills and to apply some regulations as to price, which might discourage bootlegging in regard to implement dealers, et cetera?

Mr. MCNAMARA: This is possible, although I do not see how the board could enforce price when the mills are not buying for our account. When the mills have an agreement with the board and are issuing our certificates and debiting us with the money for purchases for our account, we can. But just how we would police the price being paid by non-agents of the board, when

those records do not become available to us and the duplicate cash books and producers' certificates are not sent in to us, I do not know.

In a recent meeting the representatives of the feed mills suggested that the feed mills would be prepared to pay at least the initial payment price—not our full market price. This would still be, in most instances, below the initial return that we make to the producers. But I do not know how we could police that, to be frank with you, Mr. Jorgenson.

Mr. JORGENSON: It would be just as difficult to police as the quotas?

Mr. MCNAMARA: I am afraid it would. I would like to say, Mr. Chairman, that we have tried to put the facts before the committee. We are going to be very interested in the other submissions that are made to you. We will be watching those submissions with interest; but if at any time during the course of the deliberations, or at the conclusion of the deliberations you would like information from the board, we will be very pleased to come back and again explore this situation with you.

Mr. KINDT: Mr. Chairman, there was one word that was used that I would like to comment on. There was reference that sales to television and machine companies made them bootleggers. In a sense, that is a three-cornered transaction, and I had a lot to do, at one time or another, with that type of transacion.

A machine or television operator will not take wheat in for trade until he has sounded out an opportunity to sell and to turn that wheat over immediately to a feeder. In many cases the wheat is simply delivered by the producer directly to the feeder and the machine company comes in between, makes a sale of his machinery, and everybody under the barter transaction comes out ahead.

I do not think it is quite right to say that it is a bootlegging transaction. It is a logical development that works very nicely down at the local level.

Mr. MCNAMARA: On that point, Mr. Chairman, I would agree that I would not call the type of transaction referred to as bootlegging. But unfortunately some of these dealers, when they take delivery of the wheat, are then going around and finding farmers who have used up their quota, or who have no grain to deliver of their own, and are arranging for the grain they have taken in exchange for the television set to be delivered against the farmer's permit. That grain comes back into commercial channels at the expense of the regular quota. That is what I mean.

Unfortunately, there is more of that developing all the time, and this is what gives me concern.

The CHAIRMAN: Gentlemen, I am sure we have received a wealth of evidence from the members of the wheat board. We very much appreciate the fact of their being here with us and presenting their case so magnificently to the members of this committee. We may take you up on your offer at some future date.

We have now before the committee Mr. Milner, chairman of the board of grain commissioners, and Mr. MacLeod, secretary. I understand that neither Mr. Milner nor Mr. MacLeod has a prepared brief to present to us today. They are, more or less, the policemen, and I will call on Mr. Milner at this time to address you. After he has done so you may ask questions.

Mr. JORGENSON: Mr. Chairman, I was wondering if Mr. Milner is prepared to give us an outline of the duties of the board of grain commissioners. It would be helpful if it appeared on the record.

Mr. R. W. MILNER (*Chief Commissioner, Board of Grain Commissioners for Canada*): Mr. Chairman, I should say that the duties of the board of grain commissioners are very wide, and I do not believe it would have anything to do with the operation of feed mills. However, I will tell you the duties with respect to mills, which is the matter before the committee. Actually, I really do not know why we are here, other than to answer some questions.

I notice today that someone suggested that inasmuch as we did the collection of the P.F.A.A. that we could give you some information on that which came up in the course of discussion. I will be glad to answer any questions that you ask.

It would take me some time to explain all the duties of the board of grain commissioners.

Mr. ARGUE: It is the enforcement of the Canada Grain Act.

Mr. JORGENSON: Your job is the enforcement of the Canada Grain Act?

Mr. MILNER: Yes. I will be glad to answer any questions which are put to me.

Mr. JORGENSON: Well, that is what I wanted.

The CHAIRMAN: Gentlemen, have you any questions you wish to ask of Mr. Milner? I hope you will stay within the terms of reference.

Mr. HORNER (*Acadia*): Mr. Chairman, I did not intend to lead off, but my question concerns seed plants, and the licensing of them, and feed plants, and the licensing of them, and why P.F.A.A. do not collect on them.

Mr. MILNER: That is due to the amendment of the P.F.A.A. which reads as follows:

> Notwithstanding the provisions of the Canada Grain Act, a levy of one per cent 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 commissioned merchants and, unless previously deducted by such licensees a levy of one per cent of the purchase price shall be deducted on all grain purchased by the managers of mills and licensed terminal elevators, and transferred to the board of grain commissioners for Canada, as hereinafter provided.

We are not permitted to collect it from any person who is not licensed by our board.

Mr. HORNER (*Acadia*): In other words, agents of the wheat board, who operate feed mills, do have to deduct the one per cent levy?

Mr. MILNER: Not unless they are licensed by our board.

Mr. HORNER (*Acadia*): Could they be agents of the wheat board and still not licensed by your board?

Mr. MILNER: Yes, they could be.

Mr. ARGUE: Are there any in that category?

Mr. MILNER: I do not think so. It certainly is not a general thing. I cannot think of one at the moment.

Mr. HORNER (*Acadia*): In connection with this same point, in some instances there are agents of the wheat board who operate a feed mill. They will take grain, audit it through their feed mill books, and not deduct the P.F.A.A. payment. Yet, they will be agents of the wheat board.

Mr. MILNER: Yes.

Mr. HORNER (*Acadia*): Would that not be a violation of some kind?

Mr. MILNER: No. I have taken this matter up a good many times with the Department of Agriculture, under whom P.F.A.A. comes. I have shown them where they are losing a lot of money by this thing you are talking about. Take, in rapeseed alone. A person who is a licensee of our board, and handles it, must have the one per cent levy. Some person runs around the country, buying it, and not licensed by our board; he does not have to deduct the one per cent levy. The licensees of our board are complaining to us that they do not know why they should have to deduct it when some person, who is not a licensee, is getting away without having it. Also, it refers to seed grain.

Mr. HORNER (*Acadia*): In connection with this same problem, I have a particular firm in mind, which is an agent of the wheat board. They are buying feed grain, seed grain and grain for the wheat board.

Mr. MILNER: Are they licensed by the board of grain commissioners?

Mr. HORNER (*Acadia*): I am pretty certain that they are. I do not want to mention the names of any firms, but I am certain they handle those three commodities—seed grain, feed grain and grain for the wheat board; and yet when they come along to buy seed or feed grain they still purchase the grain, weigh it over the same scales, but audit it in their feed mill operations and do not deduct the P.F.A.A. payment. Now, this seems to me a kind of a technical point, but still a point about which I am concerned.

Mr. MILNER: If there was a producer's certificate issued there would have to be a P.F.A.A. deduction.

Mr. HORNER (*Acadia*): With seed grain, is there a producer certificate issued?

SOME HON. MEMBERS: No.

Mr. HORNER (*Acadia*): There is the hook-up.

Mr. MILNER: Seed grain does not come under the Canada Grain Act.

Mr. HORNER (*Acadia*): Well then, in the case of feed grain, they would not have to issue a producer's certificate either.

Mr. MCNAMARA: If they were an agent of the board, yes.

Mr. FORBES: I have a very good question to pose at this time. Licensed seed operators are required to collect P.F.A.A. of seed grain they handle; on the other hand, you have a lot who are not licensed and they do not collect P.F.A.A

Mr. MILNER: That is right.

Mr. FORBES: I would like to bring one more thought to your attention, and it is this. When a seed grower sells seed grain he pays a P.F.A.A. not only on the value of the product produced, but based on the value of the product that is finally processed, which includes the sack at 10 cents per bushel, the seed treat on the seed—also on the cost of cleaning, and the field and final inspection. I think it is very unfair. I think this whole matter of P.F.A.A. and seed grain should be carefully examined. You know, our seed grain is a big business today. Last year we exported over 3,500,000 bushels to the United States. It is unfair to the seed grower, because he is selling that grain and assisting in the reduction of our stock of grain—and doing it on a fairly close cost price.

Mr. MILNER: I would be in favour of having a look at it. I have suggested that there are certain things in connection with P.F.A.A. which I do not think are very proper, and yet we must, as a board of grain commissioners, administer the act the way it is given to us.

Mr. NASSERDEN: Would that be the regulations?

Mr. MILNER: No; it comes under the P.F.A.A.

Mr. HORNER (*Acadia*): Mr. Chairman, I was not quite finished asking my questions. I did not mean to lead the committee away from the question of feed mills, and their operation, but I wanted to find out whether agents of the board were licensed through the board of grain commissioners, and had to comply with their regulations.

Mr. MILNER: No.

Mr. HORNER (*Acadia*): They do not?

Mr. MILNER: Not all agents of the wheat board.

Mr. HORNER (*Acadia*): Not necessarily?

Mr. MILNER: No.

Mr. HORNER (*Acadia*): There was another thing which arose out of your remarks with which I was concerned. You said you had taken it to the Department of Agriculture, and pointed out to them where lots of money could be saved.

Mr. MILNER: I estimated once—and I think I wrote it in a letter—that I thought they were passing up something of the order of three hundred thousand in one year.

Mr. HORNER (*Acadia*): That is what I wanted.

Mr. JORGENSON: Could I have the answer to my question in regard to the importation of corn into this country.

Mr. MILNER: You asked how much it was. For the last calendar year, the figure is 6,400,000.

Mr. JORGENSON: Do you have it by provinces?

Mr. MILNER: 6,349,000 was brought in from the United States, for domestic use in Canada.

Mr. JORGENSON: Do you have a breakdown of that?

Mr. MILNER: In regard to all the provinces?

Mr. JORGENSON: No.

Mr. MILNER: It is largely Ontario and Quebec.

Mr. FORBES: Is that feed grain?

Mr. MILNER: No; United States corn, sir. A lot was put into the bay ports, and sold all over Ontario and Quebec.

Mr. KINDT: Is that not about normal?

Mr. MILNER: It is about normal. If I remember correctly, it was about 4,400,000 the year before, and so far this year it is about 3,600,000.

Mr. JORGENSON: Is that all for feed?

Mr. MILNER: It is or, perhaps, for starch. For instance, the Cardinal starch people bring in starch. As long as it is used for consumption in this country, it comes in. It comes in under "domestic".

Mr. KINDT: Do you anticipate any change in that as a result of a relationship to the provisions here under discussion with regard to feed mills? In other words, if these were relaxed, would it change the importation of corn?

Mr. MILNER: I do not see that it would.

Mr. RAPP: Corn that is brought in is not only brought in for feed; it is crushed for edible oil as well.

Mr. MILNER: Not corn; soya beans.

Mr. RAPP: Well, corn oil.

Mr. MILNER: They have that at Cardinal, for commercial purposes.

Mr. RAPP: Is it coming in tariff free?

Mr. MILNER: I have not anything to do with the customs.

Mr. RAPP: I thought you would be aware of it.

Mr. MILNER: No, I am not. Sometimes we obtain corn from other places. For instance, South Africa has shipped corn to us for that purpose.

Mr. RAPP: What was the number of bushels you mentioned?

Mr. MILNER: Last year, 6,300,000.

Mr. NASSERDEN: Have you reached any conclusion as to an amendment to P.F.A.A. that will make it possible to deal with all grain more expertly?

Mr. MILNER: I did make some suggestions and everybody agreed with me, but nothing happened, so I quit.

Mr. NASSERDEN: Would you mind giving us an idea what they are?

Mr. MILNER: No, I think I should give them to them first. If it is the wish of this committee I will go back at them again and tell them I was up before this committee.

The CHAIRMAN: I do not think this comes before this committee.

Mr. NASSERDEN: I think it would be a good idea.

Mr. ARGUE: I think it would be a good idea.

The CHAIRMAN: Any further questions?

Mr. HORNER (*Acadia*): I do not think we should let him go away this evening.

Mr. ARGUE: Get him on to averages and line elevator companies.

Mr. RAPP: I would like to ask him the same questions as I asked Mr. McNamara.

To become an agent of the wheat board you have to have feed mills?

Mr. MILNER: I think you have confused that, if I may say so, sir. You have to have an agreement with the wheat board.

Mr. RAPP: But before they can get a licence, is the same regulation applied to big feed mills as is applied to small ones, or is there any particular size you have to have? I mean, a feed mill. Not any little mill can apply for a license?

Mr. MILNER: As far as our board is concerned these are the requirements: They must be on the track in the western division. They must conform to the requirements of the railway and must provide facilities for safe storage of grain.

As far as equipment is concerned, we do not require any specific equipment other than scales. They must be able to obtain a bond. Most people are bonded by our board, from $1,000 to whatever is necessary to reduce this according to the bonding schedule set out by the board.

There are a lot of other things that apply equally to them as to other elevators. I do not know how to tell you what else they require. We would insist they have proper equipment in the place to weight grain, and so forth. They have to have a building for the storage of grain, from which grain can be loaded directly into box cars. Unless they meet these qualifications they are not licensed.

Mr. KORCHINSKI: Do you inspect the scales yearly?

Mr. MILNER: That is done by the department of weights and measures.

Mr. KORCHINSKI: In bonded wheat mills are scales inspected yearly?

Mr. MILNER: Yes, by the department of weights and measures.

Mr. MCINTOSH: Has there ever been some occasion when you have refused a licence, other than on their living up to the requirements you have just stated?

Mr. MILNER: I cannot recall one, but at any time we have refused a licence that is the only reason. That is the only thing, that they did not have the proper equipment.

Mr. MCINTOSH: In other words, it is not difficult for them to get a licence if they are properly equipped?

Mr. MILNER: That is correct.

Mr. HORNER (*Acadia*): Do they have to be in operation?

Mr. MILNER: The act says that an elevator which is open shall be open at all reasonable hours on the day on which it is open.

Mr. KORCHINSKI: Have there been any feed mills that have applied for a licence and have not been granted it?

Mr. MILNER: Not to my knowledge.

The CHAIRMAN: Any further questions, gentlemen?

Mr. COOPER: There are elevators which have no railroad into them?

Mr. MILNER: Yes, two. Those were licensed because farmers in that district had that 30-mile haul. One was at Makway and the other was at Goodsoil. There was a special consideration there that we gave, and I do not know whether we exceeded the act or not: I do not care; it was a sensible thing to do.

The CHAIRMAN: Gentlemen, as there are no further questions we thank you, Mr. Milner, for coming in.

Next Friday, at 9.30, the committee will be interviewing the Alberta wheat pool.

During the next short while the clerk of the committee will be giving each member of the committee a schedule relating to other meetings and witnesses who will be called, at what date and at what hour.

Mr. ARGUE: Is the meeting next Friday confined to the Alberta wheat pool?

The CHAIRMAN: Yes.

Mr. ARGUE: That is the works for next Friday, and for one session only?

The CHAIRMAN: Yes.

Mr. MCINTOSH: You said "8 o'clock tonight". Is that meeting to be held?

The CHAIRMAN: No.

—The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

FRIDAY, MAY 6, 1960

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WITNESS:

Mr. G. L. Harrold, President, Alberta Wheat Pool.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23032-6—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

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

and Messrs.

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Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*)
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

ORDER OF REFERENCE

WEDNESDAY, May 4, 1960.

Ordered—That the name of Mr. Danforth be substituted for that of Mr. Best on the Standing Committee on Agriculture and Colonization.

Attest.

L.-J. RAYMOND,
Clerk of the House.

23032-6—1½

MINUTES OF PROCEEDINGS

FRIDAY, May 6, 1960.
(4)

The Standing Committee on Agriculture and Colonization met at 9.35 a.m. this day with the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Belzile, Boulanger, Brunsden, Cooper, Danforth, Dubois, Fane, Forbes, Gundlock, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kindt, Lahaye, Leduc, McIntosh, Milligan, Pascoe, Peters, Rapp, Rompré, Smallwood, Stanton, Thomas, and Tucker. (26)

In attendance: Mr. G. L. Harrold, President, Alberta Wheat Pool.

Mr. Harrold presented a brief on behalf of the Alberta Wheat Pool.

The members of the Committee questioned Mr. Harrold on the delivery of grain from producers to the feed mills.

The Committee thanked Mr. Harrold for his appearance.

At 10.46 a.m. the Committee adjourned until Monday, May 9th, at 9.30 a.m.

Clyde Lyons,
Clerk of the Committee

EVIDENCE

FRIDAY, May 6, 1960.
9.30 a.m.

The CHAIRMAN: Good morning, gentlemen. We will come to order. We have a quorum and may proceed.

This morning we have with us the representative of the Alberta wheat pool in the person of Mr. G. L. Harrold, the president.

Without further comment, I will ask Mr. Harrold to present the brief he has for us this morning.

Mr. G. L. HARROLD (*President, Alberta Wheat Pool*): Good morning, gentlemen. I think our brief is reasonably short for this kind of a presentation. The subject of the brief is the problem of grain deliveries to feed mills.

Prairie grain producers are vitally concerned with the marketing of coarse grains. Over the past ten years sales of oats and barley together have provided Alberta farmers with an annual average cash income of $38.2 million, second in amount only to wheat—one-third as large—when compared to income of all field crops and exceeded only by income received from cattle and hogs in all other fields. Furthermore, not only do these grains occupy a prominent position in the western farm economy, but this position is also one of growing importance. Large increases in plantings of coarse grains, particularly barley, have resulted in a trend toward a larger share of total field crop acreage for these grains. In 1949-50, for example, oats and barley occupied 33.5 per cent of total seeded acreage of field crops in the province. By 1958-59 this share had risen to 47.5 per cent. Considering the importance of the coarse grain market to the producer, the Alberta wheat pool is grateful for the opportunity of appearing to discuss marketing of these commodities on behalf of the 50,000 member producers it represents.

As is well known to many people in western Canada, the Alberta wheat pool is a cooperative organization having the objective of providing service at cost to its member patrons. The organization, too, is concerned with the marketing of the commodities it handles so that the best possible return may be secured for the producer. In fact, the feature of pooling grains, which is now a fundamental core of marketing techniques used by the Canadian wheat board, was initiated by organized producers. Today on a more effective compulsory basis this principle remains as a foundation of orderly marketing activities. This submission, therefore, is based on the support of successful administration of orderly marketing which has been requested by the majority of western grain producers.

Because of the nature of the agricultural industry and the commodities involved, we believe there is good reason to pursue this type of marketing. There is considerable variation in the degree to which use expands for certain goods when prices are reduced. It is a well recognized fact that agricultural commodities, including grains, exhibit what economists call an "inelastic demand." That is to say, use of food or feed products does not expand a great deal with price reductions. The human stomach cannot be forced to take much additional food simply by reducing the price. It is true, of course, that if prices are lowered enough many additional hungry mouths can perhaps be fed. But the hard fact remains, however much we may desire to assist the

under-privileged people of the world, the western grain producer cannot for long be expected to do so by receiving returns which are considerably less than his cost of production. For all practical purposes, then, the concept of an inelastic demand can be accepted as a ruling force in marketing Canadian grain crops.

The picture would not be complete without consideration of the supply side of the question. It is argued by some that our large surpluses point to the fact that the prices are too high and must be lowered to equate forces of supply and demand. Present marketing techniques for grains, it is charged, ignore this basic principle. On closer examination, however, it is plain that our marketing techniques do not ignore the principles of supply and demand. It is often forgotten that income is not solely the function of price alone but is the end product of price times quantity. Because supplies are controlled, board marketing can essentially provide the producer with the same type of market information as a fluctuating free price. In addition, all producers have relatively equal opportunity of sharing markets and a reasonable amount of protection against unnecessary hardships.

We have reached the stage of social and economic evolution whereby it is often deemed advisable to facilitate and temper necessary economic adjustments to any group in society. In this regard we have tariffs to protect infant industries, union bargaining to ease transitions resulting from changing production techniques, subsidies to certain mining industries, etc., and many other programs. In a similar vein it is not inconsistent that policies should protect the grain industry from the vagaries of fluctuating prices. Western farmers are not in favor of disastrous downward price revisions to achieve necessary adjustments in supply. As an alternative, a reasonable price combined with the quota system is far more satisfactory. The quota system not only allocates available markets equitably, but essentially can initiate the same adjustments as a price system alone but in a less painful manner. Supply and demand still essentially control the amount the board is able to sell at the asking price, while the quota system allocates this amount among producers. Because little additional sales of grain would likely be realized even if prices were lowered to disaster levels for all Canadian producers, the use of the support price and a quota is a logical method of marketing. Moreover, as mentioned earlier, it is a system favored by the majority of grain farmers.

Board marketing is attractive for other reasons as well. Because of the attribute of an inelastic demand for grains, small changes in supply or demand bring about rather large changes in price. In simple terms, as is backed up by practical experience, prices of agricultural products are volatile and fluctuate widely if left to seek their own levels on free markets. A producer would rather have the assurance of a stable average of these prices than be faced with the uncertainty of wide variations. The present wheat board system of marketing offers the farmer this assurance. For these and many other reasons, then, western grain farmers choose to support the Canadian wheat board method of marketing and favor any move necessary to assist in its successful operation. Such a move would be the enforcement of board quotas and prices as they affect feed mills.

Obviously, for board marketing to be effective the central controlling agency must have as much jurisdiction over total supplies as possible. As has been mentioned previously, small changes in supplies can exert considerable pressure on price. Thus, if the board is at all by-passed it becomes a less effective market controlling agent. Since about 80 per cent of our wheat entering commercial channels annually is sold on the export market, board control of this commodity is a fairly straightforward matter. However, the bulk of coarse grains are consumed domestically, thus adding complexities to control and making it

doubly important that as much of these grains as possible pass through central marketing channels. The past performance of the board has been favourable insofar as grain producers are concerned. The majority of western farmers would not be in favor of changes which would make the wheat board a less effective marketing agency, since their welfare, in all likelihood, would then be seriously jeopardized.

In the past there has been a rather widespread practice by certain independent feed mills and other dealers of purchasing feed grains at less than board prices and in amounts for which no provisions have been made for application against producer quotas. In fact, there have been ready opportunities in most cases for any grain producer to sell feed grains in this manner. While movement of grain from producer to feeder is a necessary and desirable service, the practice of bypassing the board is contrary to principles of orderly marketing and violates equal opportunity in sharing available markets.

There have been arguments raised that the availability of a market for feed grain outside the sphere of board control would be desirable in that it would alleviate the surplus problem considerably. But in actual fact, even though prices for feed grains paid to farmers in private transactions have at times been as low as one-half of board prices, it is estimated by the dominion bureau of statistics that only 3.5 million bushels were sold through feed mills outside of quota regulations in the three prairie provinces in 1957. Even if we double this figure for present-day conditions, we find that this amount is less than 0.2 per cent of the ten-year average of western production of oats and barley. Again this is a good example illustrating inelastic demand for feed grains; substantial gains in sales have not taken place in spite of marked reductions in price. We cannot expect to gain anything from fire sale tactics insofar as agricultural products are concerned, thus there is little merit in producers receiving considerably less for their feed grains.

Although it is recognized that local and central feed mills play an important role in western agriculture, enforcement of board regulations should not work hardships on the feed industry. In the first place, manufactured feeds do not contain high percentages of grain. Furthermore, with the growing complexity of nutrition there has been a tendency for manufacturers to specialize more on specific concentrates. As far as the smaller country feed mills are concerned, they are mainly interested in offering mixing and grinding services in conjunction with the sale of concentrates. Imposition of wheat board regulations should not interfere with the service since, in the main, farmers often bring their own feed grain to mills for processing. In addition, board regulations do not restrict transactions between producers so that a feeder should not have any difficulty securing grain if his own supplies are limited. There are also recently inaugurated board policies which further assist producers in obtaining feeds, namely, those policies providing the opportunity to exchange wheat, oats, and barely for prepared feeds. Enforcement of board quotas and prices as they apply to the feed mills, therefore, should not inflict undue hardships to either producers or the feed industry.

It has been suggested that the relaxation of quota regulations concerning feed mills would be advantageous in that feed costs, and hence the cost of production of livestock, could be reduced significantly. However, it must be borne in mind the purchase of feed grains at below board prices is strictly a regional phenomenon. This phenomenon occurs, of course, where producers usually have had a series of good crops and are easily able to meet full quota opportunities. In this case, a farmer may be able to sell amounts over and above quota levels without experiencing much hardship. This would provide certain

benefits to local feeders but these benefits would not accrue to out-of-province feeders far distant from centers of local surplus. In fact, a sizable livestock industry, particularly for hogs, has developed outside of the wheat board designated area in eastern Canada. It is difficult to see that a development of a two-price system for feed grain which favors local livestock feeders only would meet with the approval of the majority of feeders in Canada. The uniform board price as it applies to a wide Canadian market provides no basis for regional discrimination and essentially permits the marketing that benefits the majority of grain producers.

There is also a difficulty which arises concerning administration of such a two-price system. At present it is largely feed mills, owned and operated in conjunction with elevators or flour milling businesses, that comply with current board prices and quotas. Obviously they are at a disadvantage as compared to independent feed mills, many of which have not been adhering to board regulations. But if it were decided that the solution should be to free all feed mills from board regulations, there at once would be the problem of distinguishing legally between elevators and feed mills where the two are combined. The elevator should necessarily be under board regulations and it is apparent difficulties could develop where both mills and elevators are closely associated. In this case, it is far more important to have successful overall operation of orderly marketing than to permit a small market to undermine the principal one.

In final analysis, it is recommended that Canadian wheat board regulations as they now stand be enforced insofar as deliveries of grain to feed mills are concerned. Any regional or small benefits that might be gained by relinquishing control over feed mills are more than offset by damage to our system of orderly marketing. The wheat board method of marketing has sucessfully provided western farmers with the protection and assurance they deserve. Any change in this pattern we feel would not be in the best interest of agriculture.

Respectfully submitted,

The CHAIRMAN: Thank you, Mr. Harrold. We are open for questions, gentlemen. Mr. Horner.

Mr. HORNER (*Acadia*): I did not intend to be the first one under the gun. I think nobody here wants to lower prices to producers, and as we have not had a chance to deal with the feed mill operators as yet, it is hard to estimate what the main "beef" is on their part. But I have been informed by some of the feed mill operators that they are quite willing to pay board prices, and it seems to me that it is quota difficulty that is involved.

This whole brief appears to me to be directed at the thought that feed mills would then be allowed to buy at below wheat board prices. At the present time, as I understood it from the wheat board, there are 122 unlicensed plants. They have to buy according to wheat board quotas, but not necessarily according to wheat board prices; and the licensed plants have to buy at the prices and at the quotas. It seems to me more of a quota difficulty with the feed mills than a price difficulty. This is my impression from talking with some feed mill operators in my area and in the province of Alberta.

I wondered where Mr. Harrold got the impression that they wish to buy at a lower price, and if the unlicensed plants are not already able to do that.

Another question that occurs to me is this. What is Mr. Harrold's opinion, or the wheat pool's opinion, on something that came up with the wheat board,

the fact that the provincial governments are not enforcing laws that would prohibit to quite an extent this exchange of wheat through machine dealers and this sort of operation?

Mr. HARROLD: First, as to price: I think possibly the brief may emphasize price more than quota; but we are interested really more in quota than in price. As far as price is concerned, a number of feed mills are paying below wheat board prices, and have been for the past number of years. That is what has been happening. What they intend to do in the future—why would they change that?

One of the things, I believe, that has brought this question uppermost is the fact that the mills and the bigger organizations that are operating within the wheat board and buying at wheat board prices maintain that they are at a disadvantage because the others are not paying wheat board asking prices for their grain. I think that is certainly the situation today. What it will be tomorrow is anybody's guess. That is as to price.

As to quota, and your second question as to enforcing legislation: it seems to me it is true that the provincial governments—I am not so familiar with Saskatchewan and Manitoba; but in Alberta they have been reluctant to enforce the regulations. The regulations under provincial legislation are certainly a little more restrictive than even the wheat board legislation, as to sales between producers and feeders and commercial outlets.

Mr. HORNER (*Acadia*): Does the Alberta wheat pool carry on a feel mill operation?

Mr. HARROLD: No, we do not.

Mr. HORNER (*Acadia*): I was led to believe from your reply that the licensed feed mill operators feel that they are at a disadvantage compared with the unlicensed plants.

Mr. HARROLD: That is right.

Mr. HORNER (*Acadia*): I asked Mr. McNamara the question, if he thought the unlicensed plants should be forced by some means or other to become licensed plants, in other words, have an agreement with the wheat board. His reply was something to the effect that he did not think we had to go that far. I forget his exact words, but this was the impression he left with me.

Would you say they should be licensed? Would you say that all plants should be licensed and should have an agreement with the wheat board?

Mr. HARROLD: I do not think that is altogether necessary. Our agreement with the wheat board, for instance, is a voluntary operation: we are not forced to have an agreement. But it would be pretty difficult for us to operate without having an agreement.

I think the quota is the thing that we have to be concerned about more than the price, actually. However, I would say we are concerned about the price as well; and there are some farmers who are willing to sell below the wheat board prices. We find the same thing true in handling cereal seed grain. Because of the surplus conditions and price, it is quite often below wheat board initial prices, as far as buying is concerned.

Mr. HORNER (*Acadia*): With regard to quotas, they are set at a delivery point; but at a delivery point you may have two or three different elevators owned by different companies and, say, maybe two feed mills.

It appeared to me that the wheat board emphasized the need for more grain by the room that was in the elevators, and if this were agreeable to the feed mills, well fine. But it appears to me that the feed mills feel they have been neglected with regard to quotas, and sometimes they are not able

to obtain grain that they would like to, under the quota system. This is why they have had to violate it sometimes.

Mr. HARROLD: Well, I cannot see how they would be in that position too often, because certainly if they made representation that they were unable to get suppies within the quota, I think the quota would be raised.

Mr. HORNER (*Acadia*): Mr. McNamara said that he could not remember having had too many complaints from feed mills that they could not get the grain with which to carry on their operations.

Mr. HARROLD: It could be, but I have not heard of it to any extent.

Mr. BRUNSDEN: Mr. Harrold is inclined to emphasize the quota. He feels that the price is not the important factor in this question. I am wondering. Is there any evidence to bolster a generalization that you think that these mills are paying less?

Mr. HARROLD: I can say definitely that some of them are paying less.

Mr. BRUNSDEN: Well then, how much less?

Mr. HARROLD: It would vary from time to time and between area and area.

Mr. BRUNSDEN: Would it be a negligible amount or an appreciable amount?

Mr. HARROLD: Three years ago wheat was being sold as low as one cent a lb.

Mr. BRUNSDEN: Well then, what about last year and the year before?

Mr. HARROLD: Last year we heard of sales at between 90 cents and $1.00, as far as wheat was concerned, in certain areas.

Mr. HORNER (*Acadia*): Were these sales to feed mills?

Mr. HARROLD: They were partly to feed mills, but not all of them. It was for the movement of feed grain or feed wheat from certain areas to other areas.

Mr. BRUNSDEN: I am more than interested in the feed mill position. You have this situation: I am not critical of the wheat board at the present time—but you may have a situation where a man is in need of some immediate cash. He cannot deliver under the quota, but he can sell to a feed mill.

Surely in these enlightned days of 1960 of free enterprise, that man should not be denied access to that market for the sake of a few million bushels spread across western Canada.

Mr. HARROLD: In toto I do not see how there would be any more grain sold, even if there were a small reduction in the price.

Mr. BRUNSDEN: That is true; but time is of the essence for this fellow, without a dollar in his bank account.

Mr. HARROLD: I am working for a quota to be equitable among all producers, and I do not see how we could single out a certain producer and say that he needs cash more than the others.

Mr. BRUNSDEN: There would be some who had need of cash because of misfortune, or sickness, or accident. They need money, and the only place they can get it is at the feed mill. But are we sound in denying them access to that little bit of market?

Mr. HARROLD: Nobody has suggested so far that because they need the money so badly that they have been able to get a few more cents, over and above the wheat board prices.

Mr. MCINTOSH: On page 5 of your brief you make this statement:

> Although it is recognized that local and central feed mills play an important role in western agriculture, enforcement of board regulations should not work hardships on the feed industry.

Now, in the minutes that we have recorded of the meeting with the wheat board, Mr. Cadieu had a letter from one of the feed mills, which reads as follows:

> In 1959 we bought No. 1 feed barley from a grower and paid him the initial of 71¾ cents per bushel. Before we were permitted to use the grain we had to pay the board 12½ cents—a total of 84¼ cents—but the board was buying the same quality of barley at the same initial payment of 71¾ cents. Add to this the final payment of three cents or a total of 74¾ cents, and the difference is 9½ cents a bushel or $3.99 a ton.

I wonder how Mr. Harrold could explain that, in relation to the statement he made here? Is that working a hardship to the feed mills or is it not?

Mr. HARROLD: Essentially, of course, the wheat board is a pooling operation; and if you recognize the fact that western producers are in favour of pooling operations, then naturally there has to be a spread which takes care of the pooling operation, and which includes not only the handling charges but also the storage charges and other things. That is the reason for the spread.

Mr. MCINTOSH: There would be no storage in this case.

Mr. HARROLD: Yes, there were storage charges to the extent that all producers are supposed to be pooling; and to the extent of their pooling, there is storage somewhere, and the storage charges are pooled. Therefore, you have a spread between the asking price of the Board, and the buying price.

Mr. MCINTOSH: It is a hardship to those feed mills in comparison to others who are able to go out and buy directly from the producers, such as farm machine dealers, and so on.

Mr. HARROLD: We have farm to farm and farm to feeder transactions; and if they operate on that basis, then they are not subject to storage charges, or to pooling operations.

Mr. MCINTOSH: Therefore your statement is not correct here, that it is a hardship on the feed mills.

Mr. HARROLD: I still think that this statement here is correct in toto; and if all feed mills abided by the regulations there would be approximately within a few bushels the same amount of grain handled for feed in western Canada.

Mr. MCINTOSH: In respect to the answer you gave to Mr. Brunsden about quotas, you said that provided the quotas are equitable; have you found in Alberta the same situation that we have found in Saskatchewan? Although the quotas are supposed to be equitable, in some parts of Saskatchewan we have a two bushel quota, while in others there is a six bushel quota, and without regard to the business that is transacted in that area.

At the place I have in mind, in the last three months the bank clearings were down $1½ million. That was in a very small center, and it came about because there was very apparently less money there. Do you think that is equitable?

Mr. HARROLD: We have found that when the end of the season came we did not have too many complaints from our producers that the quotas were not equitable.

Going back a number of years, there were some complaints; but it was a question of the kinds of grain, because some of them are more easily saleable than others. This past season the main reason for the differences in the quotas was because of the damp grain situation which developed last year. But with the cash advances, and so on, I do not think it could be argued that there has been too much loss of money because the quota is low, since cash advances are available to any producer at approximately six bushels per specified acre.

Mr. McINTOSH: In the majority of cases—I am talking about the medium sized or small grain farmer—in order to get capital at the end of the harvest, he requires a one to two bushel quota with which to pay for his harvest expenses. But in a number of cases the quota has not yet been opened. How do you think it is possible for a farmer to finance his operations from the fall until May without capital?

Mr. HARROLD: I am one of those farmers myself, and I do not find it difficult; moreover I do not think that too many of my neighbours find it difficult, especially since we have had cash advances.

Mr. McINTOSH: How many acres do you operate?

Mr. HARROLD: About a thousand.

Mr. McINTOSH: Well, that is not the kind of farm I was referring to.

Mr. GUNDLOCK: Just a moment ago Mr. Harrold was speaking about various charges, and of the difference between the initial and the final payments. I wonder if he could tell us what portion of those charges represents storage charges in country elevators?

Mr. HARROLD: Between the final payment and when?

Mr. GUNDLOCK: What part of the pooling cost is the storage cost, let us say, in a country elevator?

Mr. HARROLD: It would vary from year to year. I think the wheat board could give it to you more quickly than I could. I would say, maybe, 6 to 8 cents, but I would have to check, because that is just a guess.

Mr. GUNDLOCK: I understand that storage in country elevators runs around 15 per cent.

Mr. HARROLD: Well, it is different for coarse grains than for wheat, as you know. Therefore, the percentage figures would not apply to all grains.

Mr. GUNDLOCK: But you have an over-all cost of the over-all grain picture. What percentage, to the over-all cost, is at storage prices?

Mr. HARROLD: I would have to check that for you, as I am unable to give it to you offhand.

Would you hold your question in abeyance, and I will see if I can get the information for you?

Mr. GUNDLOCK: In backing up what has been said previously, in all fairness to the feed mills, it certainly would reduce the cost, in that case, quite a little bit.

Mr. HARROLD: We have 122 million bushels of barley, and the carrying charges are $4,008,000 for the year. How much does that work out to per bushel? That is about 3½ cents.

An hon. MEMBER: How much?

Mr. HARROLD: About 3½ cents.

Mr. TUCKER: How many bushels?

Mr. HARROLD: 122 million bushels of barley, and the storage charges are about $4 million.

Mr. GUNDLOCK: Last year we had a percentage figure from the wheat board, and the storage charge on wheat was 11.9. Is that all paid by the wheat board, or is part of it paid by the government? That is, stored in country elevators. I imagine the percentage is very much the same in that annual report which you have before you.

Mr. HARROLD: As far as wheat is concerned, we have a total of $27 million being paid, and the government paid $10 million.

Mr. GUNDLOCK: What percentage is that? Can anyone here figure that out?

Mr. HARROLD: I wonder if you could leave that with me.

Mr. GUNDLOCK: I have another question, while you are figuring that out. Is that the total cost, or is there an additional cost for the interest rate?

I understand that the wheat board borrows a certain amount of money to pay this initial payment and, of course, they have to pay carrying charges.

Mr. HARROLD: Carrying charges include interest, and storage charges do not have the interest.

Mr. GUNDLOCK: That figure there includes the interest?

Mr. HARROLD: That is right.

Mr. GUNDLOCK: As I recall that annual statement, it says: for storage; and then in another part of the statement it says: interest. There is an item for interest. It is a little bit confusing. What other interest rates do they have?

Mr. HARROLD: Well, the interest rates are included in the carrying charges. However, they are not included in the storage charges—if you want to separate them.

Mr. GUNDLOCK: That is what I mean. In other words, the wheat board borrows the money to buy that bushel of wheat to store.

Mr. HARROLD: When it is in the country—the elevator companies borrow the money, and are reimbursed by the wheat board?

Mr. GUNDLOCK: Yes. In other words, the wheat board puts up the money and pays the interest charges on it. I am trying to get the total figure.

Mr. HARROLD: Yes.

Mr. GUNDLOCK: Do you have that figure?

Mr. HARROLD: Yes. The total figure for carrying charges, for the crop year ended 1959, is $27,900,000, $10,548,000 of which is received under the temporary wheat reserve act.

The CHAIRMAN: I wonder, Mr. Gundlock, if you could tell me how you assess that in conjunction with the feed mill question, which we are discussing?

Mr. GUNDLOCK: Well, in defence of the feed mills, in all fairness, and giving them their dues, to my mind, I think the storage charge is too high. Certainly, if the grain were ground, and out of the way, it would not have that storage charge against it. However, this is an item I just wanted to bring up. I was interested in the storage figure for this year. I thought Mr. Harrold might have it.

The CHAIRMAN: Are there any further questions?

Mr. KINDT: Mr. Chairman, I have three questions, which I should like to ask Mr. Harrold. The first concerns the storage charge question, which has been raised.

What is the attitude of the wheat pool with respect to the payment of the storage charge to the grain board, as it is now—I mean the $38.1 million? Is there any thought, on the part of the Alberta pool, that this might be paid directly to the producer, so the producer will know that he is getting it—the claim is made by many farmers that they do not know they are receiving that $38 million—the farmer himself if he received the money could pay his own storage charges to the wheat pool or the wheat board, or to whatever agency is doing the storing.

Mr. HARROLD: It would take a lot of accounting to do it in that manner because in the past, before the wheat board was operating, whenever a farmer had grain in the elevator, before he got his final settlement, the storage was deducted from the selling price of the grain. Unless a statement was sent to each farmer, it would have to be done in the same way—before he got his

final settlement he would not receive his money, but a statement that so much was taken off for storage; and it would involve quite a lot of additional, not accounting so much as it would statements being sent out to the individual grower to make him conscious of the fact he was paying so much in storage.

Mr. KINDT: It is agreed that there would be certain administrative difficulties in administering that $38.1 million, which was paid out last year, but in the aggregate that amounts to roughly 10 cents a bushel.

Mr. HARROLD: Yes.

Mr. KINDT: Which the farmers of western Canada received from their government for storage.

In view of the fact that the wheat pools, and all of those talking to the farmer, always draw out the statement that they are getting nothing out of this government, I am wondering if it would not be better that that amount be paid directly to the farmer, so the farmer knows he is getting it. I would like to know what the policy and attitude of the Alberta wheat pool is on this matter.

Mr. HARROLD: When you say we are "drawing out the statement that we are getting nothing from this government", I would like to ask you where we have made statements of that kind?

Mr. KINDT: Well, I read the budget, and I see it often inferred.

The other side of the picture is never emphasized—that this government is giving something to the farmer; it is giving that $38 million in assistance. I am not criticizing the wheat pool, because I helped set it up, and was on the organizing committee which set it up. All I am saying is that I would like to know what the policy of the wheat pool is, with respect to this storage question, and the payment of that $38 million. Do you want any change in it, or would you rather have it as it is?

Mr. HARROLD: It was the subject of discussion at our annual meeting, and I know our delegates are fully aware of what the storage costs are. Where the money comes from for part of it, and when it was put into effect as well.

Mr. KINDT: But the grass root farmers don't seem to know.

Mr. HARROLD: Certainly our seventy delegates are grass root farmers, and to the extent they take it back to their country meetings, the information does go out.

Mr. BRUNSDEN: Mr. Chairman, I wonder if we are not becoming a little too political in this discussion and are getting too far away from the feed mills question?

The CHAIRMAN: I was wondering if we were getting away from the feed mills?

Mr. KINDT: I should like to ask Mr. Harrold a question with respect to provincial statutes, on the question of selling direct from the producer to the feeder. I understand from what he has said that provincial statutes are not enforced, and they are selling directly from the producer to the feeder. If it were enforced would it be covered by those statutes?

Mr. HARROLD: Yes.

Mr. KINDT: What is the attitude of the Alberta Wheat Pool on that question?

Mr. HARROLD: It is some time since we made a direct representation to the provincial government asking them to enforce that enabling legislation. We have not done that recently, but on certain occasions their answer was they did not intend to enforce it; and we have not pursued it during the last two or three years. It is a question of whether the wheat board intends to enforce

their act, which is not quite so restrictive as the enabling legislation in the province of Alberta, if it were enforced.

Mr. KINDT: I am in favour of leaving it just as it is; and I am asking the question primarily because feeders buying from the farmers in my area wanted it as it is.

My third question is this—and then I shall give the floor so someone else: The point has been raised in your brief as to the availability of feed grain markets in western Canada.

You have raised the point that, regardless of who sells this grain—or words to that effect—if you open the sale, the quotas, to feed mills, there would not be any greater overall quantities sold. Therefore the total market is inelastic, it is not going to be increased, if you loosen the Wheat Board control of sales to feed mills. In other words, what you are saying is that instead of selling the wheat for 80 or 90 cents to the feed mill, that there is just as much sold, and if it is sold through the board, the producers themselves get 20 or 30 cents more. That is the point at issue, as I see it, as to whether the feed mill is going to pay the board prices; or whether he is going to be able to buy it directly from the producer and save that 20 or 30 cents, and possibly a little freight.

Mr. HARROLD: The figures show that the percentage that is handled by feed mills is very small in comparison with the whole.

Mr. KINDT: Would it not be larger if you loosened it?

Mr. HARROLD: I do not think so.

Mr. KINDT: That is, with integrated farming coming in, and so on?

Mr. HARROLD: There might be some changes in where the livestock was fed. There was a report in the *Calgary Herald* just three days ago as to farm income north of Red Deer and up to about Wetaskiwin. There was a survey made by the D. A. and others interested, and 43 formers in management service, their income, after charges and interest, was an average of $1,500 a year. But it made the comment that they varied very greatly. The ones who had made the most money were those directly involved in beef feeding as a single enterprise and in dairying as a single enterprise. That indicates to me that the livestock end of it has been doing a little better than the grain end of it these last few years.

We are primarily interested in the producer getting the best possible price for his grain. I think the livestock men are well able to look after themselves and they can speak for themselves. We are primarily interested, as I say, in getting the best possible price for the grain producer.

Mr. KINDT: So am I, and I agree with you 100 per cent. I think probably in your statement, though, were you not confusing the feeder who may buy directly and the feed mill? There is no gripe on the present arrangement between the producer and feed mill.

Mr. HARROLD: That is right.

Mr. KINDT: But that is where the issue is, as between the wheat board regulations prohibiting a feed mill to buy directly from the producer, under board prices, and pools.

Mr. HARROLD: I think the issue is, of course, where do you draw the line. We try to deal with that in the last two or three pages of the brief, if you make some extensions where are they to stop? We see more difficulties in making some extensions and trying to draw a line than if you were to include all commercial enterprises as coming under the regulations. If we have not made it clear, I do not think I can go any further than that. I think, as far as commercial enterprises are concerned, you find your difficulty as between different kinds of feed mills; and if you except one then you almost have

to except others, and then you get into difficulties with feed mills that have a combined operation. We suggest you include all commercial feed mills in the same regulations as the elevator companies.

Mr. JORGENSON: I want to follow this point up. Is it not true that the wheat board was originally set-up for the purpose of dealing in inter-provincial and export movements of grain?

Mr. HARROLD: Primarily; but it was recognized that if they were going to deal with the inter-provincial and export movement of grain, they must also have some control in provinces as well.

Mr. JORGENSON: Did they not relinquish that control by allowing producers to conduct sales within the province?

Mr. HARROLD: We have to be practical in this operation, and recognize that as far as farm-to-farm transactions are concerned, if they were trying to enforce the regulations at that level, then it would be practically impossible.

Mr. JORGENSON: At the present time you have the transaction between the producer, implement dealer and feeder?

Mr. HARROLD: Yes.

Mr. JORGENSON: This is going on at the present time?

Mr. HARROLD: That is right.

Mr. JORGENSON: Then why not logically allow feed mills to carry on this operation, a job they are capitalized for?

Mr. HARROLD: Well, I think you have to draw the line somewhere, and that is the whole point at issue, as to commercial outlets as opposed to farm-to-feeder or farm-to-farm, or an in-between of an implement agent, if you want to. I think they have considerable freedom at the present time to carry on whatever they see fit.

Mr. JORGENSON: Would it not be easier to ensure the producer had a fairer price, if he were allowed to deal through feed mills rather than through implement dealers, etc.? Do you not think there would be a better possibility of ensuring a fairer price to the producer?

Mr. HARROLD: I do not think that he would get any better price, myself.

Mr. HORNER (*Acadia*): Mr. Harrold has made statements, I think on about two occasions this morning, in which he implied that the board, up to this time or up till recently, had not been enforcing these regulations. I notice at the top of page 7 of the brief, it says:

> Obviously they are at a disadvantage as compared to independent feed mills, many of which have not been adhering to board regulations.

Do you believe, if the wheat board were to enforce these regulations rigidly, that there would be a number of prosecutions under that?

Mr. HARROLD: At the present time?

Mr. HORNER (*Acadia*): Yes, at the present time.

Mr. HARROLD: Yes. I think there would be quite a few.

Mr. HORNER (*Acadia*): Could you be a little more specific than "quite a few", or would you wish to estimate or guess how badly the wheat board regulations are being violated at the present time?

Mr. HARROLD: I think it would be only a guess. There are 111 feed mills altogether in Alberta. Eighty-two of them are non-agreement mills. I would venture to say there is quite a percentage of the 82 which do not abide by the quota regulations. I know that some of them do not abide by a uniform price at all. The price varies from district to district, depending upon the surplus condition in that district. There are 122 in the 3 prairie provinces, and in Alberta there are 82 plants with no-agreement with the wheat board.

Mr. HORNER (*Acadia*): They have to abide by the quota system.

Mr. HARROLD: Yes; if the regulations were enforced.

Mr. JORGENSON: But not the price.

Mr. HARROLD: That is right.

Mr. HORNER (*Acadia*): In the first paragraph on page 5 you say:

> —it is estimated by the dominion bureau of statistics that only 3.5 million bushels were sold through feed mills outside of quota regulations in the 3 prairie provinces in 1957.

Do you think that the words "outside of quota regulations" should have been left out of that sentence.

Mr. HARROLD: What we mean is there was no record kept. In other words, a permit book was not presented and used in these sales which went through the feed mills.

Mr. HORNER (*Acadia*): Would that not be in violation of the wheat board regulations?

Mr. HARROLD: Yes, it would be; but that was previous to the test cases.

Mr. HORNER (*Acadia*): What you are saying is that 3.5 million bushels were sold in violation of the wheat board regulations.

Mr. HARROLD: Yes; substantially that is it.

Mr. HORNER (*Acadia*): You have brought up this idea of combined operations where we have an elevator company, maybe a seed mill plant, and maybe a feed mill plant all in one operation, the parent company running the three plants. Do you believe that all three plants should be licensed under the board of grain commissioners? I have been made aware of instances where a person is selling seed grain or feed grain and if he sold particularly seed grain he would sell to the elevator through its seed plant, and if so he would not have to deduct for P.F.A.A. He may sell over the same scales, but no deduction is made for P.F.A.A. That should be one operation under the board of grain commissioners and enforced as such.

Mr. HARROLD: As to changes being made, that would be under the Canada Grain Act and the board of grain commissioners.

Mr. HORNER (*Acadia*): Yes.

Mr. FORBES: I think Mr. Horner referred to the sale of seed grain through an elevator's seed plant. Any seed grain sold through a licensed seed plant must be under the P.F.A.A.

I have a supplementary question.

Mr. HORNER (*Acadia*): Mr. Harrold has not answered my question.

Mr. HARROLD: There are a number of seed plants of course, and I have not given much thought to the question of whether or not all seed plants should come under the board of grain commissioners' regulations, because there are a number of seed plants that are set up merely to clean seed and not necessarily to buy and sell to any extent. At least that is their main operation. I do not think there is the same necessity for them to come in under the board of grain commissioners' regulations.

Mr. HORNER (*Acadia*): In answer to a question put by Mr. Kindt, you said that you think all commercial feed mills should operate the same as any other elevator; in other words they should take out an agreement with the wheat board and buy at wheat board prices according to wheat board quotas.

Mr. HARROLD: Yes. Mainly, the small feed mill in Alberta is not a buying and selling operation; it is realy custom grinding and adding concentrates.

Mr. HORNER (*Acadia*): If they were to operate economically under the wheat board I suggest they would have to build large storage elevators alongside their feed mill plant.

Mr. HARROLD: I do not think so. The supply is readily available.

Mr. HORNER (*Acadia*): But the way the quota is allotted to elevators, the quota is raised when room is available. A feed mill having a limited amount of storage is possibly at a disadvantage to that extent.

Mr. HARROLD: It might be at a very small disadvantage; but if there is feed grain available in that area it does not take long to get some delivered, if there is room there at all.

Mr. HORNER (*Acadia*): It is a known fact that elevator companies have been making their money, not necessarily through the handling of grain but through their storage. Would it not be necessary for the feed mills to build 20,000 or 30,000 bushel annexes to their operations and thereby have a great deal of storage and be able to operate economically.

Mr. HARROLD: Yes; if they were interested in storage revenue. It would be available to them.

Mr. PASCOE: Mr. Chairman, my question is supplementary to the line pursued by Dr. Kindt. On page 48 in the minutes of proceedings and evidence Mr. McNamara said:

> I think if the provinces enforced the legislation which they have enacted, it would ease our problem with respect to quotas.

Did I understand Mr. Harrold to say that when they were speaking to the provincial government of Alberta it was indicated they did not intend to enforce their provincial legislation?

Mr. HARROLD: Yes.

Mr. PASCOE: Did they give any reason for it?

Mr. HARROLD: They gave the very definite statement that they did not intend to enforce that part of the regulations which had to do with feed mills, that was at least three years ago, and possibly four years ago; and I do not think they have changed their attitude since.

Mr. PASCOE: Thank you.

Mr. HARROLD: As to their reasons, I have my own idea as to their reasons, but you would have to ask for their definite reasons. They did not give us any reasons.

Mr. MCINTOSH: Mr. Chairman, Mr. Harrold makes this statement on page 2 of his brief:

> ...the use of food or feed products does not expand a great deal with price reductions. The human stomach cannot be forced to take much additional food simply by reducing the price.

If that is a fact, the feed mills at the present time are not experiencing that. That is the reason for their complaint.

I would also like to ask Mr. Harrold if he feels that an increase in the price of a loaf of bread of one or two cents would make any difference to the consumer, the consumption in Canada?

Mr. HARROLD: I do not think it would make too much difference, no. As to the argument used to the reduction in price, I think the easiest way to decide is to push it to the ultimate. In other words, say you are getting 10 cents a bushel for oats or barley today: would you sell a terrific amount more than we are at the present time?

Mr. MCINTOSH: I do not know. The facts at the present time are that, with our standard of living, there is less bread being consumed. That does not necessarily apply to the feed used for cattle.

Mr. HARROLD: We are merely using this—

The CHAIRMAN: Mr. Pascoe, we have just a bare quorum. Would you mind staying for a few minutes?

Mr. PASCOE: I am making a radio speech shortly, but I can stay a little while.

Mr. HARROLD: We are using the term here as far as coarse grains are concerned, when you transfer it into meat products, or whatever it may happen to be. You would have to transfer it to the other product. It would not be used directly, as far as the human is concerned.

Mr. MCINTOSH: That is not what your statement implies.

Mr. HARROLD: That is what we mean, anyway.

Mr. FORBES: Mr. Harrold, on page 4 of your brief, the bottom paragraph, you say this:

> In the past there has been a rather widespread practice by certain independent feed mills and other dealers of purchasing feed grains at less than board prices and in amounts for which no provisions have been made for application against producer quotas.

This is just the opposite of what we understood from Mr. McNamara the other day. We understood that all mills, licensed and unlicensed—at least, unlicensed mills could buy at whatever price they wished, but the quota must be entered in the permit book.

Mr. HARROLD: The fact of the matter is, the independent feed mills, the one that are not agreement mills, have not been using the permit book and entering the deliveries in the permit book under the quota system.

Mr. FORBES: I thought there was provision for that. I thought that they all had to enter it in the permit book.

Mr. HARROLD: There are provisions for it, but they are not doing it.

Mr. FORBES: You say here that no provisions have been provided. The provisions are there, but people are not adhering to them.

Mr. HARROLD: That may give you a wrong impression. What we meant there was that these people had not been putting it in the permit book. It is just an interpretation of what we said there. What we meant was that they had not been entering it in the permit book.

Mr. SMALLWOOD: Mr. Harrold, I can see the point in your brief, but I would just like to draw this matter to your attention.

I feel the feed mills are serving farmers to a certain extent. In the eastern part of my constituency last year there was a feed mill at Lloydminster. Unfortunately, they had a dried and snowed-under crop for a number of years there, and he had to go outside his local area to get grain from Saskatchewan. He was continuing this, bringing the grain in, oats at 50 cents a bushel, grinding, and selling back to the farmers who needed the feed. He was doing that until the wheat board caught up with him.

I have here copies of letters sent to him threatening prosecution. I also have copies of letters sent to the farmers threatening prosecution. So he had practically to stop this source of supply, and instead of the farmer being able to go into Lloydminster, 50 miles, 10 miles, to get a load of ground feed, he was forced to drive 100 miles, or 150 miles to other elevators and buy the grain out of the elevator at about 74 cents a bushel. It was causing great hardship to those farmers in that area.

Mr. HARROLD: That is possible, probably, in isolated cases; but certainly the ones I know of, the farmers have no difficulty in hearing about a source of supply and getting their supplies directly from the producer.

I know up in the area where we are there has not been a surplus of grain so much, but there have been truckloads come from the Drumheller area, for instance. We have feed mills that operate as a transfer operation, and when the producer wants grain, he indicates that he wants the grain. Then they find a source of supply and are able to get the two parties together and do just about as much business as they would by buying it directly.

Mr. SMALLWOOD: The wheat board definitely informed him that he could not buy grain outside the permit area of the Lloydminster station. That grain was not available last year, so he was going outside that area to buy the grain. They put a stop to all this, and it caused great hardship to farmers to get feed in this instance.

Mr. JORGENSON: Mr. Harrold, you said this was an isolated case. I suggest to you that it is not an isolated case: there are a good many cases like this.

I would also say this is the type of service that the consumer of feeds, the feeder, wants. He does not want to be running all over the country looking for feed himself. He would much prefer that the feed mill supply the service for him, and all he has to do is go to the feed mill and buy the prepared feeds as he wants them, with the concentrates and supplements that he requires in his feed.

All the feeders in the area are asking is that they be allowed to do this. They are not, at the moment, because this regulation of the board prohibits the feed mill from carrying on this type of service. That is what we were discussing the other day.

Mr. SMALLWOOD: If they cannot get around it this way, the feed mills are going to instal a little machine and buy a feed lot. Then they will be able to buy the grain and put it through their plant.

Mr. HARROLD: Did that particular feed mill find there was too much reduction in their sales when they bought at the higher prices?

Mr. SMALLWOOD: No, I said that they could not get their supplies, and that it was the farmer who had to pay a higher price because he had to go, let us say, a hundred miles to an elevator company to buy his oats, and so on from the elevator company, and to bring them home and grind them.

Mr. MCINTOSH: On page 5 of the brief Mr. Harrold says:

> —manufactured feeds do not contain high percentages of grain.

I wonder if he could give us the percentage of grain in some of the feeds?

Mr. HARROLD: I was thinking there particularly of some of the operators who carry on the sale of concentrates; and except for the baby chick preparations and the baby pig formulae, there is not too high a percentage of grain in a particular feed which they are selling. It is more a question of selling supplements and concentrates to add to the farmer's grain.

Mr. MCINTOSH: Therefore your statement is wrong. There are some who do not?

Mr. HARROLD: Is that not what we say here? Just a moment now. Possibly the word "feed" should not be there. But I would say that the bulk of the manufactured feeds do not contain a high percentage of grain. And as far as the feeding areas in Alberta are concerned, there are more supplements and concentrates sold to be added to the farmer's grain than there are complete feeds sold. That is the point we are making here.

Mr. HORNER (*Acadia*): Is that in dollars worth, or in tons?

Mr. HARROLD: Either way.

The CHAIRMAN: Are there any further questions?

Mr. FANE: It would be different if the feed mills were able to buy their grain. Then they would make up the feed and sell more of the mixed product; that is, if they could buy their grain directly from the producers.

Mr. HARROLD: That might be true in some areas.

Mr. FANE: Yes.

Mr. HORNER (*Acadia*): I have another question with regard to feed and the percentage of it that is grain. I think Mr. Cadieu had a letter from a feed concern at the previous meeting which said that they process or put out chick starter and hog starter, and that sort of thing, of which 50 per cent was grain, and the rest was comprised of vitamins, alfalfa meal, and so on; but that in the case of the bigger rations, for bigger livestock, the percentage of grain goes up.

Mr. HARROLD: No, I think it goes down. Do you mean in a complete feed?

Mr. HORNER (*Acadia*): I mean in a complete feed, the percentage of grain goes up.

Mr. HARROLD: Yes, that is so.

Mr. HORNER (*Acadia*): This statement was a little misleading.

My other question is this: going back to what Mr. Harrold said with regard to storage capacity and the desirability of feed mills creating annexes for greater storage, he said it might be advisable for feed mills to go into it.

Mr. HARROLD: No; I said if they were interested in storage revenue.

Mr. HORNER (*Acadia*): But did you not agree that it might be more economical for them to do this if they had to abide by the wheat board regulations?

Mr. HARROLD: Yes.

Mr. HORNER (*Acadia*): Is it a fact that the Alberta wheat pool at the present time feels there is enough storage available in Alberta?

Mr. HARROLD: In total.

Mr. HORNER (*Acadia*): Yes, in total.

Mr. HARROLD: As far as our operation is concerned, yes. We feel there is enough storage available.

Mr. HORNER (*Acadia*): Yet you want these commercial feed mills to comply with the regulations of the wheat board, and if they do so, then you think they should build further storage?

Mr. HARROLD: Yes.

The CHAIRMAN: Are there any further questions?

Mr. KINDT: If there are no further questions I should like to express the appreciation of the members of this standing committee to Mr. Harrold and to the Alberta wheat pool for appearing before us today and giving us the benefit of their thinking on this question of deliveries to feed mills. I just want Mr. Harrold to know that we greatly appreciate his brief.

Mr. HENDERSON: I would not like to see anything being done, because I come from the Dawson Creek area where we have all the grain sold, and with ample grain still there for feeding cattle. You can go up there and buy it freely; and there are mills, and you can get concentrates. I think it is working out perfectly in our country. If somebody wants to go up there and bring back wheat, he may do so.

Mr. HORNER (*Acadia*): Yes, but it would be against the law.

The CHAIRMAN: Perhaps everybody should move up to the Cariboo.

Next Monday, May 9, we shall have a little change of diet, when we hear from the local custom feed mills.

On behalf of the members of the committee I now thank Mr. Harrold very sincerely for coming down and giving us his views. I am sure they have been appreciated very much by the committee.

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Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

MONDAY, MAY 9, 1960

WITNESSES:

From *Rural Custom Feed Mills:* Mr. W. C. Newman, Q.C., Legal Adviser: and Mr. D. Hedlin, President, Mr. E. Greenhalgh, Secretary-Treasurer, representing *Alberta Section;* also Mr. A. Rempel, President, Mr. J. Riediger, Vice-President, Mr. F. F. Reimer, Director, representing *Manitoba Section.*

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
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Vice-Chairman: W. H. Jorgenson, Esq.,
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Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, May 9, 1960.
(5)

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this morning with the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Boivin, Brunsden, Cooper, Doucett, Fane, Forbes, Hales, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Knowles, McIntosh, Pascoe, Rapp, Regnier, Smallwood, Southam, Stanton, Thomas and Tucker.—22

In attendance: From Rural Custom Feed Mills: Mr. W. C. Newman, Q.C., legal adviser. Representing Alberta Section: Mr. D. Hedlin, President; Mr. E. Greenhalgh, Secretary-treasurer. Representing Manitoba section: Mr. A. Rempel, President; Mr. J. Riediger, Vice-President; Mr. F. F. Reimer, Director.

Mr. W. C. Newman presented the brief on behalf of the Rural Custom Feed Mills.

On the conclusion of Mr. Newman's presentation, the Committee adjourned until 3.30 p.m. this day.

AFTERNOON SITTING
(6)

The Committee resumed at 4.00 p.m. with Mr. Jorgenson, the Vice-Chairman, presiding.

Members present: Messrs. Boulanger, Brunsden, Doucett, Dubois, Fane, Forbes, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Knowles, Lahaye, McIntosh, Nasserden, Pascoe, Regnier, Smallwood, Southam, Thomas, Tucker and Villeneuve.—22

In attendance: The same as in the morning.

Mr. Newman corrected several figures which he gave this morning.

The members of the Committee questioned the witnesses on the delivery of grain by producers to feed mills.

The Committee agreed that a list of Rural Custom Feed Mills members and the number of customers served by them be made an appendix to the evidence at a later date.

Mr. Newman made a concluding statement.

The Committee thanked the witnesses for their appearance.

The Committee adjourned at 5.30 p.m. until 9.30 a.m. Friday, May 13th.

Clyde Lyons,
Clerk of the Committee.

23079-7—1½

EVIDENCE

MONDAY, May 9, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, will you kindly come to order. We have a quorum, and we will be able to proceed with the business of the committee.

We have with us today representatives of the rural custom feed mills. Presenting the brief on their behalf will be Mr. W. C. Newman, their legal adviser. I will ask him to introduce the group that is representing the feed mills here today.

Mr. W. C. NEWMAN, Q.C. (*Counsel for the Rural Custom Feed Mills Association of Alberta and the Rural Custom Feed Mills Association of Manitoba*): Thank you, Mr. Chairman. On my immediate right is Mr. Arthur Rempel, from Steinbach, Manitoba, president of the Manitoba rural feed mills association; Mr. Eric Greenhalgh, from Edmonton, secretary-treasurer of the Alberta association; Mr. J. J. Riediger, Morden, Manitoba, vice-president, Manitoba association; Mr. Frank Reimer, Steinbach, director of the Manitoba association; Mr. David Hedlin, Lacombe, Alberta president of the Alberta association.

The CHAIRMAN: We will now have the brief as presented by Mr. Newman, and I will ask you, gentlemen, to withhold any questions until Mr. Newman has presented his brief in full. Then we will throw the committee open for any questions which you anticipate you may want to ask the different members of the association.

Mr. NEWMAN: Mr. Chairman, I apologize for not having had time to make the brief shorter. I put it together hurriedly over the week-end and it is longer than it otherwise would be if I had had time for more preparation.

Gentlemen, we wish to thank you for this much appreciated opportunity to place before the honourable members of this committee the fundamental facts on which we base our submission on behalf of these feed mills who have no agreements with the Canadian wheat board. I will refer hereafter to them as the "local feed mills" and refer to those feed mills with agreement as "board agents".

We represent some 85 feed mills in Alberta and Manitoba which have the following characteristics in common:

1. All these bills have no agreement with the Canadian wheat board.
2. They are only engaged in the feed mill business in the province in which they are situated, converting locally produced grain in prepared balanced animal feed for use by local feeders in their area.
3. Up to now, during the period that they have no agreement with the board, none have been forced to observed quotas. I rather stress that last statement.

These local feed mills are faced with this peculiar problem that although they are the only business designed and equipped to convert feed grains into prepared and balanced animal food rations in their locality, they are prevented from efficiently doing so by the imposition of quotas. The producer can sell directly to the feeder without any regard to quotas, or the producer can barter his grain to an implement dealer or furniture dealer, and that tradesman complete a three-cornered deal by selling to a feeder without any

regard to quotas or board prices either. Nevertheless, this right is denied the local feed mill men who exist for that purpose, whose operations the board now seek to cripple by the device of a quota system. What we are dealing with, however, is not an erosion of the quota system, but the elimination of wasteful interference in the name of the quota system in the operations of the small feeder. The large feeder can purchase directly from the producer without regard to quotas or he can raise his own feed. He can even operate his own feed mill without regard to quotas. The little feeder can also buy directly from the producer, but it is much more convenient and much more efficient for the little feeder to have the operator of the feed mill collect the grain for him and provide him with the prepared feeds as he needs them. This is particularly true in grain deficiency areas. An interesting illustration of this was dealt with by Mr. Smallwood at the hearing of your committee held on Friday, May 6, 1960. He pointed out how Harold N. Holt was operating a local feed mill at Lloydminster, Alberta. Because local supplies were hard to obtain, Mr. Holt had to travel some 100 miles or more to obtain the grain and then manufacture it into prepared feeds. This feed was sold to local feeders in that area. Mr. Holt then received a threat of prosecution from the Canadian wheat board in the fall of 1959, and also the farmers who supplied him with this grain were threatened. In consequence, Mr. Holt was forced to discontinue this practice and his customers themselves each had to travel the 100 miles or so to buy the grain themselves for Mr. Holt to convert it into feed.

This situation also occurs in the Steinbach area in Manitoba. This area is located in the centre of a heavy feeding area, but it is not located on a railroad. Under the Wheat Board Act a delivery point cannot even be established there. It is also a grain deficiency area. In order to get supplies, persons must go up to a 100 miles or more to purchase their supplies from the producers who have grain to dispose of. The feeders themselves are small operators but do, in the aggregate, produce a considerable amount of livestock products. They would prefer to buy prepared feeds in quantities of as little as 500 pounds at a time, but if each of them is forced to travel to different farmers up to hundreds of miles away from their acreage, it would not pay them to take less than a full load, apart from the inconvenience and inefficiency of the whole operation. Whether or not they buy from the board, the local feed mill operators' charge is a modest set amount added to the cost of grain and it is more economic than the smaller feeders doing it for themselves. This is discussed by Dave Hedlin, a local feed miller at Lacombe, Alberta:

April 12, 1960.

> Our business is one of grinding or rolling grain and adding supplements to make livestock feed. We process mainly hog feeds. Our procuring, processing and selling of grain works as follows:
>
> We buy barley from R. Jones, a large operator in our district who grows far more than he feeds. Oats we get from I. Gottsdich, who has surplus and incidentally needs money for everyday living. This grain is paid for at rates shown in the appended sheet.
>
> Selling is usually done as follows: McKay Bros. phone in and ask us to prepare 4 tons of oats and barley chop and to mix in 1200 lb. of hog supplement and have it ready by 11 a.m. A little later Frank Nunn comes in with his 1941 coupe and small two wheel trailer and asks for ½ ton (1000 lb.) of barley rolled for his ewes.
>
> Now McKay Bros. are fairly large operators and could no doubt hunt up grain from neighbours, bring it to our mill and have it processed. However if you do as McKay Bros. did and look at our 2c. handling charge, you will agree with them that it is not worth their while to hunt up this grain.

Frank Nunn is different. With his old coupe and trailer he has to buy from a mill if necessary at Board price.

While the bulk of our business is processing the farmer's own grain and returning it to him, we are rendering a real service in procuring and supplying feed to feeders who need it.

The inconvenience and inefficiency represented by the attempts of the board to interfere in this trade can be better visualized by the members if they were faced with a ruling that from today on they would not be permitted to purchase their meals at any restaurant, but that they each must travel out to the poultry producers and market gardeners and obtain their eggs and vegetables directly from them; bring them to the cooks and have their meal prepared for them. They would be given the privilege of having salt and pepper added and other supplements, but they would have to receive back their own eggs or vegetables cooked if they wanted to eat, or exchange a limited quantity of uncooked eggs and vegetables for cooked eggs and vegetables. You would ask, when faced with this, apart from being clumsy and foolish, what useful purpose could it serve, and that is the question that feed mill operators are asking about the interference of the Wheat Board.

It is evident that the feeders are permitted to buy directly from the producers and to have the grain custom ground for them and supplements added by the feed mill operators so long as the identity of the grain is preserved. That is order No. 7. At the present time, rather than each man doing this himself, the feed mill operator obtains the grain from those from whom it is available, manufactures it, and has the prepared feeds immediately available at his mill for the local feeders. To permit the feed mill operator to continue this operation, surely, constitutes no more than an improvement in efficiency in the operations of the small feeders. To insist that it be discontinued will not protect the quota or add to the good name of the Canadian wheat board but will constitute only a wasteful interference with the operations of the local feeders—which the industry simply cannot afford.

In asking for the continuation of this present efficient operation by the local feed mills, which in point of fact, has always been carried on by them, they are not seeking unfair advantage so far as Ontario or eastern feeders are concerned. The Manitoba feeders are only asking to be placed in a position equal to that of the Ontario producers.

In Ontario in 1959, the Ontario farmers produced 99 million bushels of oats. The Ontario feed mills are free to buy these oats without regard to quota, prices or any interference by the board. The only time the Ontario feed mills have to concern themselves with the Canadian wheat board is when they import feed supplies from outside their province. The Manitoba feed millers without agreement with the board are asking that they too may buy without regard to quota from the 60 million odd bushels of oats produced in Manitoba in 1959. The Alberta feed millers are asking that they may buy without regard to quota their needs from the 97 million bushels of oats in Alberta in 1959. Both feed millers in these two provinces are prepared to pay board prices for any feeds imported from outside their respective provinces. Surely, in asking to be placed in an equal position to that of the Ontario feed millers, they are not asking anything which is unfair, and which, in the name of equity, should be denied to them.

It must be emphasized throughout the whole of this brief that the local feed mills are only asking to be free to buy without regard to quota, that grain they actually sell in the form of prepared feeds to local feeders only. The mills I represent have no agreement with the board and are, and shall remain, free to buy without regard to wheat board prices. The millstone that some bodies are trying to hang around their necks is labelled "quota". They are prepared to establish to the satisfaction of the wheat board or any other body

that all the grain they purchase is actually delivered to feeders within their own province, to be used for feeding purposes in that province. As has been previously pointed out, the quotas can be circumvented today by the feeder buying directly from the farmer or from an implement dealer or furniture dealer who in turn bought it from the farmer, and the only difference is that the one is clumsy and inefficient operation and very unfair to the small feeder, and one the industry cannot afford in any event.

We should also emphasize that in the past the local feed mill operator has never been actually forced to have regard to quotas provided he had no agreement with the board. For the first five years of the wheat board's operation there were no quotas. However, quotas were instituted in 1940 but there was no attempt to force the local miller without an agreement with the board to observe them. The board at that time was wholly concerned with its proper duty of attending to the orderly marketing of interprovincial and export trade in grain. For the first time in 1957 and 1958 was there any real attempt made to impose quotas on the local feed mill operators who had no agreement with the board. As a result of two test cases carried through the courts, these attempts to interfere with local feed mills were suspended. However, commencing in 1960, the attempts are now being renewed. So far as the feed mills are concerned, in actual practice their present difficulties with the board are not caused by their attempts to break away from a long established practice, but rather an invasion by the board now launched some 25 years after the Canadian wheat board was established. For 25 years the board has managed to survive without imposing quotas on the local feed mill operators who had no agreements with the board, and they have produced no evidence whatsoever that there is any fresh reason to believe that the board is now endangered more than it ever has been before. Their case, strangely enough, is a perversion of the actual facts. They have wrongfully made out their case as one of preservation of enforcement of a long established system of quotas respecting feed mill operators with whom they have no agreement. The very fact that the board has sought to put their case in this manner is very significant.

Perhaps the real cause of this latest development is the irritation felt by feed mill operators who have an agreement with the board, and by the fact that, as board agents, they must pay board selling prices for the grain they actually use in the manufacturing of feed. It is the wheat board who imposes this obligation on its agent feed mills, not the other local feed millers. The latter take the position that whether you sign an agreement with the board or not is a matter of choice for the feed mill operator concerned. A feed miller obviously will only enter into an agreement with the board if on the over-all balance, it seems more profitable for him to do so. His only problem arises because since he has seen fit to enter into an agreement with the board, he is forced to comply with the term imposed by the board in that agreement—that he must pay to the board the board's selling price for the grain he uses. We should also point out that the price the board agent must pay is not the price he pays to the farmer, which is the initial price, but the selling price of the board. This selling price was, as pointed out by Mr. Cadieu, in one case more than 9½ cents per bushel than the board paid.

At page 34 of the transcript of his evidence before the committee, on May 2nd, 1960, Mr. McNamara is quoted as follows:

> I have the information on prices, and I will give you a few of the basic grades on barley. No. 1 barley, basis Fort William, the initial payment price is 87 cents a bushel;—that is what the board pays to the farmer—and our selling price for No. 1 feed barley on April 29, on Friday, was 96½ cents a bushel. That is what the board's agent must pay for the grain he uses.

For No. 2 feed barley, our initial payment price is 83 cents per bushel, while our selling price was 95¾ cents per bushel.

On oats, taking again the two basic feed grades, the initial payment price for No. 1 feed oats, basis Fort William, is 55 cents per bushel, while our selling price last Friday was 76¼ cents per bushel.

No. 2 feed oats, initial payment price is 50 cents, and the board's asking price was 73¼ cents.

No. 6 wheat is another grade of feed. The initial payment price is $1.02, and our asking price for No. 6, basis Fort William, was $1.47⅜.

Mr. Forbes: These are the prices at which you sell to the feeders?

Mr. McNamara: That is right, on the basis of Fort William, and the initial payment prices which we pay on them.

This mark-up which you have noticed includes storage charges for grain that was not stored, brokerage charges for grain that was not sold by a broker, interest charges for money that was not borrowed, as well as a portion of the board's fixed administration expense which does not exceed 1/20th of a cent per bushel. We feel that the agent of the board, by a contract he voluntarily entered into, may have a legitimate complaint about his being forced by the board to buy at such selling prices. But that is a matter between such board agent and the board, and not one between the board agent and the local feed millers.

However, the producer is not paid more if he sells his wheat to an agent of the board in the first instance, because the local feed mill operators are, in fact, now paying at least the initial price as is paid by the board for the grain they buy, and they are quite prepared to be bound to do so. A typical price scale in Alberta is as follows:

HEDLIN'S FEED SERVICE
Lacombe, Alberta

	Oats No. 1 Feed	Barley No. 1 Feed	Wheat No. 5
Wheat Board's initial payment to farmers, Lacombe—fall, 1959 ..	42¼¢	69½¢	90¼¢
Price per bushel paid by Hedlin at Lacombe, f.o.b. Mill	55¢	75¢	$1.00
Wheat Board's selling price ex elevator, Lacombe, April 8th, 1960	69½¢	87¼¢	$1.37⅝

Then again you have the selling price also ex Dufrost.

A typical price scale in Manitoba is set out below. This is taken in the Steinbach area, which is some 30 miles from Dufrost. This is noteworthy, in that the price, f.o.b. mill includes the cartage from Dufrost to Steinbach of approximately 5 cents per bushel.

	Oats No. 1 Feed	Barley No. 1 Feed	Wheat No. 4
Initial prices paid to producers by Wheat Board	46½¢	75¼¢	$1.12
Prices paid by local feed miller, f.o.b. feed mill—Steinbach	55¢	80¢	$1.20
Selling price to Board agent ex Wheat Board, f.o.b. Dufrost, April 18th, 1960	73¢	92¢	$1.45½

From the standpoint of the producer of grain, the only possible benefit that he may lose is the additional payments from the board on such grain if it had been delivered to the board. In this regard it is interesting to note that in the crop year 1958-59, there was no further payment for oats or barley made

beyond the initial payment, and that, in point of fact, the initial payment on oats was such that it left a debit balance in the 1958-59 pool account of $1,379,142.31, which had to be paid for by the federal government itself.

We have been informed by Mr. McNamara, chief commissioner of the Canadian wheat board, that the final payments on oats and barley in the present year were of an amount less than what we have shown as the premiums paid for feed grain by the local feed mill operators of Manitoba and Alberta in the present year. Therefore, so far as oats and barley are concerned, the producers are receiving from local feed millers, as much or more than they would have received from the board's agents in the last two crop years. The producers have also derived other advantages and so has the whole of Canada. In the first place, if the oats and barley delivered to the local feed millers were withdrawn from the millions of bushels stored on prairie farms, the producer would have his cash now with which to pay his pressing needs or, if he were well off, to invest the cash and receive interest on it. This is more than he gains from the grain stored on his farm. The sale of such grain to the local feed miller releases the pressure on the farmers' storage facilities. It also introduces some extra cash into the community.

It has been suggested that the sale of such grain directly from the producer to the feed mill operator will lessen the number of bushels in the pool operation against which the cost of the pool operation can be divided.

You will remember that Mr. McNamara made that suggestion, in answer to a question, when he was testifying.

How can this, however, be regarded as valid when in the report of the Canadian wheat board, 1958-1959, at page 2, it is shown that apart from all stocks of grain in elevators, there is stored on the farms themselves, as of August 1, 1958, the following amounts:

Wheat	201,000,000 bushels
Oats	88,000,000 "
Barley	55,000,000 "

Since Mr. McNamara, chief commissioner, in his evidence before this committee estimated that the amount of grain used by the feed mills amounted to 3,500,000 bushels, and all was drawn from grain stocked on the prducers' own farms, it can be seen that none of the grain involved was absorbed in any way in the pool's operations. It was backed up on the farmers' own land, yielding no return to the farmer, nor costing the board any money. The board's pool operations for oats and barley only involve oats and barley actually delivered to the board's agent. The grain that is on the farms is not an expense to the board, nor eligible to share in any of the expenses of the pool so long as it does not find its way to the facilities of a board agent. The delivery by the producer to the local feed miller does not cast any extra load on the participants in the pool, but, in fact, tends to reduce the tremendous pressure of the surplus excluded involuntarily from the pool's operation.

Even if the pool were able to, it seems unlikely for many years, to clear up all the surpluses on the farms and take them into the pool and then reduce the pool's stocks so that the elevators are less than full. While the subject will for many years remain an academic one, the emptying of the elevators in any event would involve a saving and benefit to all participants in the pool. This is evident from the following. The fixed administration charges of the Canadian wheat board on the basis of the 1958-59 crop, on the one hand, do not amount to more than 1/20th of a cent a bushel, but the storage charges for grain for the same year on the other hand, as set out in the report of the Canadian wheat board for the crop year 1958-59, are as follows:

Wheat	5½¢ per bushel
Oats	6⅔¢ " "
Barley	3¢ " "

We have computed on the basis of data in the said report that when the fixed charges on diminishing stocks increase $1, that countervailing savings on storage charges in the case of barley would be $30; in the case of oats, $64.50; and in the case of wheat, $55.

Mr. BRUNSDEN: What is the basis of that calculation?

Mr. NEWMAN: If the wheat is not stored in the elevator you save storage charges which, in this case, is 5½ cents; but with the fixed charge being only 1/20th of a cent a bushel, you can see how things divert. We trust that the owners of elevators in Canada will not have such a vested interest that they will dread the happy day when surplus storage stocks are cleared. Actual cases have been known of experiencing difficulty in acquiring grain from board agents, because they do not want to lose the storage charges on it, if they deliver it out. That has occurred. Storage charges are an important thing.

One of the basic facts of this problem is that the feeders who purchase the grains from the local feed mills receive the whole benefit of the difference between cost of grain to the local feed mills and the cost of grain to the board agent. The passing on of this difference in price is illustrated by the following tables. The local feed miller merely adds to his cost price of grain, whatever it may be, his charges for services rendered and materials supplied. We have selected two typical examples—one from Alberta and one from Manitoba.

HEDLIN'S FEED SERVICE
Lacombe, Alberta

HEDLIN'S PRICES	Oats No. 1 Feed	Barley No. 1 Feed	Wheat No. 5
Price per bushel paid at Lacombe f.o.b. Mill (Hedlin's)	55¢	75¢	$1.00
Price charged per bushel for grain sold before processing....	57¢	77¢	$1.04
Price charged per bushel for ground or rolled plus mixed grain based on $2 per ton processing charge (10¢ per 100)	60¢	82¢	$1.10
WHEAT BOARD PRICES			
Wheat board's selling price ex elevator, Lacombe, April 8, 1960	69½¢	87¼¢	$1.37⅝
Add $2 per ton processing charge	72½¢	92¼¢	$1.43⅝
DIFFERENCE COMPARED TO HEDLIN:	12½¢	10¼¢	33⅝
Wheat board's initial payment to farmers, Lacombe, fall, 1959....	42¼¢	69½¢	90¼¢
Interim payments to date	7.45¢	3¢	10¢
Farmer received to date	49.7¢	72½¢	100¼¢
DIFFERENCE COMPARED TO HEDLIN	5.3¢	2.5¢	¼¢

April 12, 1960.

STEINBACH MILL
Manitoba

	Oats No. 1 Feed	Barley No. 1 Feed	Wheat No. 4
Prices paid Steinbach, f.o.b. mill to producers	55¢	80¢	$1.20
Handling charges in and out	05¢	05¢	.05
Price charged per bushel for grinding or rolling and mixing	07¢	08.4¢	.10½
Total charge to feeders when grain bought from producers	67¢	93.4¢	$1.35½
Prices paid Steinbach when bought from board (April 18, 1960) at Dufrost	67¢	92¢	$1.45½
Handling charges in and out	05¢	05¢	.05
Price charged for grinding or rolling and mixing	07¢	08.4¢	.10½
Total charge to feeders when grain purchased from board	85¢	$1.05⅔	$1.61
Wheat board's initial payment this year	46½¢	75¼ (Interim)	$1.12
Additional payment this year	8-3/10¢	03¢	.10
Farmer receives for grain if delivered to board agent this year	54.3¢	78¾¢	$1.22

The feeders without this lowering of cost, simply could not stay in business. Since the livestock products raised by the feeders with the grain so purchased is primarily sold in the markets of eastern Canada, they must compete both as to price and quality with all the deliveries from other parts of Canada available in those markets, and from the United States of America. In this regard, we must remember there is no supply in western Canada comparable to that of Chicago, and that products of more uniform quality can be moved more promptly from Chicago, U.S.A., than from Winnipeg, or any other points further west. The price at which these products are sold on the eastern market is not a regulated price but a competitive one. The amount that a feeder can pay for his feed and still stay in the market is governed by the amunt of the net proceeds of his sales in that market. Two facts illustrate the validity of these observations. In the livestock and meat trade report, dated April 28, 1960, issued by the Department of Agriculture of this government, there is set out the number of bushels of No. 1 feed barley that can be bought by the sale price of 100 pounds of grade "B" live hog at Winnipeg:

	1960—Week Ended			1959	March		Average March	Annual Average
	Apr. 16	Apr. 9	Apr. 2	Apr. 18	1959	1960	1950-59	1950-59
Hog-Barley: Winnipeg	15.9	15.8	16.6	18.1	17.9	15.5	19.7	19.8

It also shows the number of bushels of corn that 100 pounds of grade "B" live hog plus federal premium would buy in Chicago:

	1960—Week Ended			1959	March		Average March	Annual Average
	Apr. 16	Apr. 9	Apr. 2	Apr. 18	1959	1960	1950-59	1950-59
Hog-Corn:								
Chicago	13.5	13.5	13.7	12.7	13.4	13.5	13.0	13.0

From the foregoing, it will be noted that the price of barley has steadily increased relatively to the price of hogs, while the price of corn has decreased even from the 10-year average relative to the price of hogs. A hundred pounds of grade "B" hog could buy on an average for the last 10 years 19.8 bushels of barley at Winnipeg, but on April 16, 1960, it would buy only 15.9 bushels of barley. On the other hand, a hundred pounds of grade "B" live hog in the last 10 years in Chicago would pay for 13 bushels of corn, while on April 16, 1960, it would purchase 13-½ bushels of corn. I regret to advise that hogs still are very uncooperative; they still eat as much.

In a competitive market, this divergence of prices cannot endure. So far as poultry is concerned, the effect is pointed up by the figures given in the poultry products market report, also issued by the Department of Agriculture, dated April 29, 1960.

This shows that the imports from the United States for dressed poultry for the year 1960 ending April 23, amounted to 4,487,873 pounds, as against imports in 1959 for the same period of 1,132,361 pounds, and the detailed figures are as follows:

INSPECTED IMPORTS
Dressed Poultry
Pounds

	Week Ending	To date	
	April 23, 1960	1960	1959
Chickens	278,485	1,460,933	344,984
Fowl	77,754	1,468,728	427,333
Turkeys	239,945	1,046,807	—
Others	61,124	511,405	360,044
Total	657,308	4,487,873	1,132,361

Incidentally, gentlemen, in the second column, you will notice that the increase is virtually spread equally for chickens, fowl and turkeys; except in 1959 they could not bing in the turkeys. Now they can.

The fortieth annual livestock annual review just published by your Department of Agriculture states, at page 32 and, incidentally, they are talking about hogs here:

> ...Following the establishment of the floor prices by the agricultural stabilization board in October 1958, prices remained at or near the same levels until the support price was reduced on October 1st, 1959; from that date, prices were lowered and remained at the lower level until the year-end. Grade A hogs at Toronto remained very close to the floor price of $25.00 until October 1st, when the support price was lowered to $23.65. From that date, prices were adjusted to the lower levels, and with continued heavy marketings during the last quarter the over-all average for the year was $24.80, or $4.35 below the previous year. The Toronto-Chicago price spread was much wider than in 1958. Chicago prices were fairly even until the middle of July; from thereon prices gradually moved down to reach a low of $16.79 at the year-end, making for a yearly average of $20.26 on a dressed equivalent basis, or $4.54

below Toronto. The average price for Grade A hogs sold at all public stockyards during 1959 was $22.99, a reduction of $4.48 from the 1958 average of $27.47. Despite the lower prices paid for hogs, resulting in an $8.00 per head lower value, the heavier marketings more than offset these lower prices to establish an all-time record income in the hog market, with an estimated value of $306,859,275.

At page 35 of the same report, the effect of the price of feed on the competitive potentials of the Canadian and American hogs is revealed in the form of the hog-barley and hog-corn ratios. The hog-barley ratio shows that the price paid for barley relative to the price received for the hog in Canada has been increasing for the last four years. In its weekly report No. 16, volume 41, dated April 28, 1960, by the same department, it is shown that the relative price of barley reached in the week ending April 16, 1960, an all time high of 15.9 bushels. On the other hand, the hog-corn ratio in the United States shows that the price paid for corn relative to the prices received for hogs has decreased. The said weekly report reveals that the relative price paid for corn in Chicago during said week ending April 16, 1960 to the price received for hogs is now beneath its average for the last 10 years. This has been caused by the action of the federal government of the United States in decreasing its support prices for corn from 90 per cent to 70 per cent of parity.

The practical effects of this are not limited to the movement of hogs. It also affects the importation of corn into Canada as a competitive feed. The United States farmer can only store so much on his own farm and in addition, cannot obtain federal loan for corn which does not meet certain standards. He finds it convenient to sell his corn when his farm storage facilities are over-taxed or the corn does not come up to required standards at a price below the present floor price which is now approximately $1.07 per bushel at Chicago. With the addition of only a small tariff charge, the cost of transportation and handling, this corn can move into any part of Canada. We know that corn is being bought by feed mills in Steinbach because it is cheaper and of more nutritive value than No. 3 wheat or lower grades of wheat. On March 23, 1960, R. F. Gunkelman and Sons, of Fargo, North Dakota, made a shipment of bulk feed corn to a Steinbach feed mill having a weight of 36,640 pounds, which was sold delivered at Steinbach at a price of $1.30 per bushel—U.S. funds.

I might point out to the members here that Mr. McMamara said No. 6 wheat was being sold at Fort William at $1.46 or $1.45, and some odd cents. It is much less nutritive and, I would say, much more over-priced.

This corn is better for feeding purposes than No. 3 wheat, which is simply not available in the Steinbach area and must be purchased from board agents by the feed mills.

The feed mill operators feel very unhappy about importing American corn to feed Canadian livestock in a country where surpluses are piled up on the farms of their fellow Canadians but for which the board asks prices that are not competitive with those of foreign countries. Since the products they raise must compete with the livestock products produced in the United States in the eastern markets of Canada, they have no choice if they want to stay in business but to keep their prices competitive.

(At this point we might correct a statement given by Mr. Milner, chief of the board of grain commissioners, in his evidence before this committee on may 6, 1960, to the effect that the amount of corn imported into Canada in 1959 amounted to only some 6,349,000 bushels. We have ascertained from the chief of the dominion bureau of statistics that the correct figure for the importation of corn into Canada is 12,054,166 bushels in 1959).

It is estimated that it takes 600 pounds of grain and 60 pounds of supplements to feed a hog to market weight. In Canada, the difference in cost of raising a hog at Lacombe, Alberta, with prepared feed purchased by the feed mill directly from the producer and with prepared feed using grains purchased from board agents amounts to no less than one cent per pound of hog.

The Department of Agriculture, in its releases concerning poultry products market review also indicates that there has been an abrupt drop in the price of eggs as shown by the following data published in the weekly report No. 18, dated April 29, 1960:

Eggs: Spot Prices for Grade A Large on April 26 this year and previous years.

The prices quoted below are those paid by wholesale buyers for graded shipments from egg grading stations.

	1958	1959	1960
Winnipeg	38¢	39½¢	33¢
Toronto	38	37 -38	35-36
Montreal	41	38	38½
Quebec	40½-41	40½-41	37-38
Saint John	43 -44	41 -43	37-41
Moncton	44	37	34
Halifax	43	37	37

In Winnipeg in 1958, 38 cents; 1959, 39½ cents, and down to 33 cents, in 1960. In Toronto they are 38 cents, 37-38 cents, 35-36 cents. They are up half a cent in Montreal and down in Quebec. They are down in Saint John, and down in Moncton, and are holding their own in Halifax.

The Poultry Products Marketing Report also indicates that there has been a marked drop in the prices of chickens and turkeys. The competitive relationship between the Canadian and American products is exemplified by the increased amount of dressed poultry imported into Canada from the United States, set out in the said Poultry Products Marketing Report dated April 29, 1960:

INSPECTED IMPORTS

Dressed Poultry
(Pounds)

	Week Ending April 23, 1960	To date 1960	1959
Chickens	278,485	1,460,933	344,984
Fowl	77,754	1,468,728	427,333
Turkeys	239,945	1,046,807	....
Others	61,124	511,405	360,044
TOTAL	657,308	4,487,873	1,132,361

You will notice that during the three and a portion months there has been an increase of 3,300,000 lbs.

The practical effects of such reduction in prices on the income of the actual feeder can only be gained by looking at specific instances. We now set out hereunder the actual balance sheets of individual producers respecting livestock products raised by them in 1959, and indicate also what practical differences would have occurred if these feeders had bought at board selling prices. The first instance is the project of Mr. Jacob D. Dyck of Morden, Manitoba, who raised 380 chickens, consisting of 325 pullets and 55 roosters:

JACOB D. DYCK—Morden, Manitoba

	Regular Cost	Wheat Board Cost
325 pullets—55 roosters		
Cost of birds	$ 257.00	$ 257.00
Chick starter—1,300 lbs.	73.50	78.02
Growing Mash (Based on March 29, 1960 market prices)	420.25	483.79
Wheat—8,700 lbs.		
Barley—1,450 "		
Oats —1,450 "		
Hatching Mash	704.00	806.77
Wheat—14,300 lbs.		
Barley— 2,200 "		
Oats — 2,200 "		
Testing	11.00	11.00
Oyster Shells	19.25	19.25
	$1,485.00	$1,655.83
Total revenue from sale of eggs, April to Dec. 31st.	$1,250.96	$1,250.96
Operating loss re egg production:	$ 234.04	$ 404.87
Estimated value of birds, Dec. 31st basis $1 per bird	$ 380.00	$ 380.00
Gross Profit—with no allowance for labour	$ 145.96	
Net Loss—with no allowance for labour		$ 24.87

	Growing Mash Formula	Hot Mash	Chick Starter
Wheat	1,200	1,300	1,300
Oats	200	200	
Barley	200	200	

There was some discussion of the formula for the constituents of feed, and we show you a little detail there of what they actually involve.

D. G. KLASSEN—Steinbach, Manitoba
Chickens raised at Steinbach

Feed consumed per bird:
Basis: 3 lbs. starter feed
6.6 lbs. finisher feed
Total feed consumed:
39,030 lbs. starter feed=25,370 lbs. wheat=65% of formula
85,930 lbs finisher feed=64,448 lbs. wheat=75% of formula

No. of birds marketed	13,008	
Live weight of birds	45,243 lbs.	
Gross Income from sale		$9,094.23

	Regular Cost	Board Cost
Chick Cost	$2,070.00	$2,070.00
Feed Cost ($1.25 per bushel of wheat including supplements)	5,227.66	5,620.61
Medication & Grit	86.92	86.92
Heat (2¢)	260.16	260.16
Litter (1¢)	130.08	130.08
Hydro (1¢)	130.08	130.08
Insurance (1¢)	130.08	130.08
Repairs and Taxes (2¢)	325.20	325.20
Depreciation on building and equipment	455.28	455.28
	$8,815.46	$9,340.90
Gross Income	$9,094.23	$9,094.23
Expenses	8,815.46	9,340.90
Profit with no allowance for labour with feed mill grain	$ 278.77	
Loss with no allowance for labour with Board agent grain		$ 114.18

The figures for a turkey project at a turkey farm in Morden in 1959 are also dealt with, where 10,000 turkeys were started. In this project, out of 10,000 turkeys with which the project began, 9,003 survived as saleable birds:

Live weight of birds marketed:
69,832 lbs. @ 28¢ $19,552.96

Feed consumed as follows:

Per Bird	Total All Birds lbs.
7 lbs. starter feed	63,030
7.6 " grower feed	68,450
10.15 " finisher feed	91,410
24.75 lbs	222,890

Grain contained in starter feed:

	lbs.	
Starter —63,030 @ 50%	31,515	
Grower —68,450 @ 70%	47,915	
Finisher—91,410 @ 80%	73,128	
Total (Wheat)	152,558	
Total cost		$18,002.70

Gross profit—with no allowance for labour where grain purchased from local feed miller	$ 1,550.26
Gross profit with no allowance for labour where grain purchased from board	$ 1,016.31

(Difference in feed costs if grain had been purchased at Morden elevator on basis market price March 30th, 1960 @ $1.46½ per bushel would have reduced the income from this project by $533.95, or yielding a return for raising 10,000 turkeys, with no allowance for labour, of $1,016.31).

We are advised that the foregoing results are typical and not abnormal for the relatively small feeders involved in raising livestock products in western Canada. It can be seen that any increases in their costs would simply drive these feeders out of the business. Yet the real objective of the board in harassing the local feed mills with quotas is to increase their costs to those of the board agents or drive them out of business. Such a move would not add a dollar to the participants in the pool, because it would destroy the activities of these little farmers in western Canada who labour 7 days a week raising livestock products to be sold for cash in markets in Canada and elsewhere which would otherwise be enjoyed in large parts by producers of the United States of America.

I can say that while these feeders may be little men compared to farmers who own farms of a thousand acres or more, they contribute in the aggregate to the production of livestock products of a magnitude that is not fully known. This aspect is dealt with by a release from the dominion bureau of statistics printed in 1959 and entitled "Farm Cash Income 1959". It informs us that in the whole of Canada, the cash income from livestock and animal products in 1959 amounted to $1,750,000,000; whereas the total return from field crops, including fruits and vegetables, as well as Canadian wheat board participation payments and net cash advances on farm-stored grains in 1959, amounted to $997,000,000. The same report shows that in Manitoba the cash income in 1959 from livestock products amounted to $117,279,000, whereas the total cash income in Manitoba from wheat, oats and barley, including advances from the Canadian wheat board, amounted to only $86,327,000 or $30,952,000 less. The same report shows that the cash income received in 1959 in the province of Alberta from livestock and animal products amounted to $280,009,000, whereas the return from wheat, oats and barley and all wheat board payments and net cash advances on farm-stored grain amounted to only $159,789,000 or $120,220,000 less. The same report indicates, in the case of Saskatchewan, that the net income in 1959 from the wheat, oats and barley aforesaid amounted to $348,423,000, and the income from livestock products in 1959 amounted to $179,503,000. This report, however, goes on to reveal that the total cash income from livestock and animal products in the four western provinces in 1959 amounted to $665,893,000, whereas the income from wheat, oats and barley, including wheat board payments and net cash advances on farms in 1959, in the said four western provinces amounted to only $596,639,000 or $69,254,000 less.

When we consider that the livestock industry following the partial adoption of the principle of deficiency payments now operates relatively free from any government subsidy; is involved in the conversion of surplus grain into readily marketable livestock products; and competes in markets to which American producers have access, we can well ask, having regard to the foregoing figures, where the balance of benefit lies so far as Canada is concerned as between feeders and grain producers. When the question, however, is resolved into

damaging our livestock products industry with little or no corresponding benefit to the grain producers, there is less doubt what is best for Canada as a whole in these circumstances.

It appears to be the attitude of the Canadian wheat board and pool representatives who have testified to date that the problems of the local feed mills and of the feeders are to be ignored, and that the only question to be considered is whether or not there is any actual or theoretical detriment to the grain producer. To think like that is the privilege of organizations wholly and exclusively concerned with the grain producers, but we respectfully suggest that it is not the attitude that people concerned with the over-all benefit of Canada should share. They should realize that there is a commercial revolution taking place in Canada and the United States today. With the advent of chain stores and supermarkets, and their rapid assumption of a controlling influence in the retail trade, basic changes are occurring. The demand for self-servable, ready-to-use animal products of a high quality and attractive appearance and competitively priced on an international basis wherever sold in Canada is inducing this revolution. A few years ago the turkey and dressed poultry market in Canada was almost taken over by American producers who were providing eviscerated turkeys and poultry wrapped in cellophane, which were not available in Canada. The little feeders whom we have been talking about proceeded to band together, learn the new technological requirements, establish eviscerating plants, and in the last few years have won back much of this market from American invaders. The quality of their birds had to be better, they had to be finished in accordance with the higher standard, and they had to be competitive as to price on an international market in order to find their way on the shelves of the supermarkets in Canada. Right now the feed cost squeeze is causing them to lose a little ground with American producers as previously noted in this memorandum. There appears to be nothing inelastic about the increase of imports of American dressed poultry into Canada of 3,000,000 lbs. in the first three months of 1960. This represented feed consumed of 500,000 bushels of wheat.

We do submit that the feeders of livestock products in Canada, including those in the prairie provinces who are even further away from eastern markets, should be encouraged by the government of Canada in every way, and that there should be no attempt to cripple them or the local feed mills who supply them. Together they have struggled to help the feeders to reduce the production gap cost between them and their American competitors. The local feed mills have not only reduced their costs but have, by providing them with the best prepared and balanced rations, enabled them to meet the challenge of quality which is a challenge as much as price, in the food markets of Canada.

The only question, it would appear to us, that remains is what should be done about the relative competitive disadvantages between the local feed miller and the board agents. We have endeavoured to show why the feeder will be driven out of business and an important Canadian industry will be crippled if the feed cost of the feeder is increased. It would be insincere and hypercritical for anyone to deny that the forcing of local mills to abide by the local quota system would increase the cost of the prepared feeds prepared by the local feed mill and, therefore, the costs of the feeders. In fact, this is the objective of this campaign.

In closing, further consideration of the anomaly of quotas for local feed mills might be considered. The matter of quotas does not affect the board agent because if the elevators in his area become empty, the quotas can be increased, and the stock on the farms in that area can be drawn upon to make good any deficiency. It, therefore, is not unfair to him so far as quotas are concerned to permit the local feed mill to buy free of quota. I was going to

suggest that if you put a quota on romance, it does not affect the man with the harem as much as it does the chap with less.

In the fixing of these quotas, the board in its annual report, shows that from the beginning to the end of the crop year there is a continuing variation amounting to as much as 300% between the different quotas fixed at different delivery points. This may not appear to mean much if you say it quickly, but it means a great deal to the farmers involved. For instance, in Manitoba, according to *Handbook of Agricultural Statistics*, published by the Dominion Bureau of Statistics in September 1959, the average yield per seeded acre in 1958-59 amounted to 24.6 bushels per acre.

Mr. McNamara, in his evidence before this committee on May 6th, 1960, admitted that these stringent quotas were fixed on the basis of space available in the elevators of the board's agents exclusively, without regard to the capacities of the local feed mills. At those delivery points where there was a two bushel quota per acre, even where the feed mill operators were short of grain for their feeders, the board took the attitude that they should be restricted to a two bushel quota even if a six bushel quota per area was enjoyed by most of the other districts.

Furthermore, special excess quotas have been allowed for malting barley or seed grain without regard to the fact that all farmers are not raising such crops.

We repeat also that during the last twenty-five years the Board has not insisted on feed mills that have no agreement with it in being harassed with quota restrictions.

Since, as we have tried to point out, the indirect use of the quota system to cripple the operation of the local feed mills and indirectly to force their costs up, would hurt the livestock production industry without yielding any corresponding benefit to the producer, we are apparently left with only two other excuses. One excuse is that certain farmers may benefit more than others by selling their grain to the feed mills. This has already been answered in the foregoing paragraph. We might also observe that there is some inconsistency in suggesting on one hand that the producers who sell to local feed mills suffer from it, and, on the other hand, condemning it because the producers who sell to the feed mills derive an advantage that others do not share.

There is no inconsistency, however, in our suggestion that this attempt to hobble local feed millers will harm feeders and producers of livestock products, and, on the balance, Canada as a whole, without affording any compensatory benefit to the grain producer.

In addition, it is obvious that the ranks of the feeders are not exclusive, and that any farmer, as a general rule, who is prepared to work seven days a week for relatively modest returns can be a feeder also and receive himself the benefit of lower cost feed. Should we not encourage people who are not afraid to work for the overall benefit and the good of Canada?

The other excuse is that it places the board agent, so far as feed mills operations are concerned, at a disadvantage. We must point out that if there is a disadvantage it is wholly imposed by a term of his contract with the Canadian wheat board which binds him to pay the board's selling prices for feed grain used by him and that the board agent voluntarily entered into this contract for reasons that must be adequate to him. Like every contract, it has its advantages and disadvantages.

Some of the advantages are that the board agents receive storage charges for grain stored in their elevators and have the exclusive rights to interprovincial and export trade. One of the contract's disadvantages imposed by the board in their contract is that the board agent must pay board selling prices for feed grains used by him in his feed mill business. While undoubtedly such a provision places the board agent at a disadvantage with the local feed miller,

it is not fair to impose this disadvantage on the feed miller and withhold the advantages also.

In any event, we have submitted facts and reasons to the effect that it is not good for Canada as a whole for the producers of livestock products to increase the costs of feed grain by which they are supplied by the local feed millers. We do not oppose the board agents having their contracts with the board modified so as to permit them to pay for the feed grain used by them at the same prices as the local feed mills in that locality because this, we feel, would be of general benefit to the feeders and consumers of Canada and not otherwise.

We have dealt, in the foregoing pages, with the needs of the local feed millers and the reasons why they should be protected from the board's indirect campaign to increase their costs by harassing them with quotas for the first time in twenty-five years. We have suggested that this move of the board is not dictated by a concern for the good of Canada but by a desire to placate the unhappy board agents whose unhappiness arises from a contractual term in the contract stipulated by the board itself. Whatever may be the solution of the difficulties of the board agents arising from their voluntary negotiations with the board, we respectfully submit that local custom feed mills should be protected from this quota campaign by the board by a change in the act itself. We do seek a recommendation by your committee that an amendment be made to section 45 of the Canadian Wheat Board Act by adding another subsection to it which excludes from the ambit of that section those feed mills who exclusively procure feed grain in the province in which their mills are situated for the purpose of preparing animal feeds, and which animal feeds are used for feeding livestock in the same province. We also suggest with respect, that your committee recommend that the schedule to the Wheat Board Act should be amended by deleting from its list the names of those local feed mills which come within the terms of the suggested amendment to section 45. We further submit that the schedule be further amended by deleting from it the names of mills that have ceased to exist or to be used as such. We know, to our personal knowledge, for instance, that in this schedule there are the names of three mills, two of which have been demolished for ten years, and one of which for the last eight years has been used as a storage shed for machinery and petroleum products. Such vacant pieces of ground or rural storage shed can hardly qualify to be solemnly dedicated by the parliament of Canada as "works for the general advantage of Canada".

All of which is respectfully submitted for your consideration.

The CHAIRMAN: Gentlemen, there are many members of this committee who are called out on another very important committee. They are very desirous of being in the committee and taking part in its deliberations. I was wondering if it would be satisfactory to the committee to adjourn now until this afternoon at 3.30. You will have an opportunity then to peruse the brief more fully. Or would you like to carry on?

Mr. BRUNSDEN: Is 3.30 a good hour, Mr. Chairman, having in mind some international questions today?

Mr. SMALLWOOD: Leave it until after orders of the day.

The CHAIRMAN: That is what I meant, 3.30 or after orders of the day.

Agreed.

The CHAIRMAN: All right, gentlemen, we will adjourn now and meet at 3.30, or after orders of the day.

AFTERNOON SESSION

Monday, May 9, 1960
4:00 p.m.

The VICE-CHAIRMAN: Gentlemen, we have a quorum. You all have copies of the brief that was presented this morning. Mr. Newman wants to make a statement before we open the meeting for questioning, and I will allow him to do that now.

Mr. NEWMAN: Mr. Chairman and gentlemen: I notice a discrepancy in the figures, which I checked with the department, and I would like to make corrections. In the brief, at page 9, in the middle of the page, I said:

> In this regard it is interesting to note that in the crop year 1958-59—

It should be "1956-57":

> —there was no further payment for oats or barley—

"or barley" should be deleted. Then:

> —left a debit balance in the 1956-57 pool account—

and it is not $1,379,142.31; it is $2,113,093.24. So that sentence should now read:

> In this regard it is interesting to note that in the crop year 1956-57, there was no further payment for oats made beyond the initial payment, and that, in point of fact, the initial payment on oats was such that it left a debit balance in the 1958-59 pool account of $2,113,093.24.

In the following paragraph we stated:

> We have been informed by Mr. McNamara, chief commissioner of the Canadian wheat board, that the final payments on oats and barely in the present year—

That should be "1958-59". And I may say that the final payments for No. 1 feed oats in 1958-59 were 8.318 cents, and for No. 1 feed barley, 2.991.

The other correction is at page 12. This deals with Mr. Hedlin's prices, including the wheat board's initial payment, and it shows the interim payments as being 7.45 cents. In point of fact, it should be 8.318 cents. That is, in the payments to date, 7.45 cents, it should be 8.318, or roughly 3⅗ cents; and the farmer received to date 15½₀, leaving still a difference in favour of Hedlin of 4⅘ cents.

Those were the changes I wanted to make, Mr. Chairman.

The VICE-CHAIRMAN: Thank you, Mr. Newman. The meeting is now open for questioning and, as usual, gentlemen, if a member has a series of questions to ask, I would ask the other members to allow him to pursue his line of questioning until he has completed it, before the next member takes the floor. Are there no questions?

Mr. FANE: Yes, I have a question, Mr. Chairman. The fact has been brought out and established that all feed mills are eligible to be agents of the Canadian wheat board.

Will not the fact that they know that satisfy them, so that they can buy as agents for the Canadian wheat board, instead of just letting them buy on the open market without any restrictions as to quota or making out the necessary returns for the wheat board?

Mr. NEWMAN: Mr. Fane, it is the choice of the local feed mills that I represent not to enter into an agreement with the board; just as it is the choice of those board agents to enter into an agreement with the board.

Mr. FANE: Yes; but I say they have the choice, but why do they not wish to avail themselves of that choice, as well as the ones who do wish to avail themselves of the choice?

Mr. NEWMAN: I think there is an over-all difference, because the local feed mills that I represent are wholly involved in grinding and preparing grain as prepared feeds for the local feeders in their area; and that is their business. Whereas a board agent usually has elevators and is interested in storage and is interested in the inter-provincial and export trade.

We really represent a specialized business on a small scale, wholly involved with feeders; and feeders simply cannot pay today the higher prices that would be involved if they were board agents.

Mr. BRUNSDEN: Is there any coordination between the two groups? Do you have any common consultation together, or have you an affiliation of any kind?

Mr. NEWMAN: No, we have no affiliation, sir.

Mr. MCINTOSH: Mr. Chairman, do you want me to go right through with all my questions, or just—

The VICE-CHAIRMAN: I would prefer that, if you have a series of questions pertaining to one particular subject, you will complete that one, and then we can go on.

Mr. MCINTOSH: It will take me some time to gather these together. Perhaps somebody else had better go on.

Mr. HORNER (*Acadia*): I notice that on the first page you start off with an item, clause 3, and you say:

> Up to now, during the period that they have no agreement with the board, none has been forced to observe quotas.

Do you, then, anticipate stricter enforcement of this quota legislation, and is that your main worry, more or less?

Mr. NEWMAN: Yes; it is the change in attitude that has been made very clear to us this year.

Mr. HORNER (*Acadia*): Just this year?

Mr. NEWMAN: That is right.

Mr. HORNER (*Acadia*): Since the court cases, shall I say?

Mr. NEWMAN: That is right. And I might state, if I may, that the court decision—the matter has never been dealt with by the Supreme Court on its merits. That is, it has hitherto been regarded as beyond the jurisdiction of the parliament of Canada to deal with the trade wholly within the province, such as we are dealing with here. But the Supreme Court did refuse to grant leave to appeal, and their leave was necessary. They never heard the case on its merits. But following the disposition of that, the board has made it very clear to us that they intend to see this matter through, and that is why we are asking to be relieved in a legislative way from this problem.

Mr. HORNER (*Acadia*): Then you would agree with the statement made by the president of the Alberta wheat pool, that 3.5 million bushels purchased, according to the dominion bureau of statistics figures, have been purchased illegally, according to the wheat board's new interpretation, or considered interpretation of the regulations?

Mr. NEWMAN: We will agree that it is in contravention of the rule. But we still say it is unconstitutional. It is in definite contravention of their requirements.

Mr. HORNER (*Acadia*): How do you maintain that it is unconstitutional?

Mr. NEWMAN: Because we still say that the governing of a trade wholly within the province, such as we are involved in, is a matter for the provinces in which—

Mr. HORNER (*Acadia*): And not for the wheat board?

Mr. NEWMAN: Which is a federal board; that is right. I go back to the old Bennett legislation respecting the natural products marketing cases, and so forth, where that was dealt with.

But I am not stressing that legal aspect here, because it can all be cleared up if you amend section 45 of the act, and the schedule.

Mr. HORNER (*Acadia*): Do all feed mills who have arguments with the wheat board operate outside the province?

Mr. NEWMAN: I will put it this way: I cannot visualize any elevator that was wholly engaged in the business that my clients are engaged in having an agreement with the board.

Mr. HORNER (*Acadia*): But apparently, according to the wheat board's figures, there are 122 feed mills operating in the three provinces. No, the figure is 180; and some 58 of them have agreements with the wheat board.

Mr. NEWMAN: Yes; but they would also be involved in inter-provincial and export trade.

Mr. HORNER (*Acadia*): But is that solely their business?

Mr. NEWMAN: I do not know of any. Do you gentlemen know of any feed mills, not engaged also in inter-provincial and export trade, that have agreements with the board?

Mr. A. REMPEL (*President, Manitoba and rural feed mills associations*): They could have both.

Mr. NEWMAN: None of these men knows of any, Mr. Horner, who are solely involved in the feed mill business and who have an agreement with the board.

Mr. HORNER (*Acadia*): On page 26 you stated that the board has not insisted on feed mills that have no agreement with it being harassed with quota restrictions. Can you give us any reason why the wheat board has now considered that they should enforce these regulations as you have stated they will?

Mr. NEWMAN: I cannot speak for them.

Mr. HORNER (*Acadia*): They have not explained at this time why they think that now, after 25 years, they should start to enforce the regulations.

Mr. NEWMAN: No explanation has been given to us.

Mr. BRUNSDEN: Have you any views as to why, speaking personally?

Mr. NEWMAN: Yes, I have; I believe that the board agents are complaining bitterly to the wheat board that the wheat board should accommodate them by going after the feed mills. But that is just my personal belief.

Mr. BRUNSDEN: Regardless of the infinitesimal share of the total of the crop that is involved?

Mr. NEWMAN: That is right, or the importance to the feeders involved, sir.

Mr. HORNER (*Acadia*): I have a further question.

Mr. NASSERDEN: I wonder if we could have a list of the members of your organization in both provinces?

Mr. NEWMAN: Yes, we could provide it, but I do not have one available. Would you like me to forward it?

Mr. NASSERDEN: Yes, I know that I would be interested in it.

Mr. NEWMAN: We would be pleased to send it to your secretary.

The VICE-CHAIRMAN: Would you want to have it attached to today's minutes?

Mr. NASSERDEN: It might be a good idea to have it put in.

The VICE-CHAIRMAN: Oh, I am informed by the clerk that it is impossible for today's minutes, because it would take a few days in order to get it.

Mr. SOUTHAM: I would be interested to know what feed mills from Saskatchewan are supporting this brief, here.

Mr. NEWMAN: I only know about the Alberta and Manitoba groups. I do not know the views of those in Saskatchewan.

Mr. BRUNSDEN: Well, I think you have the best of them.

Mr. MCINTOSH: I asked the representative of the Alberta pool a question in regard to a statement in his brief about the percentage of grain which appeared in the feed. I understand there is more than that—or it was his impression that there was a very small percentage of the feed manufactured which consisted of grain. Would you agree?

Mr. NEWMAN: I would refer you to pages 20 and 21 where, for instance, in starter feed for chickens the wheat comprises 65 per cent of the formula, and for finisher feed the wheat comprises 75 per cent of the formula. And somewhere else I say that in order to raise a hog you take 600 pounds of grain, and 60 pounds of supplement.

But in fairness to Mr. Harrold, I think he was thinking of the supplement itself which was furnished by the packing plant, and which contains proteins and so on.

Mr. MCINTOSH: My next question is in regard to a statement on the first page where you say that the producer can sell directly to the feeder without any regard to quotas, or the producer can barter his grain to an implement dealer or furniture dealer, and that tradesman complete a three-cornered deal by selling to a feeder without any regard to quotas or board prices either.

Is that taken from the act, that word "barter"? Can he not sell directly to the furniture dealer or to the implement dealer? Can they not pay him in cash?

Mr. NEWMAN: Oh yes, they can sell or barter.

Mr. MCINTOSH: In other words, you would say that the furniture dealer and the implement dealer and the feeder are a privileged class?

Mr. NEWMAN: You might call them a normal class; but the feed mill operator is an under-privileged class.

Mr. MCINTOSH: Why do you make the designation?

Mr. NEWMAN: As far as I can work it out, the wheat board wanted some device by which they could exercise control. They knew they could not deal with the price; but they used the device of declaring a feed mill to be for the general advantage of Canada. That is to say, they thought they could control traffic by putting up a road block on the main highway; but in this case you get a detour all around it, and the result is that it works a discrimination against the feed miller.

Mr. MCINTOSH: May the feed miller, under the present regulations, ship his feed over interprovincial boundaries?

Mr. NEWMAN: No, they do not do it, nor do they wish to do so. That is, those feed mills which have an agreement with the board may do so, but if they do not have an agreement with the board, they may not do so.

Mr. BRUNSDEN: Is there any evidence that the local feed mill operating without an agreement is exporting outside the province? I am thinking of such a place as Lloydminster, which is right on the border and presumably the grain there would be mixed up, some of it from Alberta, and some from Saskatchewan. It should be a unique case. Are there any examples of places removed from the border which are shipping over the border of the province in which the product is grown?

Mr. NEWMAN: I cannot say that; but as an association we are opposed to it. We respect the authority of the Canadian wheat board over interprovincial transactions, and we are not asking that it be voided.

The members of our organization actually support the wheat board 100 per cent in connection with its interprovincial trade; but we feel that if they interfere with purely intraprovincial operations, it will work a hardship for the miller. We appreciate the situation with respect to Alberta and Saskatchewan suppliers, and we recognize that it creates a constitutional difficulty; but we are opposed to any attempt to weaken interprovincial control, even though we believe it would work a personal hardship in these cases.

Mr. MCINTOSH: May an individual start up his own feed mill, provided he grows all his own grain, and sell it in the province wherever he wishes, without any restrictions?

Mr. NEWMAN: No, that is the attitude that the board is now taking, that he cannot do so. He can grow his own grain and operate a feed mill for himself. But the minute he sells that feed, the board takes the attitude that he is bound by quota regulations.

Mr. MCINTOSH: What control does the wheat board have over these feeds?

Mr. NEWMAN: They say in the regulations that any operator of a feed mill who is involved in commercial trading cannot exceed more than the quota. He must enter the grain in the permit books. He can only take grain from the producers. This applies to every operator of a feed mill.

Mr. MCINTOSH: If he uses his own feed mill, they cannot stop him using his own grain?

Mr. NEWMAN: That is right; but he is subject to a quota, and should he attempt to sell it to outside men, they say he is bound.

Mr. MCINTOSH: Under what section of the act is that covered?

Mr. NEWMAN: It is section 16 of the Canadian Wheat Board Act.

Mr. MCINTOSH: On page 2—I suppose this was in answer to Mr. Smallwood —I was very interested in the statement where it says that the farmers who supplied him with this grain were threatened. In what way were they threatened?

Mr. NEWMAN: It is standard procedure that the solicitor of the wheat board writes a letter and tells them they will be prosecuted if they continue to do so. The practice is that they first go after the feed mill. They say they are looking for information as to whom he buys from. And when they get that information as to whom he buys from, they write to those people saying that they will be prosecuted if they continue to deal with him.

Mr. FANE: They say that they will be prosecuted?

Mr. NEWMAN: That is right.

Mr. MCINTOSH: On page 4 where you speak about a person going into a restaurant and having to supply his own bacon and eggs, you say: "What useful purpose could it serve, and that is the question that feed mill operators are asking about the interference of the wheat board".

I was wondering if you could bring out more definitely, for the record, this interference about which you are talking, that the wheat board is trying to impose on the millers.

Mr. NEWMAN: Well, the feed board, in their order No. 7, which they said was supposed to take care of the feed mill operation, said that a farmer or feeder could bring his own grain in and have it mixed, as long as it came back in its identical shape—he could put it into the mill, wait, and then get it back; and that was all right. Also, a feeder could buy from another farmer and, if he wanted to, the feeder could go out to the producer, and get the oats and barley he wanted, bring it to the mill, and wait until it

is prepared, and take it away again. But, they have the privilege of going and getting the grain, coming to the feed mill operator, and exchanging it for prepared feed. So, I said that this is a clumsy way of operating, because it is more efficient for the feed mill operator to go around the country and get the grain himself. He knows where to get it, and he can bring it in at less; and when the feeder comes in his prepared feed is ready for him. I said it is comparable to our going into a restaurant. We order a meal, and it is given to us. How inconvenient it would be, if we were forbidden to buy it, and had to go out to the producer, obtain the egg, or whatever it is, and bring it back to the cook, in order to have their meal prepared for them.

Mr. BRUNSDEN: Sometimes you would get a decent meal that way.

Mr. MCINTOSH: If what you say is correct—that all the feed mills will close down and will not be able to operate; from where would the feeders supply of food come? Is there any feed coming from outside the prairie provinces? If so, was the grain used in that feed originally under the jurisdiction of the wheat board—or has such a thing happened to it?

Mr. NEWMAN: I think, probably, the incident of Mr. Holt gives you the answer. When he was forbidden to operate, he told his customers he could not get it for them, and they had to get it for themselves. In doing that, it is still cheaper than buying from the board agents, who have to buy it at the board selling prices and not the initial price, which is 12 or 13 cents a bushel less. And, if you look at the narrow margin between profit and loss, you will understand that they cannot pay it.

Mr. MCINTOSH: Supposing feed was brought in from Ontario and sold to the prairie feeder; has the board any jurisdiction over the price of what that feed will be?

Mr. NEWMAN: Definitely. The board has complete control over all interprovincial shipments of grain.

Mr. MCINTOSH: But I am speaking of feed.

Mr. NEWMAN: Of feed, also.

Mr. MCINTOSH: Even if it were prepared?

Mr. REGNIER: Is Ontario grain subject to wheat board control?

Mr. NEWMAN: No. In Ontario, the feed mill operators can buy from the producers in Ontario. Incidentally, the grain produced in Ontario is over 200 million bushels. We sometimes do not realize how much grain is raised in Ontario. But, if they import it from the designated areas of western Canada, then it is governed by the wheat board regulations.

Mr. FORBES: Supposing it was reversed, what then?

Mr. NEWMAN: You cannot work either way. You cannot bring import grain in the western provinces; that is, wheat, oats and barley. Now, you can bring all the corn you like from the United States past our boundaries; and they are doing it. But the Canadian Wheat Board Act only applies here to wheat, oats and barley.

Mr. MCINTOSH: On page 17, where you referred to the question that was asked about the amount of corn imported from the states, where he said 6 million, and you say you have information from the dominion bureau of statistics that it is 12 million; have you that in letter form, or was it just telephoned? Have you an authority for that?

Mr. NEWMAN: Well, I went over to the D.B.S. to get it. Although I have not got it in a letter form, I do not doubt for a minute but what I can get it, because it was not only confirmed but reaffirmed to me.

Mr. MCINTOSH: That it is 12 million bushels?

Mr. NEWMAN: That is right—and notwithstanding that I informed him that Mr. Milner had stated otherwise.

Mr. NASSERDEN: It is stated at page 5 of the brief:

> Both feed millers in these two provinces are prepared to pay board prices for any feeds imported from outside their respective provinces.

What does that mean?

Mr. NEWMAN: If the Manitoba feed miller gets wheat from Saskatchewan —or, oats and barley, he will acknowledge that it is an interprovincial transaction, that it comes squarely under the jurisdiction of the wheat board, and will comply with all wheat board regulations. Likewise, if a feed miller in Alberta gets grain from Saskatchewan, he will recognize it as under board regulations, and comply with it fully.

Mr. NASSERDEN: Does that mean that you would expect to have the privilege of buying for less in the provinces?

Mr. NEWMAN: Buying without restrictions, such as they do in Ontario. That is, where it has been used for feeders, in the same province.

Mr. NASSERDEN: Do you not think that would be giving the local feeder an advantage over the feeder in another province?

Mr. NEWMAN: We are advocating that every feeder, within his province, has that right. For instance, we want the feeder in Saskatchewan to have the right to buy all the grain he wants produced in Saskatchewan, as long as he feeds it in Saskatchewan.

Mr. NASSERDEN: Well, he has that right today.

Mr. NEWMAN: No. I should say that the Saskatchewan feed miller has not the right to buy the grain he wants.

Mr. NASSERDEN: But a feeder has?

Mr. NEWMAN: Yes, but I stand corrected.

Mr. MCINTOSH: Do the feed mills you represent ship across interprovincial borders?

Mr. NEWMAN: No, not at all.

Mr. HORNER (*Acadia*): I am wondering what the opinion of your association is, with regard to the provincial law. This came out in the other two committee hearings. Do you think the provincial law in Alberta, Saskatchewan —and I understand Manitoba has a similar one—should be enforced?

Mr. NEWMAN: I would say the reason they are not being enforced today acknowledges a good reason for not enforcing them. I do not think they are applicable to present-day conditions at all. I think before Manitoba would try to enforce their present act, it would be radically revised; and it is my opinion they would provide for protection for people selling grain to feeders for feeding operations in Manitoba. As I pointed out in this brief, actual livestock production in Manitoba and Alberta exceeds, in providing cash income, that of the production of wheat, oats and barley.

Mr. HORNER (*Acadia*): I have another question along that same line. You stated that you represent 85 feed mills. Could you give the committee an estimate as to the number of customers with which these feed mills do business—or, would this be too complicated?

Mr. NEWMAN: Well, I have not those figures, but if you would like to have them, we can ask for them.

Mr. HORNER (*Acadia*): The point I am trying to get at is an estimate as to the number of people concerned with these feed mill purchases.

Mr. NEWMAN: I could not give you that information now.

Mr. HORNER (*Acadia*): I have another question, and it is in regard to quotas, I asked Mr. McNamara if he had had any complaints from the feed mills with regard to not having enough quota allocations or quota room for purchases. I realize now that if the regulation has not been enforced up until this time, the feed mills would have had little room to complain. Do you think if this were enforced the feed mills would run out of grain, under the present method of quota regulations?

Mr. NEWMAN: There would be very great trouble. Mr. McNamara's mail man would break his back.

Mr. HORNER (*Acadia*): What do you mean by that?

Mr. NEWMAN: The complaints that will go flooding into his office will be something he will not welcome.

Mr. HORNER (*Acadia*): You anticipate a flood of complaints with regard to quota allocations to feed mills?

Mr. NEWMAN: From the feeders themselves.

Mr. MCINTOSH: A supplementary question to that one, Mr. Chairman. In view of the conditions that exist, say in Saskatchewan at the present time,—I do not know whether it is the same in Manitoba—where in the southern part they are on a two-bushel quota and in the northern part they are on a six-bushel quota, would your mills be able to operate from the close of the last grain year to the present time on the two-bushel quota in your area?

Mr. NEWMAN: In the areas I know about, they cannot operate within even six bushels per acre. You have what they call feed deficiency areas—where there is not enough feed with any quotas. A lot depends how heavy the feeding is in the particular area involved.

Mr. MCINTOSH: You brought up a point I wondered about. I was wondering what the answer was—or have you had an answer from the wheat board as to what would happen in cases like that, if you did not have sufficient grain on the quotas to meet your requirements for feed?

Mr. NEWMAN: Mr. McNamara really stressed that in his evidence.

Mr. MCINTOSH: He said he would open the quota, but that would not work.

Mr. NEWMAN: They will not take into consideration the needs of feed mills in such quotas, but only the needs of the board agent.

Mr. MCINTOSH: What would happen to your requirements for feed if you were restricted in your quota?

Mr. NEWMAN: They would be completely starved. I was surprised when Mr. McNamara stated they had only regard to space in elevators and ignored the feed mills. But that would produce an impossible position if the feed mills had to stay within the quota in those areas.

Mr. MCINTOSH: You have a record of when the quotas were opened in one of the wheat board reports. Would you care to give an example where your mill would have to close down for a certain period, till the quotas were open?

Mr. NEWMAN: Yes, definitely. In that case are you referring, Mr. McIntosh, to the range between them?

Mr. MCINTOSH: Yes.

Mr. NEWMAN: That continues throughout the year. For instance, as of July 31, 1959, there were still seven areas with four bushels, 51 with four, 38 with six, 54 with seven and 102 with eight bushels—on July 31.

Mr. MCINTOSH: Regardless of the price you have to pay for it, and under the system as told to us by Mr. McNamara the other day, your mills could not operate any way?

Mr. NEWMAN: Yes.

Mr. ERIC GREENHALGH (*Secretary-Treasurer Alberta Rural Association*): In Lethbridge recently there was an order for so much feed, but he was short of oats. He went to the elevator, to get the oats, but there was no oats in the elevators, or in any elevator in the area. There was no oats, and it had all been shipped out.

Mr. FORBES: Was that for local use?

Mr. GREENHALGH: Yes.

Mr. MCINTOSH: That could happen in your case?

Mr. GREENHALGH: It could be all over the country. They ship it out east, and the local consumption is not considered at all.

Mr. NASSERDEN: Is there not some way in which you bring to the attention of the wheat board your likely needs?

Mr. NEWMAN: Mr. McNamara stated the policy of the wheat board, who concern themselves only with the requirements of their board agents, exclusively.

Mr. NASSERDEN: That could be changed?

Mr. NEWMAN: We prefer the change that is being asked for.

Mr. NASSERDEN: If it was changed in such a way that they take into consideration your quota requirements, it could be done in a way that would not worry anybody as to what might happen to the price?

Mr. MCINTOSH: Who is going to get that additional quota, which farmers?

Mr. HORNER (*Acadia*): They would all get it.

Mr. NASSERDEN: They all share it and take into consideration just space.

Mr. NEWMAN: Perhaps I could deal with that. The local feed mill is not subject to price anyway. If he could get all the grain his customers needed there would be no trouble; but they do not. I am going to suggest, too, the wheat board have no intention of letting him have it. Their whole objective is to shackle feed mills so they cannot operate satisfactorily and they try, by hindering and crippling feed mills, to make it easier for people to pay more to the board agent.

Mr. KINDT: He could get all he wanted by paying wheat board prices?

Mr. NEWMAN: Only up to the quota permitted. Mr. McIntosh stated that. If you had a place where there was only a two-bushel quota, that is all that can be delivered there by the farmers in that area. No matter how much you want to pay, it would not be available in that particular area.

Mr. NASSERDEN: Unless they took space into consideration.

Mr. HORNER (*Acadia*): They have not any space; it is a demand.

Mr. NASSERDEN: That is the same as space.

Mr. HORNER (*Acadia*): Basically, space is all they are concerned with.

Mr. NASSERDEN: There is a point here, that it could be changed. They could change the regulations, to take care of the situation, without endangering the other thing.

Mr. MCINTOSH: If the wheat board does not enforce this, is there any loophole in the present law, by which you could get around it indirectly? Supposing, as I said, I was a furniture dealer and I took wheat in, in exchange for furniture. I could give you that wheat in return for your supplying me with so many cattle. Is there any restriction prohibiting that?

Mr. NEWMAN: No. Actually, I frankly question the board's being able to enforce a regulation which is regarded as stupid and unwarranted.

Mr. MCINTOSH: But in the event they did that?

Mr. NEWMAN: I believe there are ways around it.

Mr. MCINTOSH: In other words, they would be making so-called criminals out of legitimate businessmen and farmers at the present time?

Mr. NEWMAN: Yes.

Mr. MCINTOSH: There are ways around it?

Mr. NEWMAN: Yes, precisely.

Mr. SMALLWOOD: This question is along the same line. If you were a feed mill operator, I think you could go out and buy yourself ten acres of land and become a feeder. Then you could go and buy grain to put through your own feed mill.

Mr. NEWMAN: Possibly, as a feeder, you might be engaged in a trade which you could not do as a feed mill operator.

Mr. SMALLWOOD: That is not a good thing?

Mr. NEWMAN: No.

Mr. BRUNSDEN: We have a couple of cases where machine agents have accepted grain in part-payment for machinery, and they are rapidly becoming the biggest firms in the area. They put the grain out on a share—half basis, or some other basis, and they do not work on the farm, but work with their heads and get away with it.

Mr. NEWMAN: The ugly thing about that is that when the farmer comes in with his grain he might be able to make a better arrangement if he had the cash instead of the grain.

Mr. BRUNSDEN: There is no question about that.

Mr. NEWMAN: If you permit the feed mills to operate that way, the farmer has the cash and he can go along with cash to the T.V. store or farm implement store and get his necessary purchases.

Mr. HORNER (*Acadia*): On page 12 you referred to Hedlin's feed service, Lacombe, Alberta. There you refer to such a price. In this comparison are you suggesting that there is a difference between the board's selling price and the board's final closing price; and that, perhaps, the feed companies would be in between these two?

Mr. NEWMAN: There is there definitely a difference between the board's selling and the board's final closing price. That is the realized price for farmers, because the board's expenses have to come out of the selling price.

Mr. HORNER (*Acadia*): In this particular issue it appears that Hedlin's feed service is above the board's final closing price for oats, but may be below the board's selling price, at which the farmer or the feed mill purchasing from the board would have to buy that.

Mr. NEWMAN: That is right.

Mr. HORNER (*Acadia*): In other words, the feed mills are not willing to pay board handling charges and miscellaneous expenses incurred in the difference between selling and closing?

Mr. NEWMAN: Well, in this case here the grain that a feed mill operator uses is not stored. There is no money borrowed on which to pay interest. It really is as much outside its general operation as any other feed mill.

The other big thing is that the feeders cannot absorb the extra cost. If they could it would be a different thing; but the feeders simply cannot afford that market price.

Mr. HORNER (*Acadia*): What is done with screenings? In my area there are a lot of screenings fed. A good many farmers take their grain to an elevator to be cleaned and if the screenings are not picked up within a couple

of days or so it is the elevator agent's property and he sells it to whoever wants to buy it. In your opinion is this legal within the board's regulations?

Mr. NEWMAN: I understand that screenings do not come under the wheat board regulations. I have been told that; I have not looked into it.

Mr. HORNER (*Acadia*): When the wheat board buys this grain—it is not actually buying it; it is performing a service—it takes the screenings which could make up a great part of the wheat and sells these screenings at whatever price they want back to the farmers. I know some farmers who have contracted for all these screenings from various elevators at a price, and they take all the screenings they can get. It appears that this would tie into the question of feed. It may be a matter which I should take up with the wheat board.

Mr. NASSERDEN: In respect of the quota business, do you not think if the wheat board did take into consideration the needs of the feed mills that you could operate quite satisfactorily.

Mr. NEWMAN: I think that is an academic question. The best thing the board can do for us, I think, is to leave us alone, the way they have for the last 25 years. If you asked the board, which is really charged with dealing with huge quantities of grain, to worry about how many bushels should go into a particular place it is just asking for a cumbersome involvement which is not needed. The fed pullers can handle that themselves.

I would suggest that, so long as the grain is used for feeding cattle, there is a limit on it. The board has been dealing with this thing for 25 years and you have never heard anyone saying that it has been threatened because of the operation. Why should they worry about it now? What is the need to do something they have not done for 25 years?

Mr. NASSERDEN: You have asked me a question.

Mr. NEWMAN: I apologize. I should not have done that.

Mr. NASSERDEN: I am willing to answer the question. I think the reason they are worried at the moment is that this might be the thin edge of the wedge which might destroy the whole quota position, which is somehing the farmers in western Canada are interested in keeping.

The VICE-CHAIRMAN: Do you have a question?

Mr. NASSERDEN: He asked me a question and that is my answer.

Mr. FORBES: Have you had any representations from the farmers to get you to use your influence to have the board relax the restrictions?

Mr. NEWMAN: Up until now it has not been necessary, because the restrictions have not been enforced. However, if they are enforced I do not doubt for a moment that the farmers involved in feeding will be very much concerned.

Mr. FORBES: You have to take the point of view of the grain producer into consideration also. Has he indicated to you a willingness to take a lower price in order to be able to sell his grain to the feed mills?

Mr. NEWMAN: The fact that they have been selling it, I would suggest, would indicate the answer. As a matter of fact the advertisements which have appeared in the papers offering grain to any buyer would indicate that.

Mr. FORBES: I think they are in great minority. I think there is the odd one who has a surplus over the quota.

Mr. NEWMAN: The fact that what we buy is over and above the board's prices would indicate the farmer wants a good price for his grain, and is getting it.

Mr. NASSERDEN: In view of your other statement, it would indicate at the present time the feed mills are buying some grain under quota.

Mr. NEWMAN: No. I had no intention of giving that impression.

Mr. NASSERDEN: But they are buying some under quota today.

Mr. NEWMAN: Very definitely. When there is no grain available, for instance at Steinbach, where there is no No. 3 or less, they have to get higher wheat or buy American corn.

Mr. NASSERDEN: If the farmers are anxious to sell grain below quota prices, and you give them the opportunity, it means farmers generally will get less on the amount which will be purchased and used because the feed mills naturally will buy where they can get it cheapest.

Mr. NEWMAN: I think you have been misinformed. The quota has not been enforced for some years. You will see from the figures that they are given better than the initial price.

Mr. MCINTOSH: I have a supplemenary question. In respect of this paragraph about wheat, oats or barley storage, it is shown as 5½ cents per bushel per year for wheat.

Mr. NEWMAN: That is right.

Mr. MCINTOSH: And 6⅔ cents per bushel per year for oats.

Mr. NEWMAN: Yes.

Mr. MCINTOSH: It would not take very long to eat up a lot of the bushels in storage, in answer to Mr. Nasserden's question.

Mr. NASSERDEN: I did not hear what you said.

Mr. MCINTOSH: The storage charges alone for a year are terrific. If a farmer builds his storage he might want to get rid of some of that which may have been there for several years.

Mr. NASSERDEN: I recognize that.

Mr. MCINTOSH: He may not wish to build a granary which is rather expensive.

Mr. HORNER (*Acadia*): If the wheat board enforces the regulations this summer and in coming years, that would restrict only the feed mills to quota prices and not to wheat board prices.

Mr. NEWMAN: That is correct.

Mr. HORNER (*Acadia*): So you could still, if you wanted, take all the wheat which was available at lower prices, even with the wheat board restrictions. You could still purchase it at these lower prices.

Mr. NEWMAN: Yes; but I think their belief is that if they cut us down to a quantity on which we cannot operate we will be forced to buy at board prices in order to make up the difference.

Mr. HORNER (*Acadia*): Even if you had to pay wheat board prices it still would not allow you to stay in business. You would not get any more feed grain.

Mr. NEWMAN: That is right. The quotas are not high enough.

Mr. HORNER (*Acadia*): The quotas not being high enough is your greatest fear. I have another question. The dominion bureau of statistics estimated that the amount purchased by feed mills last year was 3.5 million and that it is going to go up to something like 7 million in a year. Would this clash with your thinking? This is just an estimate.

Mr. NEWMAN: Having regard to the growth in feeding I think it will go up.

Mr. HORNER (*Acadia*): It would be doubled?

Mr. NEWMAN: It will be limited still by the amount of livestock produced.

Mr. HORNER (*Acadia*): In wheat board figures it is estimated that 140 million bushels are used as feed grains in Canada. They estimate that last

year there was a disappearance of 180 million bushels and 40 million odd may be for human consumption; the rest is livestock feed. I cannot see why they tie the 3.5 million bushels in with that.

Mr. NEWMAN: I am afraid I cannot assist you in that, Mr. Horner.

Mr. HORNER (*Acadia*): Would you assume that the rest of that is fed by the farmer himself?

Mr. NEWMAN: Very likely.

Mr. HORNER (*Acadia*): That would be where most of it goes?

Mr. NEWMAN: That is probably the case.

Mr. HORNER (*Acadia*): Or in farmer to farmer transactions?

Mr. NEWMAN: That is right.

Mr. HORNER (*Acadia*): In fact, this would be a small amount in comparison with that large amount?

Mr. NEWMAN: Yes.

Mr. MCINTOSH: Have you any figures as to the percentage of feed used by the small feeder as compared with the large rancher in the prairie provinces?

Mr. NEWMAN: No, I have not.

Mr. MCINTOSH: I have heard the figure, I think, that somewhat over 80 per cent is produced by the small, mixed farmer for the beef produced on the prairies. Have you any idea if that is correct?

Mr. NEWMAN: As a matter of fact, I tried to get that figure, and I could not get it. I have been informed, but I wanted to verified it, that the small producer raises the bulk of production, particularly in turkeys. I could not get it confirmed by the department here.

Mr. MCINTOSH: You tried the dominion bureau of statistics, did you?

Mr. NEWMAN: Yes, I tried the dominion bureau of statistics, but they did not have that breakdown.

Mr. BRUNSDEN: In the operation of your feed mills, is there any peak period of production?

What I have in mind is a year when grades are low, elevators are full, granary space exhausted and you have piles of grain on the land.

Mr. REMPEL: I think it has been on the increase for a number of years now.

Mr. BRUNSDEN: In other words, your fall milling, or early winter milling—

Mr. REMPEL: It is a year-round business in poultry and hogs today.

Mr. BRUNSDEN: It is spread pretty well across the 12 months?

Mr. REMPEL: It is very steady.

Mr. SOUTHAM: Would I be correct in assuming, after listening to this discussion, that these feed mills' transactions carried on within the boundaries of the province consist of actually three groups; the producers of feed grain themselves, the feeders, and the feed mills; and they all want to carry on with the conditions that have existed for the last number of years? Or would the producers of feed grain stand to benefit if they were able to sell directly to the wheat board? Are they in favour of this?

Mr. NEWMAN: That is a broad question. You have heard the wheat board and the Alberta wheat pool both take the position, on behalf of the producers, opposing it. But certainly the grain producers who sell to the feed mills are happy to do so, and it is a matter of choice on their part.

Mr. SOUTHAM: That is the primary question: you have the three groups represented in this question?

Mr. NEWMAN: Yes. The persons who sell to the feed mills are quite happy to do so, and the feeders are quite happy to buy. It is simply the most efficient way of carrying on the three-way transaction between producer, feed mill and feeder.

Mr. FORBES: On page 6 of your brief you say this:

> For the first five years of the wheat boards' operation there were no quotas.

I see that; but if there were no quotas at the present time, would your mills be able to operate satisfactorily?

Mr. NEWMAN: One hundred per cent, Mr. Forbes.

The VICE-CHAIRMAN: Are there any further questions, gentlemen?

Mr. HORNER (*Acadia*): I have one here. I have lost it for the time being. What was the exact—

The VICE-CHAIRMAN: Mr. Henderson, I wonder if you would remain? We just have a bare quorum.

Mr. HENDERSON: I was going to phone, but he can wait.

Mr. HORNER (*Acadia*): What was the exact effect of this importation of 12 million bushels of corn? Do you think that if quota regulations were left alone by the wheat board you would be better able to compete with this corn, this threat of further corn importation?

It seems, with all the grain surplus in Canada, really to the detriment of Canada to have this imported.

Mr. REMPEL: I would say it would definitely increase the import of corn.

Mr. HORNER (*Acadia*): If this quota—

Mr. REMPEL: If the quota regulation remains.

Mr. HORNER (*Acadia*): Is enforced?

Mr. REMPEL: Is enforced, I should say.

Mr. HORNER (*Acadia*): And you feel that the feed mills would be better able to compete with United States' corn if they were allowed to operate as they have in the past?

Mr. NEWMAN: I think if more feed millers knew about it, they would be buying more corn today, because right now the price per bushel in the United States of United States' corn is $1.07. There is a very modest tariff, and it is simply a matter of trucking and handling. It is better grade than No. 3 wheat, or less.

Mr. HORNER (*Acadia*): How does it compare with barley? I thought barley and corn were about on a par.

Mr. J. J. RIEDIGER (*Vice-President, Manitoba rural custom feed mills association*): Corn has got more energy than barley.

An hon. MEMBER: What is the tariff on corn imports?

Mr. REMPEL: Eight cents a bushel.

Mr. NEWMAN: If you compare this, for instance. This corn I talked about was laid down in Steinbach at $1.30 a bushel, including duty, in American funds. At the same time the selling price of No. 6 wheat was $1.45 and a fraction at Fort William. That is No. 6 wheat.

Mr. THOMAS: Have you any figures to indicate to what parts of Canada this corn is imported?

Mr. NEWMAN: No, I was unable to get that information. And that is the over-all figure for the whole of Canada today. But I think the largest part is to Ontario, at the present time.

Mr. HORNER (*Acadia*): What percentage of that corn, 12 million bushels, would go into livestock feed? I assume that quite a bit of it would probably be used in cornstarch, and perhaps human consumption too?

Mr. NEWMAN: And rye whiskey too, Mr. Horner!

Mr. HORNER (*Acadia*): Yes. What percentage of it would be livestock feed?

Mr. NEWMAN: They have not got those figures at the dominion bureau of statistics.

Mr. HORNER (*Acadia*): They have not?

Mr. NEWMAN: I asked for them.

Mr. HORNER (*Acadia*): Would you care to estimate it?

Mr. NEWMAN: I did ask them, and they could not give them to me.

Mr. NASSERDEN: The $1.35 you mentioned was at Steinbach, was it not?

Mr. NEWMAN: $1.30 at Steinbach—American funds.

Mr. NASSERDEN: Yes.

Mr. NEWMAN: That was the laid down price; and that was delivered to a feed mill.

Mr. HORNER (*Acadia*): This is my last question, Mr. Chairman. I think Mr. Newman has made it plain that he believes there will be a considerable number of complaints registered if the wheat board enforces these regulations.

I think that if there are a number of complaints made, as members of parliament we will no doubt hear a number of these complaints. I wondered if Mr. Newman could, perhaps not today, but at a further meeting table an estimate as to the number of customers his group of feed mills would do business with in a year? I, as a member of parliament—and I think other members—would be interested in this figure, because we are supposed to legislate for the majority, and I think it would be valuable if we had a rough estimate of the number of customers your two associations do business with in a year, Mr. Newman.

Mr. FORBES: Would you care to add to that, the number of bushels that they produce, and then we will be able to divide it between the unlicensed and the licensed.

Mr. NEWMAN: If we could plead the Evidence Act for the supply of bushels, we will do that. But we will be pleased to circulate our members and get that information, Mr. Horner.

Mr. BRUNSDEN: Jack talks about legislating for the majority. I think if we are going to do that we should just kiss you good-bye and wish you a nice trip home. It seems to me that we are here to examine the case of the minority.

Mr. HORNER (*Acadia*): Yes, perhaps that is right.

Mr. FANE: I would like to ask Mr. Newman if he is talking only about something under four million bushels that the feed mills are supposed to have used last year, let us say, or if this proposed restriction were stopped, would they be using more, or less, or what?

Mr. NEWMAN: It is the opinion of our people that there would be no great change except the steady increase which has gone on over the years, because the quota has not been enforced, and we are dealing with that situation today. We represent the little men, as I pointed out to Mr. Brunsden. Big feeders can get along without regard to the quota at all times; they are not affected by the quota. The man who is affected is the little feeder.

Mr. FANE: And the small mill.

Mr. NEWMAN: The small mill and the small feeder.

Mr. FANE: A man lives next door to me in Vegreville, and he operates one of those small mills. He does not want to buy through the wheat board because the price is greater. But he does have space for storage. He could be one of the wheat board agents very well, but he feels, as you do, that it would raise the price too much to his people who are going to use that grain.

You feel, then, that it would increase the amount of grain that was used throughout the years if they were allowed to do that without any restrictions?

Mr. NEWMAN: Yes, because there has been a steady increase to date, not of an abrupt kind, but a steady increase over the years which most likely will continue, and it will continue with the growth of the livestock production industry itself.

Mr. MCINTOSH: There is also a transition going on in the agricultural industry of the prairies; and where we are producing a surplus of grain now, we are not yet producing a surplus of beef.

Naturally producers will go into the product which they can dispose of. Perhaps the wheat board was looking toward the future, when there would be a tremendous jump in this demand, through the small feed mills, for grain; they want to have hold of it.

But on the other hand we all represent agricultural areas and we must do everything we can to assist this transition which we realize is necessary now.

Mr. NEWMAN: Actually the beef is exported to the United States, by means of which we are bringing American dollars into Canada.

Mr. MCINTOSH: I referred to Mr. Horner's statement when he said that we must legislate for the greatest number of people. Well, if you take all the grain growers into consideration, it is going to benefit them, and I think we could have a case for a great number.

The VICE-CHAIRMAN: Do you wish to withdraw that statement before you get into difficulty, Mr. Horner?

Mr. HORNER (*Acadia*): I used it in order to show that some importance would be attached to the number of people who are making use of the feed service. I am not saying that that would be the only reason that a person should legislate one way or another.

The VICE-CHAIRMAN: Have you a question, Mr. Thomas?

Mr. THOMAS: I withdraw my question.

Mr. SMALLWOOD: These present regulations are put in force in the fall, when the quota opens up for one bushel. Naturally the farmer is going to sell a bushel of wheat in preference to a bushel of oats or a bushel of barley in order to get more money. And when the quota opens up to two bushels, he will do the same thing. Therefore what are you people going to do with your oats and barley?

Mr. NEWMAN: That is why we do not want it to continue under the quota.

Mr. SMALLWOOD: And going a little further, if you could buy coarse grain outside the quota, then the farmer could sell you, let us say, 500 bushels of oats, and he would get further income thereby in the fall.

Mr. NEWMAN: The farmer might suffer illness in his family through accident, or he might suffer a loss by fire which was not adequately covered by insurance, or he might have a heavy demand for cash, and the only way he can get it now is by going to the feed miller, or these other people who are selling things.

Mr. FORBES: No, he can still get a farm advance.

Mr. NEWMAN: Only on feed, but not on oats and barley.

Mr. SMALLWOOD: He could get a cash advance on farm storage of wheat, oats or barley.

Mr. NEWMAN: I was going to suggest that if we could prevent him from going to the government for a handout, he would sell what he has on his farm, and it would be better.

Mr. FANE: It is not a handout, because he has to pay it back.

Mr. NASSERDEN: What effect does the price which the feed mill pays for the grain have on the finished product?

Mr. NEWMAN: It has a direct bearing, because the feed mill passes on any saving he gets in buying grain from the feeder—because the feeder can buy grain for himself and he can mill it and do it himself; and he will do so, unless he can have it done more cheaply for him by the chap who is in that special business.

Mr. NASSERDEN: What percentage of the final price of the finished product from the feed mill is represented by the grain which goes into it?

Mr. NEWMAN: Actually, I gave the figures in the brief at pages 12 and 13, and compared the two. You have detailed figures there which would answer your question. You will note on page 13 that if he buys No. 1 feed oats from the miller, it costs the feeder 67 cents, and if he buys them from the board, it costs him 85 cents a bushel.

Mr. NASSERDEN: I saw those figures, but what I was getting at was this: if the quota is open, I will buy your grain, or the feed mill will buy its grain, and then sell its product to the people who come to buy it. What relationship has the price that they pay for 100 pounds of grain to 100 pounds of feed that a person would purchase from the mill? Have you any figures along that line?

Mr. NEWMAN: There is a set charge. For instance, for grinding and rolling, it is 2 cents a bushel; and if you add supplements, it depends on what the supplements are. They are added in at the price they are worth. You have a variety of supplements at different prices; and that would be true because a supplement is the same, and the grinding and mixing too, irrespective of where the grain is produced; and the difference is the cost of the grain; and that difference is passed on to the feeder.

Mr. NASSERDEN: Perhaps I am a little mixed up about it; but does the mill sell feed under a brand name?

Mr. NEWMAN: Oh yes, some do.

Mr. NASSERDEN: That is what I am getting at. I am trying to arrive at the price for which they sell their product, and what they pay for their product, so that we can see how important price and other things might be in this set-up.

Mr. NEWMAN: At page 20, we show that with a starter food, the particular formula consists of 65 per cent wheat, but irrespective of the formula the saving in grain price is sent on to the feeder.

You also find the same thing at page 19. There is a growing mash formula consisting of 1,200 parts of wheat, 200 parts of oats and 200 parts of barley. The cost, as shown, is $420.25, purchased from the producer, and a price of $483.79 when purchased from the board agent.

Mr. NASSERDEN: In pursuing this particular situation here, I would point out that the gentleman mentioned that he produced the grain, in the first place; and exception has been taken to the difference between the price that he would have obtained at the elevator and the price that the board would have charged. If that is the argument that is being used, that is an outright effort to circumvent the regulations of the wheat board, in so far as quota is concerned, and the initial pricing.

Mr. NEWMAN: Our point is that everybody can circumvent the quota. What we are asking is that instead of making it clumsy and inefficient, let the feed mill do the business he is equipped to do.

In this case, as far as the feeder is concerned, the difference between the feed mill buying grain from the producer and where the grain is bought from the board agent, in most cases, is a profit of $145.96, with no allowance for labour, and in the case of buying further from Board Agent a net loss of $24.87, with no allowance for labour. He could not carry on unless he bought through the feed mill, and anyway, he got a small return.

Mr. NASSERDEN: Well, it might be possible to make some allowance for that type of argument on this particular thing, but at the same time, when you take a look at the situation of why the Canadian wheat board was set up, and what is necessary to maintain it, then that question arises. That is why I still cannot see why these feed mills would not be satisfied if the wheat board took into consideration their needs in regard to grain.

Mr. NEWMAN: Well, they did for 25 years, by leaving them alone.

Mr. NASSERDEN: Supposing now they make it legal?

Mr. NEWMAN: That is what we are asking you to do, by making the amendment.

Mr. SMALLWOOD: Along the line of Mr. Nasserden's question, I would just like to draw attention to Mr. Hedlin's price at Lacombe, where he paid 55 cents for his grain, and charged two cents for handling. This is reasonable. There was another three cents and, I presume, he would charge for any mineral which he mixed with that grain.

Mr. David HEDLIN (*President, Alberta R.C.F.M. rural custom feed mills*): That would be additional amount, depending on what they are. The charge for supplements would be the same, irrespective from whom the grain was purchased in the first instance.

Mr. SMALLWOOD: Definitely, yes.

Mr. FORBES: But there would be a difference in the price of the supplement, dependent on the ingredients. You could change these figures around a great deal.

Mr. NASSERDEN: The only difference is the fact that the producer, or the feeder, has the control of the grain in one case, and in the other case you are asking that the feed mill have control of it.

Mr. NEWMAN: No. We really are asking that the little feeder be given the right to carry on business, as well as the big feeder, by using the feed mill to help him.

Mr. NASSERDEN: These figures would not apply to the little feeder.

Mr. NEWMAN: Oh, definitely. This is predominantly for the little feeders.

Mr. SMALLWOOD: Am I correct in this respect, Mr. Hedlin? If a farmer came in to you and wanted 100 bushels of oats, and if you paid 55 cents, you would charge him 57 cents?

Mr. HEDLIN: Yes.

Mr. SMALLWOOD: And you would charge him three cents for grinding?

Mr. HEDLIN: Yes.

Mr. SMALLWOOD: And whatever you want to pay for that, you charge him?

Mr. HEDLIN: Yes, I charge him the going price. The supplements are entirely apart from the grain.

Mr. NASSERDEN: It seems a reasonable operation, in that respect.

Mr. HORNER (*Acadia*): My question concerns clause 45. You are seeking a recommendation from this committee that an amendment be made to clause

45 of the Canadian Wheat Board Act. As it now stands, is this the clause under which the wheat board prosecutes?

Mr. NEWMAN: No; but that is the clause which brings the feed mill within the act. Clause 45 declares: all feed mills that work for the general advantage of Canada. All works which are declared for the general advantage of Canada are defined as an elevator, and section 16 applies to elevators. So, by the process of adding one thing on to another, they convert a feed mill into an elevator.

Mr. HORNER (*Acadia*): It has been suggested that if a feed mill operated a feed lot, it probably could get around the wheat board regulations. I fail to see how they could, because they would still have to enter the grain purchases, and comply with the quota system. Is that not correct?

Some hon. MEMBERS: No, no, no.

Mr. MCINTOSH: A man operating a feed lot can buy as much as he wants any place within the province.

Mr. HORNER (*Acadia*): He can buy as much as he wants, but when he turns around to sell it, does he not have to put it through his feed mill?

Mr. NEWMAN: If the feed mill were to sell it, that would be wrong—but if he could get it custom ground by the feed mill.

Mr. HORNER (*Acadia*): That would be the escape clause, which most feed mills would use?

Mr. NEWMAN: I cannot say.

Mr. THOMAS: If a man started a feed lot and ground feed for his own livestock, but then turned around and sold some of that feed, would he immediately become a miller?

Mr. NEWMAN: Not necessarily, if he does not operate a mill. He could have it custom ground by another person. Frankly, that is a subject into which I would prefer not to enter.

Mr. KINDT: Mr. Newman, you will recall—and I think you are old enough to recall—when we had the open grain exchange on wheat, and before the wheat board act was passed, one of the motives which motivated farmers to bring in Aaron Sapiro and work toward the establishment of wheat pooling systems and, later, the development of a wheat board, was that what went on at that time meant that the farmer had no bargaining power. He was preyed upon by buyers, and the producer, in effect, had to take what he could get, he had no bargaining power. The farmer is in that same position today. If we were to change this act and allow the mills to go out and buy this feed at 20 cents a bushel or so cheaper, would you not be bringing yourself into the same position as the open grain exchange was prior to the establishment of the Wheat Board Act?

Mr. NEWMAN: I will suggest this, that in the first place, in the beginning, the first five years of the wheat board, there were no quotas at all. For the full 25 years the Wheat Board Act has been in force they have never required local feed mills without an agreement with the board to comply with quotas. So this is not an erosion of the old policy of the wheat board, but a new intervention of the board which it hitherto has not engaged upon. We suggest this is not to protect the principle of the wheat board operation at all.

All the members we represent are strong supporters of the wheat board, and they say its proper job is the control of interprovincial and export trade. That is what it says in the act. When they try to intervene in this small feed mill operation, they are embarking on something which will cause them discredit, which they should not do, and they will do no good and will injure the livestock feeding industry. We just ask them to carry on with the policy they have had from the very beginning.

Mr. McINTOSH: In other words, the problem only arose when quotas were established?

Mr. NEWMAN: When they were introduced in 1940, they never bothered—

Mr. McINTOSH: But your problem did not come up. If there was a market for all our grain—which there has been at times since the wheat board has been in operation—you may have to compete and pay higher prices than the wheat board were offering?

Mr. NEWMAN: Yes.

Mr. McINTOSH: The quotas have upset your system of doing business?

Mr. NEWMAN: Yes.

Mr. McINTOSH: Price does not actually enter into it?

Mr. NEWMAN: It never did.

Mr. KINDT: Mr. Newman says price does not enter into it. Is that exactly true? From the point of view of the feeder, you can get your feed 20 cents cheaper. He could go out and buy directly from the producer, and that is what you want. In a nut shell, is that not it?

Mr. McINTOSH: No.

Mr. NEWMAN: The wheat board has always recognized the fact that they cannot control the price in a provincial transaction. They never have, and they cannot. They accept that. But they do control the price in interprovincial and export transactions.

When I state that price is not the problem, I am merely quoting what Mr. McNamara said, that they are not concerned with price but only with quota. So, for the first time in 25 years, you are concerned with quota, so far as the local feed miller is concerned.

Mr. KINDT: Would you be sure Mr. McNamara said they cannot control the price through the quota system, either directly or indirectly within a province?

Mr. NEWMAN: In his evidence before the committee he acknowledged they cannot control the price, and they do not seek to do so.

Mr. KINDT: They are doing it by a quota system?

Mr. NEWMAN: They are trying to do indirectly what they cannot do directly. But all they are doing is crippling the feeding operations which, I would respectfully submit, are important to Canada as a whole.

Mr. GUNDLOCK: Mr. Chairman, I would like to digress a moment and go back to that feed lot operation.

I think, in all fairness to the feed mill operators, we should establish the fact, as I understand it, that a feed mill operator cannot qualify as a feeder or producer. I think it should be pointed out to the committee that for a producer to buy grain from another producer, as a feeder, you must establish yourself as a farmer, is that not correct—or a grain producer? I do not think we should shy away from that, in all fairness to feed mill operators.

Mr. NEWMAN: Anybody can buy feed from a farmer, whether another feeder, a producer or an implement dealer.

Mr. BRUNSDEN: Or a furniture manufacturer!

Mr. McINTOSH: I do not manufacture furniture.

Mr. GUNDLOCK: There has been a lot said about feed mill operators getting around it because they operate a feed lot. I think they are not guilty of that. Due to certain regulations to define feed mill operators, they cannot be guilty of that, and I do not think they should be so branded.

Mr. NEWMAN: At the present time we are asking for the act to be changed to prevent the board from doing something they have never done before, and that is, to impose quotas on the feed mill. But I do suggest this, that because

the people involved think the action is wrong—they are convinced it is morally wrong for the board to do this, that it is not good, even for Canada as a whole—you will find a resistance to it, as you saw displayed in certain aspects of prohibition. You are going to induce the attitude that it is not good in western Canada, among feed mills and little feeders.

Mr. GUNDLOCK: For the moment, all I am trying to say is that there is a lot of criticism directed towards the feed mill operator by the fact they are branded with the operation of going around through the back door, through a feed lot. I think, in all fairnes to everyone concerned, we should clear that up. Actually, I do not think that it is posible for them to operate in exactly that manner: they must have either a subsidiary company or a farm.

Mr. MCINTOSH: I will sell them the furniture business!

Mr. HORNER (*Acadia*): I think the main concern of a lot of members here is the question of, In what position will the producer be better off? I understand that feed mills are competing a certain amount with furniture dealers and machinery dealers. Do you think the producers would be in a better bargaining position if the feed mills were allowed to continue to operate as they have been in the past, in order to compete with these machinery dealers and furniture dealers?

Mr. NEWMAN: I would suggest, Mr. Horner, that to allow the feed mills to carry on as they are now would be better for the producer, because you give him a legitimate place to bring his grain to at an established price, and you give him a good feed in return if he wants to buy it. The general trend has been that the price has been going up all the time, and the implement dealer and other people are getting out of the business.

The CHAIRMAN: Gentlemen, we would like to close off at 5.30. Do you wish to continue on tonight, or would you prefer to finish asking your questions now?

Mr. BRUNSDEN: I think we have all asked all the questions we want to ask. I wonder if Mr. Newman would care to sum up, for about five minutes, with respect to the questions we have asked him and with respect to the basic case he is making for his own association.

Mr. SOUTHAM: I would like to second that. On behalf of the committee here I would like to thank Mr. Newman and the feed mills he represents for the very good, intelligent and comprehensive brief. We have had a good discussion and I think we understand their problem pretty well.

The VICE-CHAIRMAN: Mr. Newman, would you care to sum up your position.

Mr. NEWMAN: Our primary point is that for the last 25 years the local feed mill, without an agreement with the board, has been perfectly free to carry on its general operation of buying feed grain from the producers in the province, convert it into feed, and sell feed to the producers to raise livestock in the same province. Its prices are equal to or better than the initial price paid by the board.

The big feeders can buy without regard to quotas, can have their own feed mill, and can get along very well, have been getting along well and will continue to do so, no matter what the wheat board does. The problem is in respect of the small feeder who simply finds it is inefficient and expensive for him to get his own grain, get it ground up, and then use it for his feed purposes. He can, however, continue to do it, but he will be caused a lot of trouble in doing it. The only difference is this, that the little feeder, instead of going out and getting the feed, has the feed mill operator do it for him; and when he goes into the feed mill he makes one trip and gets the prepared feed he requires at the place closest to his establishment. That is actually the

only essential difference. For that reason we say that the attempt by the wheat board to enforce quotas against the feed mill will not prevent this being done, but it will injure the feed mill operator in a business which I think is useful for Canada.

That basically is our proposition and we ask that the act be amended to prevent the wheat board changing the practice which it has followed in fact for the last 25 years. We ask that the wheat board leave alone the custom feed mill operator who has no argument with it.

The VICE-CHAIRMAN: I wish to thank the members of the committee for cooperating in respect of the questioning this afternoon. Also I wish to thank Mr. Newman and his associates for the very comprehensive brief they have presented.

Gentlemen, on Friday, May 13, we will have a brief from the interprovincial farm union council and on Monday, May 16, the feed manufacturers association of Manitoba, Saskatchewan and Alberta. I also wish to say that we have had correspondence from the western livestock growers association which wishes to appear before this committee. Tentative arrangements are made for them to appear here on May 27.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

FRIDAY, MAY 13, 1960

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WITNESS:

Mr. A. P. Gleave, President, *Saskatchewan Farmers Union* representing Interprovincial Farm Union Council.

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23081-3—1

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

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

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Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Cadieu,
Campbell (*Lambton-Kent*),
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Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, May 13, 1960.
(7)

The Standing Committee on Agriculture and Colonization met at 9.38 a.m. with the Vice-Chairman, Mr. Jorgenson, presiding.

Members present: Messrs. Argue, Badanai, Belzile, Boivin, Boulanger, Brunsden, Campbell (*Lambton-Kent*), Cooper, Danforth, Doucett, Dubois, Fane, Forbes, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Knowles, Letourneau, McIntosh, Milligan, Pascoe, Rapp, Regnier, Rompre, Smallwood, Smith (*Lincoln*), Southam and Villeneuve.—(29)

In attendance: Mr. A. P. Gleave, President, Saskatchewan Farmers Union representing Interprovincial Farm Union Council.

Mr. Gleave presented a brief on the delivery of grain by producers to feed mills.

The Committee questioned Mr. Gleave on his brief.

Mr. Gleave was thanked by the Committee for his appearance.

The Committee adjourned until Monday, May 16th at 9.30 a.m.

Clyde Lyons,
Clerk of Committee.

23081-3—1½

EVIDENCE

FRIDAY, May 13, 1960.
9.30 a.m.

The VICE-CHAIRMAN: Gentlemen, we have a quorum.

This morning we will hear a representation from the interprovincial farm union council. The farm union council is composed of organizations in the three prairie provinces, British Columbia and Ontario. This organization is being represented this morning by Mr. Alf Gleave, the chairman of that council.

Mr. Gleave, will you proceed with your brief please. Following your presentation the meeting will be opened to questions.

Mr. A. P. GLEAVE (*Chairman, Interprovincial Farm Union Council*): Mr. Chairman and gentlemen.

The interprovincial farm union council welcomes this opportunity of appearing before the standing committee on agriculture and colonization to express our views on the question placed before you for study, namely: "... to examine and inquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act and to report to the house observations and proposals thereon."

At the commencement of this submission, we wish to outline briefly what the farm unions consider to be the primary purpose of the Canadian wheat board.

It is, first and foremost, an instrument of the western grain farmer. We presume the government of the day set it up as a crown corporation because it realize that in order to carry out its function effectively it would require a wide delegation of powers from federal and provincial governments. In the years of its operation it has enjoyed the nearly unanimous support of prairie grain producers. They consider the Canadian wheat board so important in their economy that not only do they wish to preserve present operations of the board but have repeatedly asked that the board expand its operations to include the marketing of flax and rye.

Its purpose has been, simply and clearly, to obtain for the grain producer, through orderly marketing, the best price that could be obtained on the export market and to maintain internally a price directly related to the export price, always subject to government policies.

The objective of the feed mill operators was set out by spokesmen for the feed manufacturers' trade section of the Winipeg chamber of commerce in a submission to the Bracken inquiry into the distribution of railway boxcars, in Winnipeg on June 16, 1958. In it they resquested that suppliers of grain to them be exempted from quota and price regulations of the Canadian wheat board and that they be able to purchase their supplies in an open market. They stated that, "The three provincial divisions of the Canadian manufacturing association who submit this presentation now firmly request that existing regulations, whether statutory or administrative, be amended so as to permit feed manufacturers or processors of feed grain to purchase feed grains directly from producers free of quota restrictions and at prevailing prices on the basis of supply and demand for processing and resale within the provinces in which the grain is grown."

When questioned on the manner in which they would decide on the price to be paid for grain which they proposed to purchase direct from producers, we were only able to get an answer that they wished to purchase at "competitive" prices. The only conclusion we could come to was that these people desired to create a situation which would exploit conditions of surplus grain supplies, and have producers competing with one another for sales at any price.

We submit that this is not a desirable circumstance. This committee is aware that farmers of western Canada, rather than asking a lower price for their grain, have been seeking to persuade government to give them a higher price. We have, in fact, requested that the price for wheat going into domestic consumption in Canada should be higher than that for export. It seems entirely illogical, therefore, that feed mills should purchase grain cheaper than we sell it to our export customers.

Nor can the effect of such a policy on the existing quota system of the Canadian wheat board be ignored.

The quota system, or to put it in other words, the acceptance of grain from individual producers in limited amounts from time to time, became a necessity as export markets became limited and grain became surplus within the producing area. It has as its objective the equal distribution among producers of the market that is available. This is, in essence, the same as the pricing inherent in the Canadian wheat board—e.g., that each producer shall receive an equal price for an equal grade or quality of grain. Admittedly it is difficult for the Canadian wheat board or any other agency in the face of our present circumstances of surplus, to effectively administer complete equality as to quantity delivered by individual farmers. However, in our opinion, equality of deliveries as between delivery points should be a definite objective of the Canadian wheat board.

We do not believe that any purpose would be served by relaxing Canadian wheat board quota regulations. Rather it should be the purpose of the Canadian wheat board to enforce present quota regulations.

We regard any relaxation of Canadian wheat board regulations as a threat to the whole system of orderly marketing. One can well envisage the confusion that would exist at the present time if there was no quota system and the Canadian wheat board was merely an export agency which took possession and sold the wheat as the elevator companies gathered it and sent it forward. Some farmers, in an advantageous position, would probably sell their entire crop. Others, in a less advantageous position, might very well sell little, if any. Confusion would reign supreme.

It would be an impossible situation of feed mills within the Canadian wheat board's designated area were to be allowed to buy their supplies of grain at what they describe as "competitive" prices while at the same time Canadian wheat board asking prices were enforced in areas in those parts of Canada outside the designated area. If mills in the designated area were to have the privilege of establishing their own price levels, pressure for a similar prerogative would undoubtedly arise from feeders and processors outside the area. If this happened, it would not only destroy the price structure for food grain in western Canada, but would also break down the price in other parts of the country.

At the present time, if and as Canadian wheat board prices are maintained evenly across Canada, and with the freight assistance that is given to feeders in eastern and western Canada, it is possible to maintain a balance in the feeding of livestock as to areas. Since no special price advantage is given to any area, our feeding operations tend to be set up without undue advantage to the feeder in any specific area.

We think, Mr. Chairman, that there is no alternative other than to enforce Canadian wheat board quota regulations as efficiently and as fairly as possible. We therefore submit:

(1) That all feed mills be licensed as agents of the Canadian wheat board.

(2) That the present provisions be continued whereby a farmer may take his own grain to the mill and have it processed for feed as permitted at present by the Canadian wheat board.

(3) That farmers continue to have the privilege of making farm-to-farm sales as they have at present.

(4) That the Canadian wheat board be recognized outside of these provisions as the sole selling agent for wheat, oats and barley, whether outside or inside the designated area and that they be urged to adopt all measures for accelerating an aggressive promotional and sales policy throughout the world.

(5) That the Canadian wheat board take the necessary steps to police the designated area and that those individuals and corporations who are presently trading wheat, oats and barley and acting as middlemen, be prosecuted.

And finally we recommend that:

(6) The powers of the Canadian wheat board be broadened to include the marketing of flax and rye.

In conclusion we would say that the choice presently before farmers and the Canadian wheat board system is to observe and uphold present regulations or face chaos within the industry.

And I so submit, Mr. Chairman.

The VICE-CHAIRMAN: Thank you, Mr. Gleave. Now, gentlemen, I want to remind you again that we shall attempt to proceed with the questioning in an orderly manner. Anyone who has a line of questioning to pursue should be permitted to pursue it until concluded; but if there are any supplementary questions along that same line which you have, just ask me, and I will recognize you.

Mr. ARGUE: I have a couple of short questions. I wonder if Mr. Gleave would tell us whether there is any demand for changes that we have been requested to consider? Is there any demand from farmers or from farm organizations along the type of request that has been made by the feed mills?

Mr. GLEAVE: No, we have not had any request from any of our locals. We have not had any resolutions asking that the present procedure be changed; and our conventions have consistently gone on record as endorsing the wheat board method of selling grain without reserve.

Mr. ARGUE: Are you aware of any other organization, such as the federation of agriculture or the UGG, or any others that might take the opposite view? Or are the farmers united in asking that the wheat board regulations as we now have them be maintained for the future?

Mr. GLEAVE: In so far as I know, yes.

Mr. ARGUE: Your recommendation is that the wheat board regulations be enforced. You agree with the farm forums as well when you ask that the wheat board regulations, as far as trading in wheat, oats, and barley is concerned, should be enforced, and that the Canadian wheat board should take the necessary steps to police the designated area and that those individuals and corporations who are presently trading wheat, oats and barley and acting as middlemen, be prosecuted? Is that what you have in mind?

Mr. GLEAVE: I have in mind that they check very carefully those cases where middlemen are accepting wheat in exchange for goods and so on, to see that this grain does not find its way to other producers outside of the permit books.

Mr. ARGUE: Would you object to one farmer trading his wheat to an implement dealer, or to a television dealer, provided the dealer sold that grain back to another farmer for feeding? In other words, a farm to farm deal locally?

Mr. GLEAVE: No.

Mr. ARGUE: What would you say about the sale by an implement dealer to another dealer or to a farmer outside of the quota book?

Mr. GLEAVE: I do not think it is desirable, but I think it will have to be allowed to be carried on.

Mr. ARGUE: In other words, if the implement dealer sold it to a farmer who really needed the grain with which to feed his livestock, you would have no particular objection?

Mr. GLEAVE: I think that is right, yes.

Mr. HORNER (*Acadia*): Have any of the feed mills which have agreements with the Canadian wheat board that have been brought to your notice, protested against this being done by unlicensed feed mills?

Mr. GLEAVE: The only stand they have taken—oh, I suggest that this question be put to the UGG when they appear before you.

Mr. ARGUE: They more than likely will.

Mr. GLEAVE: As I understand their position it is this; their position is that they are quite prepared to abide by the regulations and to buy their supplies from the wheat board, provided the other mills do likewise, that is, if it is enforced right across the board.

Mr. HORNER (*Acadia*): The licensed feed mills can ship across the border, but the unlicensed ones cannot do so. Those who have an agreement with the wheat board, may do so, but those who have no agreement with the wheat board cannot ship across the border. What do you say as to the proposition that all feed mills should have an agreement with the wheat board.

Mr. GLEAVE: Yes, that is what we say here.

Mr. HORNER (*Acadia*): When Mr. Harrold was here representing the feed mills I asked him if he did not think they would have to build larger annexes in order to make their operations economic. And he said that it would make their operations better economically if they did have large annexes in order to collect the storage. Would you go along with that line of thought?

Mr. GLEAVE: It is their business as to how they operate. I do not know enough personally about feed mill operations to venture an opinion as to whether it would be better or not for them to develop large storage facilities or not. I dare say that it would.

Mr. HORNER (*Acadia*): The whole question revolves around the quota. That is what the wheat board wants. They want to have a complete quota system.

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): If the feed mills have no storage, their capacity or demand for feed would not be considered when the quotas are established. So they would pretty well have to build large annexes in order to provide for themselves adequate storage, in order to have any bearing on the quota allotment. This all leads up to the question of whether or not there is enough storage in western Canada at the present time.

Mr. GLEAVE: You are asking me that?

Mr. HORNER (*Acadia*): Is this your opinion? This whole question revolves around the question of storage to a great extent. I ask you if you think there is enough storage for western grain at the present time?

Mr. GLEAVE: That depends on whether you want to take all that is there, or if you want to handle only what you are handling now. There is enough storage if you continue to handle only what you are handling now.

But to get back to the feed mills—

Mr. HORNER (*Acadia*): This whole question is one of quotas and storage. The wheat board is going to tramp down on them. They will serve notice after a couple of lawsuits that they are going to tramp down on the feed mills. I suggest that the feed mills should build large annexes to have the storage capacity. Is that what you want to have in western Canada, more storage capacity, or do we already have enough storage?

Mr. GLEAVE: It depends on where you happen to be. If you are a farmer at an individual point, and you cannot get your grain in, then you will be saying there is not enough storage. But if you have an elevator company which is making a profit on their handlings, they will say there is too much storage. So it is an open question.

We have asked as an organization in previous briefs to the government to build additional public storage so that more grain can be moved forward. But if you have more grain in storage, there will be more storage charges to be paid, and the farmer is the one who pays the bill under our present wheat board system.

Mr. HORNER (*Acadia*): Your brief deals with prices. But you will understand that the wheat board cannot enforce prices. They can enforce quotas, and that is what they are going to attempt to do; but they are not going to attempt to enforce prices. That suggests that all this revolves around quotas and storage.

I am going to quote from page 12 of the brief of the rural custom feed mills association of Alberta and the rural custom feed mills association of Manitoba, where it says that at Hedlin's feed service at Lacombe, Alberta, they pay 55 cents for oats, and that there is a charge of two cents for processing; and they sell it for $60 a ton; whereas the farmer, when he sells his grain to the wheat board in that particular area, would only receive after final payment, 49.7 cents; so there is a difference there of a little over five cents by which the farmer would better himself by selling to this particular feed mill.

Mr. GLEAVE: That particular mill has been paying 55 cents when the wheat board price was 49.7?

Mr. HORNER (*Acadia*): When the final price to the farmer was 49.7, the wheat board was paying 55 cents to the producer or the farmer. But even then, if the feed mill wanted to buy some oats from the wheat board, it would have to pay 69½ cents.

So what the feed mill is doing here is this: they are offering more than the farmers final realized price, and offering less than the wheat board's asking price. So it appears that what they are doing is this: that when they have no room for storage, they are taking the difference, that is the amount that is charged up for handling and storage by the wheat board operations and cutting it right in the middle, and going right between the asking price of the wheat board and the final payment to the farmer.

Actually the producer in this case would better himself from three to five cents a bushel, so I do not think it is a question of whether the prices are going to reduce what the farmer sells in the way of wheat to the feed mills, should they get into the storage business.

Mr. GLEAVE: They are in the same position that I am in as a farmer. As a farmer I know what the wheat board pays for grain, and I can make my own guess as to what the quota will be this year. I can plant as much wheat as I like, but I know that if I plant too much wheat, I will have to build storage, and I know what it will cost me to build that storage; so I make my decision according to the known circumstances which exist in relation to my farm.

But the feed mill is not exactly in the same position. However they can assess what their customers will buy and what they will pay for it. They can make their individual decisions as to whether it is a good idea or not to build storage and to buy supplies of grain.

Mr. HORNER (*Acadia*): If they have to comply with wheat board quotas, do you suggest that this proves that they might want all to become licensed agents?

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): If they did become licensed agents, then they would have to comply with wheat board prices.

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): And they would have—instead of 55 cents that the producer would have for his oats—they will have to pay 69½ cents.

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): Does this not seem like forced injustice with respect to feed mill operators?

Mr. GLEAVE: No, I do not think so.

Mr. HORNER (*Acadia*): You do not think it would bother the producer who is buying at better than that?

Mr. GLEAVE: No.

Mr. HORNER (*Acadia*): But if he has to pay 14½ or even 9½ cents more for his feed, no, more than that, he would have to pay pretty nearly 12 cents?

Mr. GLEAVE: He does not have to pay it.

Mr. HORNER (*Acadia*): You mean he does not have to buy it?

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): Well, that is true.

Mr. GLEAVE: He has other sources.

Mr. HORNER (*Acadia*): Do you want to put these feed mills out of business? Is that your suggestion?

Mr. GLEAVE: No, I do not want to put the feed mills out of business, nor do I want to put them in business. I am not interested in feed mills. I am interested in farmers.

Mr. HORNER (*Acadia*): And so am I.

Mr. GLEAVE: The feed mill operator could, under those circumstances, operate, and he will operate, because there are mills which are presently operating owned by people who are presently licensed by the wheat board, and they are presently operating.

Mr. HORNER (*Acadia*): They are operating outside the province to quite an extent; they are operating across the boundary.

Mr. GLEAVE: These people are operating inside the boundary.

Mr. HORNER (*Acadia*): This is to quite an extent a different thing, because they have to compete with people operating inside, such as the farmer who is selling to a machine dealer for example, whereas those operating outside the boundary do not have to compete with this farmer-machine dealer business, and they are operating in a different sphere altogether.

Mr. McINTOSH: I have several questions.

The VICE-CHAIRMAN: Mr. Régnier.

Mr. RÉGNIER: Mr. Gleave, do you think that the licensing of feed mills would have the net result of making feed more expensive to feeders, and less profitable to raise beef in the west ?

Mr. GLEAVE: I do not see why, because again, looking at the farmers, because we are interested in them, since they are the people who are our members—I do not see why it would.

At the present time the farmer can take his feed to the mill and have it processed if he wishes. He can produce his own grain at whatever cost he wishes to do it; moreover, he may purchase it from anyone within the designated area for feeding. So I do not see why it would raise the price of feed to the farmer.

Mr. McINTOSH: Mr. Gleave made a statement that he is interested in farmers. I am sure he would go a step further and say that he is interested in markets for farm produce.

The feed mills have said that they cannot operate if quota restrictions are enforced. One elevator concern mentioned that they would import corn from the United States. They said there were 12 million bushels of corn brought into Canada in the last year.

I also take it from this brief that you are in favour of giving more control to the wheat board. But I believe that perhaps you and I differ a little bit on this. If you say that more control should be inflicted on the farmer, then I am opposed to it. At the present time we realize that the farmer is told when to deliver his wheat or his produce; he is also told what he can get for it; and he is also told how much he can deliver.

Since the problem is one of surplus at the present time, I wonder if Mr. Gleave would go a step further and say whether he thinks the farmer should be told how much he can grow.

Mr. GLEAVE: No, Mr. Chairman. In fact we are not asking that more control be given to the wheat board, because the wheat board presently has all the powers necessary to do exactly what we are asking them to do in this brief.

Mr. McINTOSH: But they are not being enforced. That is what you mean?

Mr. GLEAVE: That is right. So it is not correct to say that more control be given to the wheat board. We are merely saying that they should carry out the present regulations. You asked me if more controls should be inflicted on the farmer. No, I do not think we are asking that more controls should be inflicted on the farmer. I do not think the farmer regards this control as being inflicted on him. I say that because the farmer comes to every convention and asks that the wheat board method be continued; and more than that, he asks that flax and rye, in addition to the present grain, be included in that market.

Mr. RAPP: And also rape.

Mr. GLEAVE: That is right; so that is the attitude of the farmer.

Now, in regard to your question Mr. McIntosh, I think you asked also if we were in favour of the market being restricted.

Mr. McINTOSH: Yes.

Mr. GLEAVE: No, as a matter of fact in any representations that we have made to the government we have asked that the trade policy be such that the markets be extended. In this brief we say that the wheat board carry on overseas in places where export markets are, and that they carry on a method of promotion and active salesmanship because this is the real solution to the present grain problem. It is to sell grain.

Mr. HORNER (*Acadia*): What has that got to do with feed mills?

Mr. GLEAVE: Mr. McIntosh asked me a question and I was merely answering it.

Mr. MCINTOSH: Yes, I think it does have something to do with feed mills. I said that I took it from your statement that you are not satisfied with the marketing done by the wheat board, or with what they are doing at the present time. Or are you satisfied with it?

Mr. GLEAVE: It is difficult for a person in my position as president of a farmers union, and a member of the interprovincial farm union council to answer; it is difficult, first, actually to assess the real efficiency of the selling that is done by the wheat board; that is to say, it would be difficult for me to say here that they are doing a good job or a poor job.

But what we do say is that they should make larger efforts than they are making. I am thinking, for instance, of some U.S. agricultural organizations which are carrying out very extensive promotional programs in Europe; and the Australians are contemplating similar action in Asia.

Mr. HORNER (*Acadia*): Are you not getting away from this fundamental question?

Mr. MCINTOSH: No, I think it is related to feed mills.

Mr. GLEAVE: I think that our wheat board as a selling agency should do the selling. I think they should be more aggressive in the markets of the world, and I think, as government policy, through the Department of Trade and Commerce, they should be supported in such action.

Mr. MCINTOSH: The feed mills have said that if this regulation were put in force they would be more or less compelled to purchase corn imported from the United States. They made such a statement to us the other day. Now, if that is the case, would that have the effect of reducing the farmer's market?

Mr. GLEAVE: Well, if their statement is true, yes.

Mr. MCINTOSH: Would you doubt their statement?

Mr. GLEAVE: Yes, I doubt it.

Mr. MCINTOSH: On what grounds?

Mr. GLEAVE: For instance, Canadian import duties on United States corn at the present time are eight cents a bushel; they would have to pay a duty of eight cents a bushel to bring it in; and in addition there is the transportation cost. And if this were so, I think that those mills which are presently licensed by the Canadian wheat board—if they could have brought in American corn and processed it this year—I think they would have done so.

Mr. ARGUE: Would it not be in competition with corn coming in from the prairies?

Mr. MCINTOSH: Oh, you were not at that meeting, Mr. Argue.

Mr. ARGUE: No. Do you know what quantity would be coming in?

Mr. MCINTOSH: No, they could not get the figures.

Mr. GLEAVE: We checked on it, and some of it was for brewing and commercial sales.

Mr. MCINTOSH: Yes, we were told that.

The VICE-CHAIRMAN: You are still proceeding, Mr. McIntosh.

Mr. MCINTOSH: Yes. You made some reference in here about the asking price, if the Canadian wheat board asking prices were enforced in areas in those parts of Canada outside the designated area. The asking price of the Canadian wheat board varies from time to time on the world market, does it not?

Mr. GLEAVE: Yes.

Mr. MCINTOSH: There has been some criticism in the past that this asking price is not flexible enough, and therefore we have lost markets. Would the same thing apply about the asking price to these feed mills? Would you think it would be flexible enough?

Mr. GLEAVE: Well, in the first place, I am not convinced that the asking price of the Canadian wheat board has lost us markets. This is a matter of judgment, as you very well know.

You have the buyer over here, and you may figure how strong or how weak the market is. You have to try to hold your prices against the pressure, and you release it as you find it necessary.

You were asking me, I take it, if the price is too inflexible in regard to feed mills.

Mr. MCINTOSH: That is right.

Mr. GLEAVE: The same thing would apply; their asking price to the feed mills is always the same as their asking price to exporters.

Mr. MCINTOSH: Do you think that the price which the producer has been getting has been diminishing in relation to the cost price squeeze?

Mr. GLEAVE: Yes.

Mr. MCINTOSH: There has been that problem. Now, has your organization any suggestion as to the cost of operations of the wheat board over the last ten years? Have they gone up or gone down?

Mr. GLEAVE: Well, I have the wheat board report in my brief case. I think their actual cost of operation has remained pretty constant.

Mr. MCINTOSH: You think their actual cost of operation has remained pretty constant?

Mr. GLEAVE: I think so.

Mr. MCINTOSH: And you mentioned your membership. There is a difference of opinion as to your membership, particularly in Saskatchewan; and I was informed that you advised one of the members of this committee that your membership there was around 12,000; but in an article in the newspaper which I am reading from you said you had 25,000 members. Which is the correct figure?

Mr. GLEAVE: Actually both of them.

Mr. MCINTOSH: Thank you.

Mr. GLEAVE: May I elaborate on the last answer, Mr. Chairman. Our membership at present is somewhere around 13,000 units. But actually—this is farms. When we take a membership on a farm, a card is issued to the wife; she becomes a member; and any sons or daughters involved in the farm operation who are over 18 also become members. So actually, in terms of total membership, the figure we stated was probably correct—was correct, in both cases. That is the answer, Mr. Chairman.

Mr. MCINTOSH: In other words, you just have 13,000 paid-up members?

Mr. GLEAVE: No, that is not correct.

Mr. HORNER (*Acadia*): Units?

Mr. GLEAVE: Units.

Mr. DOUCETT: 13,000 units, and 25 000 people; is that right?

Mr. GLEAVE: That is right.

Mr. BRUNSDEN: The spirit of this presentation you have made—and I am not going to be specific in quoting part of it—is that if we do not stop the feed mills from buying grain, outside of wheat board regulations the Canadian Wheat Board is going to lose control.

Mr. GLEAVE: I disagree with you on this interpretation; but it is all right with me, if you want to make it.

Mr. BRUNSDEN: That is my interpretation of your document.

Mr. GLEAVE: That is quite all right with me.

Mr. BRUNSDEN: May I ask this question: In all seriousness, do you think three million or four million bushels, out of a total crop of a billion bushels is going to do any organization any harm?

Mr. GLEAVE: It is not this simple, Mr. Chairman. It is not quite that simple. Either you are going to maintain an equality of deliveries, or you are not. And if you do not maintain the equality as between farmers, then the farmers who suffer an injustice will say, "This system is not fair. Therefore, let us do away with it". Therefore, you have the second proposition, that I do not think you can officially say to the livestock industry or the feed mill industry in western Canada "We are going to let you buy your grain at whatever price you can and as advantageously as you can"; that is, under a surplus grain condition in western Canada, and to the people in British Columbia or Ontario, and other parts of Canada, say, "While these feeders are doing this in the designated area, you people here are going to pay the Wheat Board price".

I do not think they would put up with it. In a very short period of time they would say, "We want the same privileges to be able to go into this designated area and buy our feed at distress prices", because this is what you will actually have on these conditions—sales at distress prices, because you have all this pressure and surplus on the price structure. What the Wheat Board is essentially trying to do—with a moderate amount of success—is maintain the price in face of the pressure of surplus against the price structure.

Mr. BRUNSDEN: Let me follow that with another question. We have had this situation ever since the Canadian Wheat Board was first created, where local feed mills were selling grain to the feeders. Have you any knowledge or reason in your mind for the sudden spurt of enforcement by the Canadian Wheat Board, as opposed to the operation of the local feed mill?

Mr. GLEAVE: It is not sudden.

Mr. BRUNSDEN: This is the first time we have heard it.

Mr. GLEAVE: That is because the feed mills have brought it to your attention and have decided to ask that officially they be allowed to continue as at present.

There have been cases in the courts, as I am sure some of you people must know over the last two years on this very issue. It is not sudden. The wheat board first had to decide, through the courts, as they were questioned. They first had to get a decision through the courts as to whether their legislation was sound and enforceable. They found that it was, and as a result of that they are bound now to enforce the regulations. The feed mills have, in essence, come along and said, "Since the regulations are proven to be enforceable, we ask you, the government, to set them aside".

Mr. BRUNSDEN: Do you feel the local feed mills have made no contribution to anyone?

Mr. GLEAVE: I did not say that.

Mr. BRUNSDEN: I know you did not say that. I am asking you.

Mr. GLEAVE: No, that is not my opinion.

Mr. BRUNSDEN: You feel it has a place in the community?

Mr. GLEAVE: For instance, I know of poultry producers in Saskatchewan who take their feed grain to the feed mill, have it processed and pelleted and put into the condition that they want the feed for their poultry. Then they take it home again. Obviously, the feed mill is rendering a service.

Mr. BRUNSDEN: That is the point I wanted to bring out. There is a service rendered by the feed mills?

Mr. GLEAVE: Otherwise, they would not be there.

Mr. BRUNSDEN: I do not gather that from your brief.

Mr. RÉGNIER: Mr. Gleave, you referred to the distress price. Have you any figures about the distress prices being paid so far by the independent feed mills?

Mr. GLEAVE: No. The submission to the Bracken commission by the feed mill section, I think it was, the Winnipeg chamber of commerce was this; they merely stated that they wished to buy at competitive prices, and when they were questioned I believe their answer was, competitive as between farmers selling to the feed mill.

Mr. SMALLWOOD: Mr. Gleave, you made the remark that you were interested in the farmers, and I might say that I am very interested in the farmers too. But we differ in the fact that you just seem to be interested in the grain farmer. I am probably a small grain farmer; I grow from 12,000 to 15,000 bushels of grain in a good year. But I am interested in the small farmer, the family farm, more than the feed mills, in these circumstances. It is these people who can get the odd break in the price of grain through the feed mill.

Last fall, when the crop was snowed under, the small farmer with a ½ ton truck who needed some grain would go into the feed mill and buy this grain back from the feed mill operators for 55 cents. Back in 1957 the feed mill was cut off, and the little farmer had to go probably 100 miles away to get grain from the elevator, and he had to pay as high as 75 cents a bushel for it. Last fall oats got scarce and the price went up from 64 cents to 76 cents a bushel. The small farmer just cannot compete against the big feeder in these circumstances. If I am a big feeder in a community, and I am feeding cattle, I can take a truck and go and buy it, but the small farmer cannot do that. They should be allowed to buy a certain amount from the feed mills, in order that these small farmers should receive some small benefit from it. Do you agree with that?

Mr. GLEAVE: I do not know how you can do this. This is the difficulty. I think possibly this might be an exceptional circumstance that you have described, because ordinarily I would think that these farmers would buy supplies within a relatively close range of their own farms.

Mr. SMALLWOOD: I understand it was very general throughout Manitoba last year.

Mr. GLEAVE: Yes; I imagine it could be, under the harvesting conditions that existed, because I could describe a similar condition in the Meadow Lake country, for example, where I was last fall, where a farmer there at that time could possibly not buy feed very close because much of the feed grain had not been harvested. But this was an exceptional condition, and ordinarily the farmer of the type you have described could quite easily buy supplies, outside of any wheat board regulations, fairly close to him. But if you break down the wheat board regulations to meet these circumstances, I think you are pretty much at sea. You are in trouble, in my opinion.

Mr. SMALLWOOD: If we are going to stick to the quota system, we know we are in a cost price squeeze, and the straight grain farmer on a six bushel quota, selling to the elevator, he can sell oats to the feed mill and supplement his income by another $500 or $600. Do you not agree with that?

Mr. GLEAVE: That is what happens; but the real point is this: You can sell so much grain within this designated area. That is, the feeding operations, the livestock population, and the export market. Take the whole thing and

throw it in together. You are only going to move so much grain; you are only going to use so much grain. That is, whether it goes from some farmer who, through a particular advantage, as to, let us say, his position, where he is located, and his shrewdness of operation, he might get an extra advantage; but for the farmers as a whole there is only so much grain going to move, regardless of how you are going to move it. There are only so many human stomachs and so much livestock that is going to take it in. And that is all you are going to sell, regardless of the mechanics you use. This particular operation you describe is not going to increase the overall amount.

Mr. SMALLWOOD: Yes—because if the farmer is going to sell his quota to the elevator, he has the opportunity to sell more to the feed mill.

Mr. GLEAVE: Yes, but if the feed mill was also buying under quota, instead of this farmer selling the carload himself, the farmer would sell to the elevator, and—

Mr. SMALLWOOD: If the quota gets full, what is he going to do? The feed mill cannot provide an increased quota, unless every other elevator in that particular area agrees to open the quota.

Mr. GLEAVE: He can buy from farmers who have permit books.

Mr. SMALLWOOD: I maintain that in this way we are supplementing the income of the farmer.

Mr. GLEAVE: There is only so much in the kitty, and that is all you can take out.

Mr. SMALLWOOD: I have one further question on section (5) here:

> That the Canadian wheat board take the necessary steps to police the designated area and that those individuals and corporations who are presently trading wheat, oats and barley and act as middlemen, be prosecuted.

That is prosecuting the farmers as well. A great many of your Saskatchewan grain farmers have been selling feed grain to the feeders in Alberta, and the Wheat Board is starting to prosecute those men. Here you recommend that they do this. Do you really mean this? Do you say that the Saskatchewan farmers' union wants this to be done—because they want to get out of this cost price squeeze?

Mr. GLEAVE: The wheat board regulations must be enforced, if they are to survive. Farmers must make up their minds. The farmers in western Canada have got to blessed well make up their minds: do they want a wheat board system, or do they not.

If they do not want the wheat board system, they can haul it to Alberta or anywhere they like. The further they haul it, the more trouble they are going to get into.

Mr. ARGUE: And you think that right now they want the wheat board system.

Mr. GLEAVE: I have yet to go into a farmers' meeting where they have said they do not.

Mr. ARGUE: This is the way to get it down, the way to chisel it.

Mr. WEBSTER: That is your opinion.

Mr. SOUTHAM: My question has been broached by Mr. Brunsden. I was at the meeting the other day when we had the brief presented by the feed mills, and it was brought out there that it is only in the last two years that this controversy has been precipitated. Who precipitated this controversy? Why has it been done recently, when this practice has been going on for the last 25 years. Is it the wheat board, or the farmers themselves?

Mr. GLEAVE: If I remember correctly, I think it was a man by the name of Murphy who precipitated it by trying to ship three or four bags—

Mr. HORNER (*Acadia*): That was across the boundary.

Mr. GLEAVE: That was across the boundary. As a result of this, you have the litigation and the test before the Supreme Court to see how effective the wheat board regulations are; and the Supreme Court said the wheat board had the power to enforce these regulations. Then the wheat board prepared to enforce them. Then, as I say, the feed mills said, "Well, let us set them aside".

Mr. SOUTHAM: I go along with the thought of shipping across the boundary. These conditions have been in existence for the last 25 years, and it is just this last year that it has been brought to a head. I was wondering what the special circumstances were which aggravated the situation so much that we have the present position?

Mr. GLEAVE: I think you have reached the point where either we are going to continue with this type of operation, the wheat board operation and the wheat board in control of it, or you are going to head in the other direction. I think this is what has brought it to a head. The decision must be made, and the decision has to be made by the farmers, the Canadian Wheat Board and you people. Which road are you going to take?

Mr. SOUTHAM: I think it is more or less a tempest in a teapot. I do not think there is very much difference in the circumstances now than 10 years ago.

Mr. GLEAVE: I think the feed mills are primarily interested in a profit.

Mr. HORNER (*Acadia*): So is the socialist government in Saskatchewan.

Mr. GLEAVE: So am I interested in making a profit. But what the wheat board says is: "You go ahead and make your profit; but do not break down the marketing structure we have and the process of making it." That is all.

Mr. FORBES: There is one feature of the brief that I do not like very much on this matter of persecution. I believe the wheat board—

Some hon. MEMBERS: Prosecution.

Mr. FORBES: Prosecution. We have a local market, and I think our local market is just as important as a market in Europe or any place else, and you are going to have that local market just so long as these feeders can feed 10, 12, 15 head of cattle or a litter of pigs.

Cannot these regulations be relaxed a little, instead of imposing them, so that the local feeder gets the benefit of the prices prevailing in western Canada?

Mr. GLEAVE: The local feeder is not suffering any damage, according to the figures for feed and animal products put out by the dominion bureau of statistics during 1956, 1957, 1958 and 1959.

Taking December of each year as an example, 1956, the index of feed stood at 207; animal products stood at 256.4. In 1957 it was 197.6 for feed; 253.7 for animal. In 1958 it was 209.7 for feed; 278.7 for animal. In 1959 it was 223.4 for feed; 236.1 for animal. The 1959 indices, as against feed and livestock, were at 1956 levels. That is, over this period the spread as between the two has been maintained fairly constantly.

Mr. FORBES: Yes, but just a minute now. The price of livestock has gradually worked itself down to the point where many feeders are on the borderline. They are wondering, will I continue, or will I not? That would be very regrettable, if we were to lose them from western Canada. Instead of making the regulations more strict, why can they not be relaxed a little, in view of the local conditions?

Mr. GLEAVE: I think your experience would be that as you got cheap feed —let us say, as you reduce the price of feed to the feeder, you will find that within a period of time the price of livestock will also diminish in relation. You have a fairly steady relationship. You do not achieve anything by depressing

the price of your feed to the feeder. You do give him a temporary advantage. But eventually his bottom price for his end product goes down in relationship, and you have the same relationship as you had before.

Mr. FORBES: You, as a western farmer, surely do not believe exactly what you have said. Here we have been told so often around our markets, "We are at a disadvantage owing to the freight rates".

Mr. GLEAVE: You had cheap feed in the depression. You really had cheap feed; and you also had cheap livestock prices.

Mr. ARGUE: And cheaper freight rates.

Mr. GLEAVE: And this is the pattern. You really do not make anything, in the long haul.

Mr. FORBES: Would you say it is owing to the surplus grain position that the price of steers has dropped three cents since last fall? Would you indicate that? That is exactly what you indicate by your argument.

Mr. GLEAVE: No, what I am telling you is that generally speaking now your livestock prices will follow your feed prices. You will not make the gain that the livestock man could hope to make, really.

Mr. HORNER (*Acadia*): I think a large number of Mr. Gleave's remarks deal with the wheat board's operations as a whole.

In the last page, he said:

> (we must) observe and uphold present regulations or face chaos within the industry.

The question here is strictly a provincial question. As I understand it, the feed manufacturers' association in their brief, were trying to deal within the province. They have no desire whatsoever to move grain across the provincial boundary, such as Mr. Gleave suggested in the Murphy case. This is grain moving within the province that they want to handle.

Mr. Gleave says that the feed mills have operated successfully in the past, and he thinks they are doing good business and are offering a service to the community. But we have to face the question that the wheat board have said they are going to clamp down on all feed mills. Mr. Harrold, the president of the Alberta wheat pool, said that 3.5 million bushels was bought illegally by the feed mills last year—was bought illegally, that is, if the wheat board were to clamp down on their regulations.

My question is this: Do you not think, if the wheat board goes ahead with these regulations, it will have some effect on the feed mills?

Mr. GLEAVE: Do you mean on their volume?

Mr. HORNER (*Acadia*): On their business, in general?

Mr. GLEAVE: You would have to wait and see. I really do not think it would have too much effect.

Mr. HORNER (*Acadia*): Mr. Harrold said that according to the dominion bureau of statistics it was 3.5 million bushels last year; and Mr. Harrold said this was all bought illegally, according to the present interpretation of the wheat board regulations.

You do not think this is going to have any effect on the feed mills, if they are forced to buy illegally?

Mr. GLEAVE: They will buy it under wheat board regulations instead of otherwise; if they are rendering a service to the community, which the people say they are, and I agree.

If I was feeding livestock in eastern Canada, in Ontario, and the wheat board officially relaxed the regulations, and said to the feed mills in western Canada, "You can buy feed in any manner you like, at whatever price you like"—if I were a feeder in eastern Canada, I would be down the day after to-morrow, asking for the same privilege.

Mr. HORNER (*Acadia*): But the wheat board deals strictly with interprovincial trade and export trade?

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): The wheat board has no jurisdiction over prices within the province, of grain moving within the province. They have no jurisdiction over the price then.

Mr. ARGUE: Oh yes they have.

Mr. HORNER (*Acadia*): They cannot force the feed mills to pay any price they want. They can force them to hold to quotas; but the feed mills claim they have no storage facilities, and they are not being facilitated enough.

To bring this whole question down to more reality, the feed mills handled 3.5 million bushels of grain; and, you say, if this is allowed to go on—and this is what you are saying—if this purchase of 3.5 million bushels, illegally, is allowed to go on, we are going to face chaos within the industry?

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): And yet the wheat board handled last year, 294½ million bushels for export. They handled 66 million bushels of wheat for commercial trade. They handled that. That totals 360 bushels of wheat. This is in comparison to the 3.5 million we cannot allow to go on. The same can be said for barley. Last year the wheat board handled 70½ million bushels—and this is from the Canadian wheat board report for the year 1958-59. The wheat board handled 70½ million bushels of barley for export.

The VICE-CHAIRMAN: Do you have a question, Mr. Horner?

Mr. HORNER (*Acadia*): The question is this: When you compare those figures—the total of barley there is 120 million—and 360 million of wheat and something like 50 million for oats. This totals roughly over 500 million bushels handled by the wheat board; and you say, if these feed mills were allowed to go on and purchase 3.5 million—and comparison to 500 million bushels—the industry is going to face chaos! Can you honestly believe this?

Mr. GLEAVE: Yes, certainly.

Mr. HORNER (*Acadia*): I am glad you do.

Mr. GLEAVE: Because you cannot operate at one and the same time within Canada, the wheat board marketing system and an open marketing system.

Mr. HORNER (*Acadia*): Do you not think this is operating right now?

Mr. GLEAVE: Do I think this is?

Mr. MCINTOSH: The wheat board only operates in the spring wheat area.

Mr. GLEAVE: Yes, but I was saying you cannot legally recognizably operate these two systems at one and the same time within Canada. You just cannot do it.

Even the U.S. market could very well say, "look, you have one price for feed grain in western Canada, which is an open market price."

Mr. HORNER (*Acadia*): Not within western Canada, but in the province.

Mr. GLEAVE: The same difference.

Mr. HORNER (*Acadia*): It is not the same difference.

Mr. GLEAVE: Take it within the province, if you like?

Mr. HORNER (*Acadia*): That is better.

Mr. GLEAVE: You have the situation where the U.S. could say, "you are selling it at one price in here, and are exporting it to us at another price."

Mr. HORNER (*Acadia*): The wheat board is not selling it at one price within the province.

Mr. GLEAVE: That is beside the point. Once you recognize this thing legally, you are in trouble.

Possibly with their export market—and for sure with their other domestic markets within Canada—and, for all practical purposes, eastern Canada is the export market for western grain growers—this market is really important to us.

Mr. HORNER (*Acadia*): What Mr. Gleave is saying is that we shall have only one board handling all grain, and all other handling of grain is illegal. In other words, you are suggesting the provincial government should clamp down on their present law and stop the illegal—using your term—movement of grain within the province?

Mr. GLEAVE: That is right.

Mr. HORNER (*Acadia*): And what about the inter-provincial farm union? Take Saskatchewan, for instance. Have they approached the Saskatchewan government suggesting they use the law they have on the statute books to prohibit this movement of illegal grain within the province?

Mr. GLEAVE: No.

Mr. HORNER (*Acadia*): Why not?

Mr. GLEAVE: Because up to very recently it was before the courts, to decide how strong this legislation was.

Mr. HORNER (*Acadia*): Now it is settled in the courts, you intend to go to the provincial government?

Mr. GLEAVE: We intend to make all representations at whatever point is necessary.

Mr. HORNER (*Acadia*): To all governments—provincial too?

Mr. GLEAVE: We have not officially decided yet to go to the provincial government; but we will probably go, if we consider it is necessary.

Mr. HORNER (*Acadia*): You do consider it necessary, because we have to have only one marketing agent and one price for wheat, barley and oats.

Mr. GLEAVE: The Canadian wheat board, which has been established, have powers to go ahead and enforce the regulations.

Mr. HORNER (*Acadia*): They cannot prohibit trade within the province.

Mr. ARGUE: They can, and even their legal man, the other day, said they could; but as a matter of policy, they decided not to do so.

The CHAIRMAN: Order please.

Mr. HORNER (*Acadia*): The chairman of the wheat board said they have no jurisdiction over the prices of grain moving within the province. They cannot control them on a quota system.

Is Mr. Gleave's organization prepared to go to provincial governments, to make sure they enforce their legislation to stop this?

Mr. GLEAVE: Yes.

Mr. HORNER (*Acadia*): To stop this illegal movement of grain?

Mr. GLEAVE: Yes, they are.

Mr. HORNER (*Acadia*): You intend to?

Mr. GLEAVE: We will, if it is necessary. We have assumed as a result of the legislation, the wheat board had sufficient power and was prepared to use it, in view of the fact they have instituted certain prosecutions—in view of that fact, we assumed they were prepared to use it. If we find it is not sufficient, we will certainly be prepared to go to the provinces.

Mr. HORNER (*Acadia*): You are suggesting then, it was your belief the wheat board had the power to stop the movement of grain through machine dealers, furniture dealers and the like?

Mr. GLEAVE: No. Let me put you straight on this, Mr. Chairman.

Mr. KINDT: I think you have been talking for half an hour, and you are not both on the same premise.

Mr. GLEAVE: This is in the chairman's hands. If he wishes to cut me off, or Mr. Horner off, it is his privilege.

The VICE-CHAIRMAN: Proceed, Mr. Gleave.

Mr. GLEAVE: An implement dealer is quite within his rights if he takes grain on trade on a machine and sells it to another farmer or feed lot. He is quite within his rights. It is only if the grain finds its way on to another permit book that it is illegal.

Mr. HORNER (*Acadia*): According to the wheat board. But the provincial law could prohibit the sale of grain, or the barter system on grain used with machine dealers.

Mr. GLEAVE: I am not sure how the provincial law applies in regard to them.

Mr. HORNER (*Acadia*): Your organization has not bothered to look into this problem?

Mr. GLEAVE: We have done some looking, but maybe we have not looked enough.

Mr. HORNER (*Acadia*): You say there should be one price for grain, and all other grain movement would be illegal.

Mr. GLEAVE: I think I have made my position clear.

The CHAIRMAN: I do not want to cut you off, Mr. Horner,—

Mr. HORNER (*Acadia*): That is fine.

The VICE-CHAIRMAN: But there are other people who have indicated they would like to ask questions.

Mr. HORNER (*Acadia*): That is fine. I have finished.

Mr. FORBES: As Mr. Horner explained, the local feed mill which is serving the local community has to buy its feeds within the quota. Here you get an ad. like this: "Good feed wheat for sale, 85¢ a bushel." I, as a farmer, could buy that, but the feed mills, serving the local feeders, are not able to. Could that not be relaxed, because it is strictly an intra-provincial service which he is giving?

Mr. GLEAVE: I do not think you can, and maintain the position you have.

Mr. RAPP: Would you put me on the list for a supplementary?

Mr. PASCOE: Mr. Harrold, when he was giving evidence of behalf of the Alberta wheat pool, said they had to approach the provincial government, the Alberta government, I imagine, and had received a reply that they did not intend to apply to the provincial legislation. I was just wondering, in light of that, whether you would follow up your remarks further in asking the Saskatchewan government whether they would apply it in Saskatchewan.

Mr. ARGUE: Or the Manitoba government?

Mr. GLEAVE: We have discussed it—or, at least, I have discussed it with some of the members of our executive. I have discussed this very point. And I said to them that it would be quite possible that we must consider the possibility of going to the provincial government on this very issue. I think likely we will, but we first have to bring it before our executive, or our board, to get the power to proceed further.

Mr. RAPP: Mr. Chairman, I think the inter-provincial farm union presented a good brief. They submitted six points on the last page, and they took a good look into the future for the Canadian western grain producer, because if we will have the service—

The VICE-CHAIRMAN: I presume you are laying the foundation for a question, Mr. Rapp?

Mr. RAPP: That is right.

Mr. ARGUE: We are making a good statement.

Mr. RAPP: Now you have thrown me off.

The VICE-CHAIRMAN: My apologies, Mr. Rapp.

Mr. RAPP: However, if we wanted to have an orderly marketing of our western grain, we have to have a Canadian wheat board.

Now, Mr. Gleave, you expressed your opinion that all the organizations you have met before—or the members of those organizations—are all in favour of orderly marketing of our grain, as it is now done by the wheat board.

Mr. GLEAVE: Yes.

Mr. RAPP: We know that with feed mills there is a little different problem.

Mr. GLEAVE: Yes.

Mr. RAPP: But as a grain producer and as a feeder of livestook, I have never encountered it, because if I wanted to have my grain milled or exchanged in these feed mills, all I have to do is to take it over there and exchange it, or have supplements put in.

That is the reason I say we western grain producers must have a Canadian wheat board. Otherwise we will be in trouble, if we follow the suggestion of these feed mills.

The VICE-CHAIRMAN: What was your question?

Mr. RAPP: Well, I asked my question, whether all the Canadian farmers are in favour of orderly marketing of our grain, as it is now done by the Canadian wheat board.

Mr. MCCLEAVE: Yes, the answer is "Yes."

Mr. MCINTOSH: Mr. Chairman, I am very much interested in the diminishing market for the western grain producer. A reference was made to the Ontario farmers and the amount of western grain that they use for feeding purposes.

In view of the statement that was made by the representative of the feed mills, which is as follows—and this is in the third minutes of our proceedings:

> Mr. NEWMAN: If you compare this, for instance. This corn I talked about was laid down in Steinback at $1.30 a bushel, including duty, in American funds. At the same time the selling price of No. 6 wheat was $1.45 and a fraction at Fort William. That is No. 6 wheat.

Following that up, we have had information that this corn contained more vitamins, and so on, than No. 6 wheat, or an even higher grade than that. In other words, this corn is a better source of food for the eastern feeders than, say, our low grade wheat; and it is cheaper. If we impose too many restrictions in the spring wheat area, are we not in danger of losing some of our market. That is one question.

My second question is this: The idea of the quota system, when it was originally put in, it was meant to be fair to all the farmers. I think Mr. Argue will even agree with me on this point, that it has not actually worked out in that manner, for one reason or another. It appeared in one year it was detrimental to the southern part of the prairie provinces, and the next year, vice versa, for certain reasons.

With the quota system the income of farmers is restricted, and I do not think that too many farmers have enough capital to keep them going over a period longer than one or two months. But in some areas, where they have a very low quota, they have been forced, in the past, to survive on a very low

quota. That is the restriction imposed on the farmer, and if he does not comply with it he is prosecuted. Under the quota system, in many cases, the farmer has been forced to break the law. The government, with its power, through the wheat board is prosecuting that farmer.

I am not saying the theory was not correct, in the first place, and it was supposed to work out in a certain manner; but it has not been working out in that manner and, therefore, the farmers are suffering. Has Mr. Gleave any suggestion to make as to how that could be rectified, under the quota system?

Mr. GLEAVE: Well, I will answer your first question and then your second.

Mr. MCINTOSH: I have a third one.

Mr. GLEAVE: It is not essentially the quota system that is restricting the income of the farmer in terms of volume. You have two things that decide his income: One is volume, and the other is price.

Mr. MCINTOSH: We are getting away from my question. Stick with the quota system.

Mr. GLEAVE: I am sticking with it.

The VICE-CHAIRMAN: Before we proceed any further, is it the wish of the committee that we complete the questioning this morning, if possible, or do you want to sit again this afternoon? If you are going to sit again this afternoon I want to be assured we are going to have a quorum; and I want your permission to have Mr. Brunsden to act as chairman this afternoon, as I am leaving on a flight for the west.

Mr. MCINTOSH: I think we can finish this morning.

Mr. BRUNSDEN: I think, in all fairness to Mr. Gleave—he has come a long way and has had a rough inquiry—I think in fairness to him we should continue this afternoon.

The VICE-CHAIRMAN: There was a question here, asked by Mr. McIntosh. Do you want to answer that?

Mr. GLEAVE: Are we proceeding?

The VICE-CHAIRMAN: I just wanted to have an indication that they wanted to ask questions and get them through this morning.

Mr. GLEAVE: Do you want me to proceed?

The VICE-CHAIRMAN: Proceed briefly.

Mr. GLEAVE: The actual operation of the quota system is affected by a number of things. One is the availability of box cars which, I am sure you have heard discussed before, and on which we have presented a special brief in times past. Another consideration is the availability of space. Others are the kind and condition of wheat available; and the determination of the wheat board to be fair about quotas. The overall thing that affects it is the amount which is actually moved overseas. If you have a few more deals like the one the United States made with India the other day, then your quota system will be in real trouble. That is the point, the total volume you are going to move.

Mr. HORNER (*Acadia*): What has that to do with feed mills?

Mr. GLEAVE: It has a great deal to do with feed mills.

The VICE-CHAIRMAN: May I ask Mr. Milligan and then Mr. Danforth to ask questions? Do you mind, Mr. McIntosh?

Mr. MCINTOSH: Well, I guess not.

Mr. MILLIGAN: I was late coming in this morning, but I am concerned about this problem—

The VICE-CHAIRMAN: You have a question, Mr. Milligan?

Mr. MILLIGAN: We have one of these marketing systems we find everywhere in Canada. What are the eastern feed mills going to do? Are they going to ask for the same privilege, of going out and buying from the farmer direct, or are they going to be under the wheat board?

Mr. GLEAVE: If I were in their position, and things were opened up in western Canada, I would certainly ask for the same privilege.

Mr. HORNER (*Acadia*): They are opened up there now.

Mr. DANFORTH: Being from Ontario I am very much interested in this importation of American corn for feed, which comes into our area in quite large quantities.

In the questions asked by Mr. Horner this morning it was brought out there was a differential of 12 or 14 cents per bushel the feed mill operator would have to pay, buying through the wheat board, or buying directly from the farmer.

My question was this: Does it not work a hardship on the man in the west who is a feeder principally and not a grower of grain, where the grower of grain engaged in feeding cattle has not only the privilege of growing his own grain out of the 12 cents a bushel, if he can take it in and have it ground, compared to the chap who must buy grain from the feed mill? Would it not place the feeder in a position—who does not grow his own grain—that he cannot compete? Therefore, if this legislation were enforced, it would curtail the expansion of the feeder industry in the west, which I feel is necessary to use up a lot of this surplus grain.

Mr. GLEAVE: Actually, at present prices, the man who is producing his grain has no particular advantage over the man who buys his grain, because his price is very close to the cost of production.

The direct feeder or the feeder who has been buying his supplies directly from the farm, is the one who has the advantage, in that he has been able to buy it at a discount.

Mr. KINDT: Mr. Gleave, would you agree that if it were possible for a farmer, with the help of the government, to balance the supply and demand as to wheat in the country and bring it in line with the export and domestic market, and produce just that amount of wheat that this problem would melt just like the snow does in the spring?

Mr. GLEAVE: Yes.

Mr. KINDT: There would be no problem?

Mr. GLEAVE: No.

Mr. KINDT: Therefore, since you have answered in the affirmative, we may conclude that the correct approach to the solution of the farm problem is in the elimination of the surplus?

Mr. GLEAVE: Yes, that is right.

Mr. KINDT: Does your organization support that position?

Mr. GLEAVE: Yes.

Mr. KINDT: Is the farm union prepared to support that position with some sort of action which will eliminate the surplus?

Mr. GLEAVE: Yes. Our representations to government—I think it was in 1958 that we, when we presented our brief to government—in February of that year—and we were dealing with the surplus disposal—we went to some considerable trouble to develop that section and put our position before the government.

Mr. KINDT: But did you suggest any plan of action?

The VICE-CHAIRMAN: I think you are getting away from the subject of feed mills, and this is on surplus disposal; it is entirely unrelated.

Mr. KINDT: I claim it is related, and is the core of the whole coconut.

The VICE-CHAIRMAN: My ruling is the question is out of order.

Mr. MCINTOSH: The idea at the present time is to diversify the farming in western Canada. In certain areas, they are considered as deficiency areas, in which these mills are adopted. They say they cannot get enough grain locally, and the ones producing livestock cannot get sufficient grain on their own farm to feed that livestock. Therefore, these feed mills have been going in wide areas to get sufficient feed for the beef in that area.

If these restrictions are imposed, that is going to force the farmers in that area to produce more grain, which you will admit.

Therefore, is that not contributing more to the surplus, which we are trying to get rid of?

Mr. GLEAVE: If these farmers, who had not been producing grain, now started?

Mr. MCINTOSH: Yes?

Mr. GLEAVE: Yes. If you have more grain produced you are going to have more surplus.

Mr. MCINTOSH: You quoted figures in regard to livestock. For the last 25 years these restrictions have not been imposed. Do you believe your figures will remain constant if it is imposed on these feed mills? The cost is bound to go up in that area, because the cost of feed for the cattle is going to be more. I think that is what we are trying to get at.

Mr. GLEAVE: You are asking, would the cost of feed go up in that area?

Mr. MCINTOSH: The cost of the finished product, the beef?

Mr. GLEAVE: It might, depending on how much effect these regulations had on the industry.

I would say a great amount of this feed which comes into the area probably goes direct to the farmer, or direct to the feeder.

Mr. MCINTOSH: You have admitted, first, it will contribute to the surplus, if these regulations are imposed. It could?

Mr. GLEAVE: Well, it could, but I do not think it would be too significant really.

Mr. MCINTOSH: To what degree, we are not going to argue. But it would also increase the production cost of beef in that area?

Mr. GLEAVE: If farmers chose to buy it at that price.

Mr. MCINTOSH: They would have to. We are told that.

Mr. GLEAVE: They have alternatives.

The VICE-CHAIRMAN: I feel we must adjourn now, and I wish to thank Mr. Gleave for appearing before the committee this morning and presenting his brief and answering our questions. I take it it will not be necessary to hold a meeting this afternoon.

Our next committee meeting will be on Monday, at which time we will hear representations from the feed manufacturers' association of Manitoba, Saskatchewan and Alberta. Thank you very much, gentlemen.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

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STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

MONDAY, MAY 16, 1960

WITNESSES:

From *Canadian Feed Manufacturers' Association*: Mr. Ralph Hedlin, Consultant; representing Alberta Division: Mr. Peter Balogh, President; representing Manitoba Division: Mr. W. S. Neal and Mr. P. A. Moody, President; representing Saskatchewan Division: Mr. G. R. Crawford.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

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STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

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

and Messrs.

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Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Cadieu,
Campbell (*Lambton-Kent*),
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Danforth,
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Horner (*Jasper-Edson*),
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Nasserden,
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Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, May 16, 1960.
(8)

The Standing Committee on Agriculture and Colonization met at 10.00 a.m. with the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Argue, Badanai, Brunsden, Fane, Forbes, Gundlock, Hicks, Horner (*Acadia*), Kindt, McIntosh, Pascoe, Rapp, Régnier, Smith (*Lincoln*), Stanton and Thomas.—(16)

In attendance: From Canadian Feed Manufacturers' Association: Mr. Ralph Hedlin, Consultant; representing Alberta Division: Mr. Peter Balogh, President; representing Manitoba Division: Mr. W. S. Neal and Mr. P. A. Moody, President; representing Saskatchewan Division: Mr. G. R. Crawford.

Mr. McIntosh raised a point of order regarding a reply to a question which he had asked the Canadian Wheat Board to file with the Committee. The Clerk was instructed to write the Canadian Wheat Board.

The Committee agreed that Mr. Hedlin, who was presenting the brief on behalf of the Canadian Feed Manufacturers' Association, be allowed to summarize the brief.

The complete brief appears as *Appendix "A"* to the Minutes of Proceedings and Evidence.

The Committee questioned the witnesses on the brief.

A memorandum entitled "Memo re the Canadian Wheat Board Act" was distributed to the members of the Committee.

The Committee adjourned at 11.10 a.m. until 3.30 p.m. this day.

AFTERNOON MEETING

(9)

The Committee resumed at 4.46 p.m. with Mr. Stanton, the Chairman, presiding.

Members present: Messrs. Belzile, Brunsden, Danforth, Doucett, Dubois, Fane, Forbes, Gundlock, Hales, Henderson, Hicks, Horner (*Acadia*), McBain, McIntosh, Milligan, Pascoe, Régnier, Ricard, Stanton, and Thomas.—(20)

In attendance: Same as at morning sitting.

The witnesses were further questioned on the delivery of grain by producers to feed mills.

The Committee moved to make "Memo re the Canadian Wheat Board" *Appendix "B"* to Minutes of Proceedings and Evidence.

The Committee thanked the witnesses for their appearance.

The Committee adjourned at 5.33 p.m.

Clyde Lyons,
Clerk of the Committee.

23149-8—1½

EVIDENCE

MONDAY, May 16, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

We have with us today the feed manufacturers association of Manitoba, Saskatchewan and Alberta.

Mr. Ralph Hedlin will present the brief on behalf of the association. However, before doing that, I will ask him to introduce the gentlemen who are with him this morning.

Mr. McINTOSH: Mr. Chairman, before Mr. Hedlin proceeds with the introductions, may I ask a question relative to another meeting we had.

The CHAIRMAN: Yes.

Mr. McINTOSH: On May 2, when the chairman of the wheat board was before us, I asked this question

> I want to know the number of permits issued for the transfer of grain from the prairie provinces to other provinces, and the amount of grain in each case.

and Mr. MacNamara answered:

> How far back do you want it?—to 1935?

and I said:

> 1950 would be all right.

I had a letter handed to me this morning. It is addressed to Mr. Clyde Lyons, clerk of the standing committee on agriculture and colonization. It is from the Canadian wheat board, and reads in part:

> Unfortunately we no longer have available the record of such movements for the earlier years of the period requested. The board has a program for the disposition of documents and records, which was authorized by the Privy Council in 1954. Under this program records relating to special permits granted to producers have been destroyed up to the end of the 1955-56 crop year.

Mr. Chairman could we have a copy of that authorization which was presented to the board? I would like to see what is in it. I do not think the records prior to 1955 should be destroyed, if they have not been before the committee.

The CHAIRMAN: If they have said they have destroyed them, I suppose they are destroyed.

Mr. McINTOSH: But I would like to see the authorization.

The CHAIRMAN: I will have the secretary communicate with Mr. MacNamara in regard to that matter.

Mr. BRUNSDEN: May I make a comment before we start?

The CHAIRMAN: Proceed.

Mr. BRUNSDEN: Having in mind conservation of time, I wondered if the presenters of the brief would agree to present their recommendations and findings, and allow us to read the documentation of their cases by ourselves. We are all very busy, and it will take one and a half or two hours to do this.

The CHAIRMAN: You have heard the suggestion, gentlemen; is that satisfactory to the members?

Mr. FORBES: What is the suggestion?

The CHAIRMAN: The suggestion is that Mr. Hedlin will summarize the findings of their association, and you will have a brief to read in your offices. This will save time.

Mr. FORBES: When do we ask questions—as soon as he summarizes his findings?

Mr. PASCOE: Could we refer to any specific item in the brief afterward?

The CHAIRMAN: Oh, yes.

Mr. PASCOE: Anything we wish to ask, ourselves?

The CHAIRMAN: Yes, definitely.

Is that satisfactory to the members of the committee?

Mr. BRUNSDEN: Is it satisfactory to Mr. Hedlin?

Mr. RALPH HEDLIN (*Consultant, Canadian Feed Manufacturers Association*): Mr. Chairman and members of the committee: we are anxious to be as co-operative as possible. If I may, I would like to go through the brief page by page. I simply would summarize what is on each page, and draw it to your attention. Then I will read in their entirety the final three pages of it. We could give a short summary which we could do in about half an hour. Is that agreeable?

Mr. BRUNSDEN: Yes.

The CHAIRMAN: Then you will take it page by page, and summarize it.

An hon. MEMBER: I think that would be a good idea.

(*See Appendix for full text of brief*)

The CHAIRMAN: Would you like to ask your questions, page by page, or would you rather allow him to finish summarizing it first?

Some hon. MEMBERS: Yes.

Mr. HEDLIN: Gentlemen, before proceeding into the discussion, I would like to express the appreciation of our group for the invitation extended to us by the agriculture committee to appear here before you. We do appreciate that very much.

The people with me, are as follows. On my right is W. Scott Neal, secretary of the McCabe Grain Company. In addition to his other attributes, he is trained as a lawyer. Behind him we have representatives of the Alberta, Saskatchewan and Manitoba feed manufacturers association. They are Mr. G. R. "Dick" Crawford, Mr. P. A. Moody, and Mr. Peter Balogh. I am here as consultant of the Canadian feed manufacturers association.

Mr. BRUNSDEN: Would you identify their provinces?

Mr. HEDLIN: Yes. Mr. Balogh is from Alberta; Mr. Crawford is from Saskatchewan and Mr. Moody is from Manitoba.

In the first instance, I would like to turn to the back of the brief. You will find there who the members are. I must make one or two clarifications there. At page 24 you see "provincial manufacturers", "district manufacturers", "local manufacturers", and then "manufacturing suppliers". There is no implication that all these people necessarily are supporting this brief. If you turn to the last page you will find that one of the associate members is the Saskatchewan wheat pool. I do not want to try and create the impression that the pool or, necessarily, others of the associate members, are supporting this brief. They are suppliers and are, in fact, associate members. We have put in a complete list.

Mr. PASCOE: Did they see the brief?

Mr. HEDLIN: No. That was not because of any design, but because of pressure of time. The associate membership is a sort of outside membership, in any event.

Mr. BADANAI: Are these members aware of this presentation?

Mr. HEDLIN: All the active members are.

Mr. ARGUE: Who are the acting ones?

Mr. HEDLIN: If you will turn to page 24, you will see those at the top—that is, provincial, district and local manufacturers.

Mr. ARGUE: Not manufacturing suppliers?

Mr. HEDLIN: No, not manufacturing suppliers, who are associate members.

Mr. THOMAS: I see here "Toronto elevators". I do not see where they would have any particular interest at all in this brief. Do they manufacture in the west?

Mr. W. S. NEAL (*Secretary, McCabe Grain Co.*): They have an office in Winnipeg and their representative quite frequently attends meetings of the feed manufacturers association.

Mr. THOMAS: Their operations are all here in eastern Canada?

Mr. NEAL: Yes.

Mr. HEDLIN: If we move to the first page of the brief, you will see the recommendations, starting at paragraphs 2 and 3, and they are clearly set out. We say that the existing regulations, whether statutory or administrative, should be amended to permit farmers and grain producers to sell feed grains directly to feed manufacturers or processors of feed grain, free of quota or other restrictions. At the end of the next paragraph you will notice that we are proposing that grain should be purchased directly from the producers for processing and for resale within the province in which the grain is grown.

If you will turn over the page, to "Livestock and the potential to produce": Over the next few pages we have referred at very great length to the input-output relationships that exist with regard to hogs, cattle and poultry, as outlined by the royal commission on Canada's economic prospects. You will notice, when you read that later, that the figures are relative to an earlier period, and that the increase in output is higher in the United States, in most instances, than in Canada. The implication we draw from that, and from the general comments made by the royal commission, is that in the final analysis there is not the intensification of production in Canada that there is in the United States, and that it is much less so in Canada and the United States than it is in Europe.

If you go to page 4, in the fourth paragraph: According to the dominion bureau of statistics, on December 1, 1959 farmers and feeders of the province of Manitoba, Saskatchewan and Alberta had 46 per cent of the cattle, 45 per cent of the hogs and 26 per cent of the poultry owned by all farmers in the nation. But these farmers, who controlled about two-fifths of the livestock of Canada, purchased only 5 or 6 per cent—in fact, 5.35 per cent—of the mixed feeds bought by livestock producers in Canada.

It is interesting that in 1958, as appears in the next paragraph, regarding the cash income accumulated in the three prairie provinces, there was more cash income from livestock and livestock products than from grain. We submit that if the policy is to tie almost all discussions with regard to farm policy in western Canada in terms of grain producers, it really does not reflect the interests of any farmer. That is not true with respect to Saskatchewan, where the income from grain is much higher.

Mr. BRUNSDEN: What is the basis of the figures you use?

Mr. HEDLIN: Those are the Dominion Bureau of Statistics figures. This is the official figure.

Mr. ARGUE: What was your statement just now about the policy being designed for grain producers only?

Mr. HEDLIN: No, I do not think I said that.

Mr. ARGUE: No, perhaps not, but what was your statement?

Mr. HEDLIN: I suggest that if it is biased in favour of the grain producers it does not necessarily represent the best cash income of western agriculture.

Mr. ARGUE: You are not saying it is biased?

Mr. HEDLIN: No.

Then we come to future production patterns, and the total at the bottom of page 5. You will notice the requirements relative to 1951-55, and note that the requirement for hogs in 1980 will be 214 per cent of the 1951-55 period. I will not take you through that table, except to point out that when you go down to milk and hens you will notice that the required population of milk cows increase is 112 per cent, and the output is 151 per cent. The projected hen population increased by 138 per cent, and output by 211 per cent.

The conclusion that we draw from that is set out on the next page. The conclusion is that we simply must have an increased output per unit of livestock—hogs, cattle, poultry—if we are to meet the continuing requirements of the Canadian consumer. The royal commission on economic prospects predicts we will periodically, be in a net importing position with regard to beef, prior to 1980.

Then we come to the feed industry and the grain farmer. This is on page 7. The basic point we are making here, in the very first paragraph of that section, is that it is not a case of one group of farmers being opposed to the interests of another group of farmers, with the feed industry siding with one group. We suggest that with the additional competition of the feed industry being able to buy on the market, it would increase competition in the purchase, and to that extent it would stabilize the market. When you have a farmer to farmer and a farmer to feeder sale you do not have that same competition, such as you would have if you had an additional buyer in that market.

Then we also suggest that the feed mills are in a different relationship to the farmers from whom they buy. They buy from them and sell to them. Therefore they will not be disposed, in our judgment, to try to force down prices, as has been suggested. The industry survives on margins, and not on absolute prices, and so it has no interest in forcing prices down.

Now, turn to page 8, to "feed mills and domestic wheat board sales": there have been a number of figures pointed out to you with respect to the amount of grain that is sold to feed mills by the farmers.

Mr. McNamara suggested a figure of 3½ million bushels which has since, perhaps, gone up to 7 million; and Mr. Harrold suggested a figure of 3½ million.

We contacted the dominion bureau of statistics, but they are not able to give a firm figure. In 1958 the total sales of complete mixed feed in western Canada amounted to 107,000 tons; and taking 65 per cent grain in the mix and 40 pounds to the bushel, we arrived at a figure of 3½ million bushels. We have not been able to find any evidence that the figure of 7 million bushels is correct. We submit throughout this brief that the amount of these feeds is trivial.

On page 9 we go into the question of the importation of corn; you will note that the imports increased from 8.4 million bushels in 1956 to 12 million bushels in 1959. This is a 43 per cent increase during that interval. If you project that to 1963 and 1967, and assume the same rate of increase, you

arrive at 17.2 million bushels of imports by 1963, and 24.6 million bushels by 1967.

So we submit that Canada is not preserving the market for the western Canadian farmer for feed.

In the third paragraph on page 9 it has been suggested that the demand for feed grain is inelastic, that a reduction in price does not trigger an offsetting increase in consumption. It must be obvious that if there is an opportunity for substitution of lower cost feeds, such as corn, that this is not correct—that a lower price will result in a more than offsetting increase in demand.

In the next paragraphs on page 9—we will not go through them here—we give the figures having to do with the increase in the importation of chicken, poultry, and dressed poultry, and indeed beef, fowl, bacon and hams. The total figures are not high at this point, but they all tend in the same direction. There is a very sharp increase in the importation of these products.

We submit again that our producers are, to some extent, being priced out of the market, and that this is encouraging the importation of these rather lower cost United States, and New Zealand products.

Now, coming to feed mills, on page 10, in the first section, prior to malting barley, we make the point that the amount used for feed is not large. And reading from the middle of page 10, we say:

> We have pointed out that the amount of grain under discussion with respect to the feed mills is not large relative to total western production. If the Canadian wheat board took a rigid position with respect to the quotas, it might be argued with some validity that the amount did not matter—that it was the clear duty of the Canadian wheat board to give to all farmers an equal access to all markets, export and domestic, without having any regard to the size of the market in question.
>
> But the board does not adopt such an inflexible attitude. It has made many exceptions to its own quota provisions.

Then we come to malting barley. It is all off-quota barley, and we say:

> In 1958-59 the total of barley shipped against over-quota permits for malting or other special purposes totalled 36,957,459 bushels; the comparable figure for 1957-58 was 43,789,795 bushels.

That is off quota sales. We are talking about 3½ million, while they are talking of 40 million.

Now, on page 10, we come to seed grain and note that sales of seed grain are also off-quota. All the figures below are for registered and certified seed. We suggest that the committee look into the disposition of seed grain.

The committee will find that exports of bagged seed wheat totalled 2.6 million bushels in 1956-57, 4.2 million bushels in 1957-58, and 5.3 million bushels in 1958-59. In the August to March period of 1959-60 exports totalled 4.1 million bushels, which suggests this year's total exports will be well in excess of 1958-59.

Registered and certified seed grain is frequently bought from the farmers below the official price.

Mr. FORBES: Where did you get the amount of this seed grain which you say the producers sold at below the official price?

Mr. HEDLIN: From Alberta.

Mr. FORBES: The seed grower has two alternatives. Why would he take a price below the initial price for his grain? Do you realize the expense he is put to in order to get his seed processed?

The CHAIRMAN: Would you please hold your question until Mr. Hedlin has finished his brief.

Mr. HEDLIN: I think we have an answer to that one, and I shall come back to it later.

And then on page 12, and at the top of page 13 it says:

> On page 18 of this document the board includes a table that shows the impact on the individual farmer of this policy. The following table shows the number of stations at different quota levels on July 31, 1956.

The reason we have gone that far back is because that is the only one which they have quoted in that document, and we wished to refer to it. You will notice there that the crop was given as to so many bushels per specified acre. In that year 84 per cent of the delivery points in Manitoba achieved a quota of eight bushels an acre, and only 28 per cent in Saskatchewan, and 33 per cent in Alberta achieved the same level. There is a difference in quotas.

And at the end of the crop year you will see the policy which was in question. We do not cite the delivery inequities in any critical way, and we recognize the problem which faces the board. But we suggest that it is inconsistent blandly to accept these inequities and, concurrently, to suggest that the sales of a few million bushels of grain off quota to the feed mills would destroy the whole quota system.

Then, on page 13, under the heading of "the wheat board and agricultural improvement", we point out that the wheat board makes an effort to help the grain farmers in the improvement of practices, and to technically improve agriculture. We submit that the wheat board is interested in agricultural improvement, and, as a logical further step, might be interested in the improvement of livestock production through the suggestions that we have made.

And on page 14, under "Inequity between feed mills", in the third paragraph from the bottom, we state:

> A public regulation is placing legitimate business enterprises in an impossible competitive position. We are being severely penalized because we observe the regulations.

I do not think I need to elaborate on that point particularly. In a great many cases, in fact, the quota is not recognized by many of the rural mills. This may avoid the wheat board handling and carrying charges, and permits them to undercut the agreement mills.

On page 15 the basic point is made—and I shall not go through it in detail—that all mills, rural and otherwise, are being put into a position where the price of feed inevitably is forced up because of the fact that they must buy from the wheat board.

And we suggest there that there is a very real hazard that this will tend to shrink the total feed industry, and consequently the livestock feed industry.

In the last but one paragraph we try to point out that already there seems to be this shrinking effect, and we say:

> To a degree this would appear to have been happening in western Canada already. The fact that western farmers have some 40 per cent of the livestock and purchase only 5.35 per cent of the complete balanced feeds supports such a conclusion.

Only 5.35 per cent of the complete balanced feeds are marketed in western Canada.

Mr. BRUNSDEN: Where does the rest go then?

Mr. HEDLIN: The 5.35 per cent is sold within the three western provinces. The rest would have to go either to British Columbia or to Ontario, and eastward. The eastern provinces are the bigger users of mixed feeds.

Then we come to the question of public acceptance of the regulations on page 16 where we point out that the feed mills support the principle that the

farmers are willing to sell grain to the feed mills, and there is the implication that by and large the farmers do so, and that the courts do not fully support it—and we refer to the case at Ponoka, Alberta, where an operator was convicted of many charges of buying grain outside the quota and was fined a total of $10 by the court. It is also widely believed that the wheat board is not of one mind. Indeed Mr. Riddel so stated when several people were present.

Mr. ARGUE: Where was that?

Mr. HEDLIN: In the wheat board offices at Winnipeg, when half a dozen people were present.

Mr. ARGUE: Was it a public meeting, and was the press present?

Mr. HEDLIN: They were not present.

Mr. ARGUE: Who was there?

Mr. HEDLIN: It was said in the wheat board offices, and there were half a dozen people present.

Mr. ARGUE: Were any press people there?

Mr. HEDLIN: No.

Mr. ARGUE: I think this is quite a serious statement that has been made. Speaking to a point of order, Mr. Chairman, I have had a lot of experience in committees, and I submit that it is not fair for a witness for a particular organization to quote statements that are not public statements made by people in some other organizations. I submit that is a reasonable attitude for me to take. If Mr. Hedlin is going to try to split the Canadian wheat board by reporting statements which were not public, and for which there was no public record or press record available—when it was only a confidential discussion—then we are going to be in all kinds of trouble.

It has not been the practice either in the House of Commons or in committee for anybody to report statements made to him by people in a private discussion. So we will not get anywhere. We are going to require that the wheat board come down here to tell us whether they are of one mind or not in this matter.

Mr. HORNER (*Acadia*): After we have heard all those who want to appear before the committee, I think that finally we should recall the wheat board to hear their views, and this question might be taken up with them at that time.

Mr. ARGUE: No, Mr. Chairman, that is not the point I had in mind. I am saying this for Mr. Hedlin's benefit, and to help him as much as anything, because we will be in a complete mess in this committee if one witness starts to quote what has been said by other people in a private discussion.

I will not be able to have a private discussion with anybody, yet somebody may come along and say that I had a discussion with him when he said so and so, and so and so. In other words, when you are holding a public inquiry such as this, the statements that are put on the records should be official statements of policy, or the statements should be those of the person who is in the witness box, and no one else's.

Mr. HEDLIN: If I might just comment for one moment, it was not my understanding that this was a private meeting. It was a discussion held when rural feed manufacturers were in to see Mr. Riddel, and there was no suggestion made to me that the meeting was a private one.

Mr. ARGUE: I think it was a private meeting, or you would have had the press there, or a copy of the record.

Mr. THOMAS: Mr. Chairman, on a point of order: what the witness has just said, as I understand it, is not an enlargement of this statement, but

merely that he thinks the Canadian wheat board is not of one mind on this question; and as long as it is so stated here in their brief, there will be an opportunity for rebuttal or correction. Therefore I think that probably the witness is quite in order in making this statement, just so long as he does not go too far afield in enlarging on it.

Mr. McINTOSH: It is just an opinion; that is all it is.

Mr. ARGUE: I am not objecting to the statement in here that, in Mr. Hedlin's opinion, the wheat board is not of one mind. He may hold that opinion if he likes; I have a contrary one.

Mr. McINTOSH: If you accept the premise that it is the opinion of these persons, then it does not matter where they got their opinion from.

Mr. ARGUE: I think it is questionable, if the witness is going to quote things which are not public policy.

Mr. McINTOSH: Do you mean that the witness could not give his opinion at any time?

Mr. ARGUE: Of course he could; but I do question whether the people who met with the wheat board privately should be quoting every statement that the wheat board makes in such a discussion. What the wheat board determines is public policy, and when some evidence is given other than that, I think it is unfair. I think it constitutes a slur to the Canadian wheat board and a slur to the government.

Mr. McINTOSH: Do you mean to say that if you have one opinion and the wheat board holds another opinion altogether, that one of you is wrong?

Mr. HORNER (*Acadia*): This whole thing revolves around the opinion as to whether or not the wheat board at the time was unanimous. The fact that they took no action for 25 years should be some evidence that there would seem to be some indecision on their part whether or not they should enforce the quota.

The CHAIRMAN: I think you are getting off the point of order.

Mr. THOMAS: As far as we are concerned, it seems to me that a discussion of this argument should be deferred until the committee comes to make up its report. I submit that we are quite in order at this time for these people to make the statements that they wish to make.

The CHAIRMAN: I suggest we continue now, and the wheat board, if, as and when they make their appearance, will have a chance for rebuttal.

Mr. HEDLIN: I would like to make one comment if I may to the effect that certainly I do not regard Mr. Argue's suggestion that there was a difference of opinion in the wheat board as being a slur on the board, because no slur whatsoever was intended.

Mr. ARGUE: I have known Mr. Hedlin for a long time, and I do not think he intended it; but I think it is a very serious charge that he has made, that the wheat board is divided in its policy on this question.

Mr. HEDLIN: I say on page 16:

> The committee is aware that the western provincial governments are not inflexible with respect to the imposition of quotas. They freely permit and barter and sales of grain to machinery companies and retail stores. They give capital assistance to seed plants and, with the approval of the board, assist in off quota deliveries in this form.

Then we have quoted—and I shall not read it—a story from one of the Winnipeg dailies, and subsequent to that comments from the Calgary *Herald*, in which I point out that there is a little tendency there to poke fun at the wheat board and some criticism of matters that really do not relate to the

basic board function. We suggest that the wheat board should not be subjected to that sort of criticism, and would not be subjected to it in the event that this modification was made.

Then we come to sales and prospects for western grain. Right throughout this, of course, the figures should be in millions of bushels. One could suggest these estimates are a matter of opinion, to some extent, with regard to the anticipation of possible total sales. We suggest that the Common Market is going to damage our sales. We also give statistics throughout to demonstrate this, that in fact the total sales are not keeping up with production.

As you will notice on page 18, the total production of wheat, oats and barley in 1956-57 was 1.2 billion; and in the years since then it has been lowered—and the decline of stocks on farms is directly attributable to the decline in production.

We also point out that the farm deliveries have been 108 bushels lower on the average of the last four years, as compared to the years before. So that the basic point we are making there is that we certainly should not neglect any market that is available; and we submit, in the reference back to corn imports to the Canadian market and our imports of meat animals and the like, that in fact we are losing part of that market.

We then cite on exchange between Dr. Kindt and Mr. McNamara, in which Mr. McNamara commented;

> I feel quite strongly on this. I think I reported to the committee last year that I think the policy Canada has adopted, through the board, under the quota system, of having surplus grain that cannot be marketed remain on the farm, has been a very effective control of acreage—

We all know that this is an acreage control technique; but to the extent that we are anywhere falling short of completely exploiting our domestic and, presumably, export markets, this becomes an invalid policy, in my judgment. Implicit in that policy is to sell everything that you can sell.

"Non-quota sales to feed mills and the non-prairie feeder" is the next section. The suggestion has been made that our proposal would be quite unfair to feeders in, for example, Ontario, and we cite there statistics at the bottom of page 20 which give the production in Ontario and in Quebec of feed grains. You will notice there is wheat on the right-hand side. We have included it although it is not a large item. I am not as familiar with Ontario agriculture as I should be but I believe I would be right in saying that much of it is used for feed.

The conclusion we draw is that the western provinces have the same privileges as the other provinces of Canada to freely buy local grain. We are really asking for nothing else. That is, within the prairie provinces they should be able to buy exactly as they can in Ontario.

Now we go to page 21, the summary and recommendation, which I will not now read. I will simply read the headings. "Factors indicating merit in the recommendation." "Unit production from livestock not at a maximum." "Western Canada is lagging behind Canada in the use of mixed feeds." "Impact on grain farmers prices for feed grain." "The effect on domestic wheat board sales." "The effect on the quota." We have touched on those.

Then there is the question of agricultural improvement; inequity between feed mills; and the public acceptance of the regulations. I think we have covered that. Number 9 on page 23 is surpluses as a technique for acreage control; and the last point, which I just a moment ago touched on, is non-quota sales and the non-prairie feeder.

I am going rather quickly, Mr. Chairman, and I forgot something on page 19, if you would turn back. We did correct it on some of them, but in the first line of the second paragraph it reads:

> Figures are not, of course, available for stocks of grain in commercial positions—

that should be "total carryover". The average of the carryover for the last three years was 937.7 million bushels, compared with 762.8 for the previous four years. So that is total carryover, and is not, in fact, stocks in commercial positions.

We have prepared, and later will pass it around—or you can get it now, if the committee feels it should have it—some comment with regard to the legislation. We are simply going to give it to you. I think, Mr. Chairman, that is all I wish to say at this time.

The CHAIRMAN: Thank you.

Mr. ARGUE: Mr. Hedlin, I have a few questions I would like to ask you on your very interesting brief. You have been introduced to us as a consultant for these member organizations. I take it that is a post in addition to your being a manufacturer of feeds, if you are a manufacturer of feeds?

Mr. HEDLIN: No, I am simply a consultant with the—

Mr. ARGUE: There is a Hedlin feed service. That is not yours?

Mr. HEDLIN: No.

Mr. ARGUE: You are not directly concerned with that? I am not trying to be difficult; I am just looking for information.

Mr. HEDLIN: No, I understand. That is a brother of mine.

Mr. ARGUE: How long have you occupied the position of consultant—or has it to do merely with this presentation?

Mr. HEDLIN: It has to do merely with this presentation.

Mr. ARGUE: We recognize your native ability and your training in agriculture.

Mr. HEDLIN: Mr. Argue and I were class-mates at university.

Mr. FORBES: You do not sound like it.

Mr. ARGUE: I have a number of questions Mr. Chairman. I do not want to occupy too much time, and if you want to pass me up some time, I will not complain.

Mr. KINDT: Mr. Chairman, I would like to get in there after one or two questions from Mr. Argue.

Mr. ARGUE: What proportion of the feed business in western Canada would you say is conducted by the member organizations that you are speaking for today, and how many are active members who agree with this brief?

Mr. HEDLIN: Mr. Neal, do you have anything to say on that?

Mr. NEAL: No, I am afraid I would not hazard any guess.

Mr. HEDLIN: The statistics on this whole feed business, as you know, are extremely difficult to come by, because many of the rural mills make no entries in permit books.

Mr. ARGUE: The co-ops are outside this?

Mr. HEDLIN: Not the federated co-ops.

Mr. ARGUE: They are agreeing with your brief?

Mr. HEDLIN: The procedure with regard to these people here is that the position was that the various members simply delegated the authority to go ahead and prepare a brief along the general lines that historically have been taken by this organization, and present it in Ottawa. You can well understand that to sit down with all of them would be prohibitively difficult.

Mr. ARGUE: I think there is a very interesting point here. The Saskatchewan federation of agriculture has, I take it, come out against any relaxation of these regulations. I want this clear. If the co-op movement is divided, let us find out about it. Do federated co-ops take a different position on this, for example, then the Saskatchewan wheat pool?

Mr. HEDLIN: Not to my knowledge. Has anyone been talking to the Saskatchewan wheat pool?

Mr. P. A. MOODY (*President, Manitoba Division, Canadian Feed Manufacturers Association*): The federated co-op member in Winnipeg was present at the reading and okaying of this brief.

Mr. ARGUE: And you would say that organization, therefore, is in agreement with this brief?

Mr. MOODY: I cannot speak for him, but he was present at the meeting and sanctioned this brief.

Mr. ARGUE: The word "sanction" is strong enough, I guess.

Mr. G. R. CRAWFORD (*Executive, Saskatchewan Division, Canadian Feed Manufacturers Association*): Referring to federated cooperatives again, Mr. Wilson was one of the delegates from the Saskatchewan association which made the original presentation to the wheat board in March, 1958.

Mr. HEDLIN: We are not saying unequivocally that they completely support it, but the indications are that they do.

Mr. ARGUE: I think Mr. Wilson should come and talk to us also. You pointed out the difference in the percentage of processed grain and prepared grain used in the prairies, as compared with outside the prairies, and then you give the livestock production on the prairies, 46 per cent cattle, 45 per cent hogs, 26 per cent poultry.

Mr. HEDLIN: That is population—no—it is farm cash income from livestock.

Mr. ARGUE: It gives a balanced picture in each case. Then you made the point that if there is more manufactured feed, in your opinion this would increase production on the prairies. My question is this: How does the farm unit production of cattle and hogs on the prairies now compare with the farm production of those two commodities outside the prairies?

Mr. HEDLIN: You mean, in terms of size of unit?

Mr. ARGUE: The picture I want to get is this. Are the farmers on the prairies producing more cattle and more hogs than are produced per unit from farms outside the prairies?

Mr. HEDLIN: I would have to do a calculation on that. You mean, in fact, the average value of livestock sold per farm in Ontario as compared, for example, with Alberta?

Mr. ARGUE: There is implicit in your statistics—and correct me if I am wrong—that the production now of cattle and hogs on the prairies is much larger, per farm, than it is outside the prairies, and the 5 per cent in manufactured feed was put forward as an argument as to why this is so.

My suggestion is that the production is now relatively high and that therefore the 5 per cent, 6 per cent—5 or 6 per cent of mixed feeds sold on the prairies has absolutely nothing to do with the production at all; the farmers have their own grain, instead of running off to a feed mill. They produce their own grain, very largely, on the farm and feed their own livestock the grain that they produce.

Mr. HEDLIN: What we submit is that the difference is far too great for the suggestion you make really to compensate for this.

Mr. ARGUE: My point is that the farmers on the prairies, by using 5 per cent of mixed feeds, have produced more livestock per farm than the people outside the prairies who have used 95 per cent of the mixed feed.

Mr. HEDLIN: You will correct me if I am wrong, but we have approximately 600,000 farms in Canada?

Mr. ARGUE: Yes.

Mr. HEDLIN: We have in western Canada about 250,000; is that right?

Mr. ARGUE: I would say a little less, but you are not too far out.

Mr. MCINTOSH: And 263,000 permit holders.

Mr. ARGUE: I would say, 265,000 farm units is closer.

Mr. HEDLIN: So we have here about one-half of the farms with, as we suggest, something over 40 per cent of the livestock—which to some degree supports your contention, but to an equal degree, I would submit, supports ours.

Mr. ARGUE: It is the other way around.

Mr. HEDLIN: The other thing I did not point out in the brief is that there is an enormous export of feeder cattle from western Canada. I have the figures here. It is in the brief, as a matter of fact. But western Canada is an enormous exporter of feeder cattle.

Mr. RAPP: Mr. Chairman, Mr. Hedlin pointed out that over the last few years the import of corn from the United States increased from 8 million bushels to 12 million bushels. He used these figures as an indication that they can buy corn more cheaply.

Would you be in a position to say whether all the 12 million bushels is used for feed, or whether it is imported for other purposes? If you have the figures, I would like you to give me a breakdown as to what is used for feed for livestock, and what is used for other purposes?

Mr. HEDLIN: The two figures that were used, as I recollect, were 8.4 million bushels in 1956 and 12.0 million in 1959. No one can suggest that that additional 4 million bushels is human consumption. Certainly some is used for cornstarch and other purposes. But the 43 per cent increase during that three-year interval is not, I am sure, a product of an increase in human consumption. We know, of course, of many instances where corn in fact is being bought as livestock feed. I cannot give you a specific and precise breakdown: the bureau of statistics does not, to my knowledge, have that breakdown.

Mr. RAPP: Because I have some idea that the corn that was imported here over the last few years was not only imported for feed for livestock, but is used for other purposes, for margarine, and so on, ever since margarine became a popular product here—shortening, and so on. Corn is imported for that purpose, to get some oil.

Mr. HEDLIN: I would be very surprised to hear it.

Mr. RAPP: And I would not be a bit surprised if the increase from 8 million to 12 million bushels is just for that purpose. However, I cannot base my opinion on this.

Mr. HEDLIN: Well, I would be very surprised to hear that corn can compete, in margarine production, with soyabeans.

Mr. RAPP: Not exactly; but it is much more used now than it was a few years ago, when margarine was not manufactured here in Canada, legally.

Mr. HEDLIN: What we are suggesting, with regard to the 43 per cent increase over that short period, really is that it can compete with our domestically produced feeds on favourable terms, and that in fact it is doing so.

Mr. RAPP: The reason I brought this up is because other witnesses have stressed that point. They do stress that point. Just because the feed mills

cannot obtain the feed they are resorting to buying it from the United States or importing from the United States. I just wanted to know those things.

Mr. KINDT: In support of the position of the feed mills you made the statement that another buyer would increase the price of the grain. In other words your thought is that, by having another buyer in there, the price of grain would be increased to the producer. Do you express that opinion in light of the fact that the new buyer intends to buy at 20 or 30 cents lower than the regular market?

Mr. HEDLIN: I think your question is based on the premise that in fact they do propose to buy at 20 or 30 cents lower. I think it probably is common knowledge that several years ago feeders were buying grain in southern Alberta for a cent a pound.

Mr. KINDT: That is what you want?

Mr. HEDLIN: No. The comparison really, in the argument that we present there, is that in this type of buying what we will do is put another buyer in the market and the consequence is the demand increases. I think you will agree with me that under these circumstances one can anticipate a stronger market.

Mr. KINDT: On the question of the increases, the demand for wheat is relatively inelastic.

Mr. HEDLIN: You are speaking of wheat for human consumption?

Mr. KINDT: And also feeding consumption. How can you say that by another buyer coming in that this will increase the consumption.

Mr. HEDLIN: In order to agree with you your question implies agreeing with your basic assumption, which, sir, I do not. I do not agree that the demand for feed grains in western Canada, in the light of the fact that we are importing corn and are importing meat and poultry products to an increasing extent, and in the light of the fact that from western Canada we are exporting something in the order of 400,000 feeder cattle to be fed elsewhere—in the light of these facts I cannot accept the statement that the demand for feed is inelastic.

Mr. KINDT: What you said in one statement was that unless the feed mills receive this concession to buy outside the quotas that it would shrink the feed industry and the livestock industry would not increase proportionately.

Mr. HEDLIN: Proportionately to what is its potential. I am not attempting to prognosticate the prospects of the livestock industry in western Canada. We are saying, however, the influence of this would be to increase and revive the livestock industry.

Mr. ARGUE: Because the prices would be lower to the people producing livestock.

Mr. HEDLIN: But not due to depressed prices or a price cut.

Mr. ARGUE: But the price would be lower to the livestock industry and this would be the incentive for increasing livestock production.

Mr. HEDLIN: Yes.

Mr. KINDT: You made the statement there was no intention to force the prices down.

Mr. HEDLIN: The feed mills have not done so in the past.

Mr. KINDT: But they want the privilege of doing it.

Mr. HEDLIN: No. What we want is the privilege of buying directly from the farmers.

Mr. KINDT: From the farmer who has no bargaining power and is in a tough spot.

Mr. HEDLIN: If you look at page 40 of the evidence given by Mr. McNamara —pages 39 and 40—you will see he says that the selling price for feed wheat

was 1.47⅜ and the return to the farmer was 1.30466 cents. That makes a difference of approximately 17 cents.

Mr. KINDT: And you want the advantage of that 17 cents.

Mr. HEDLIN: Oh yes. The farmer is not getting any advantage from it anyway. From that $1.47 you have to deduct freight. The difference is about 9 or 10 cents in oats and 4 or 5 cents in barley. This is the margin upon which we propose to work.

Mr. ARGUE: There are handling charges for the elevator of 3½ to 4½ cents.

Mr. FORBES: I would like to go back to page 11. Here you say:

> The committee will find that exports of bagged seed wheat totalled 2.6 million bushels in 1956-57—

Will you tell me the source of your information in respect of that quantity of export grain.

Mr. HEDLIN: The source of my information on that is the grain branch of the Department of Trade and Commerce.

Mr. FORBES: I doubt if they have the figures on that. I tried to get them myself. The only place I could obtain them from was the plant production branch of the Department of Agriculture. They have a record of it.

Mr. HEDLIN: Not exports. The Department of Trade and Commerce do in fact have records with regard to exports and this is only exports which we have here.

Mr. FORBES: You said that the seed growers are selling this grain below the initial price. Can you cite an instance where this has happened.

Mr. HEDLIN: This is to my own knowledge. It happened in Alberta. I have not tried to sell seed grain, but I have been told this by different people. I might ask if any of my colleagues here have had anything to do with seed grain?

Mr. CRAWFORD: No.

Mr. FORBES: I think your argument would be much stronger if you left that out, because I do not think it is a fact.

Mr. HEDLIN: You do not think it is a fact that it is being exported?

Mr. FORBES: There might be one isolated case.

Mr. HEDLIN: The exports in seed grain are 5.3 million bushels.

Mr. ARGUE: The point is how much was bought below wheat board prices and sold below wheat board prices.

Mr. HEDLIN: It is in fact being exported abroad in competition with wheat board grain.

Mr. FORBES: You say below prices. I cannot accept that either. I have been in the business for almost 30 years and I have never had any seed company offer me a price below. This grain going to Saudi Arabia is wanted cleaned and with a protein content and the only way to get it is to buy registered seed grain. Never to my knowledge is it sold below. That is ridiculous.

Mr. KINDT: You have sold thousands of bushels of that?

Mr. FORBES: Yes.

Mr. HEDLIN: In fact this is off quota grain that is going into export and is competing for quota business with the grain of the western provinces.

Mr. FORBES: It is a special quota.

Mr. ARGUE: It does not compete because of the special quota.

Mr. HEDLIN: But flour is flour and when it gets to Saudi Arabia it is flour made from off-quota Canadian wheat.

Mr. ARGUE: But when it gets to the United States they put it in the ground; they seed it. It is a special product and you want to take off the quota something which is not a special product but is a normal product.

Mr. HEDLIN: No. Our suggestion here is simply that it is not a special product when it is ground in the mills and baked into bread. Whether or not it was registered when it was handled by Mr. Forbes, it is simply bread in Saudi Arabia.

Mr. ARGUE: I would suggest this brief would be much stronger if you brought us some facts instead of statements. Mr. Forbes says he has been in this business 30 years and that it is not done. I am not an expert in this respect.

Mr. HORNER (*Acadia*): You stated that no prices would be lowered to the livestock producer. Are you also stating that prices would not be lower to the feed producer, the man who grows the grain.

Mr. HEDLIN: When we say prices would not be lower, this is true relative to the farmer and to feeders. We are suggesting that this trade presently is going on and that the impact of having an additional buyer in the market would be to, in fact, raise the farmer to feeder sale price and the farmer to farmer sale price which is presently quite a large business.

Mr. NEAL: There are two points we might make here. The first is that the initial reaction to another bidder for this off quota grain is to push the price up. As a matter of fact a company operating, for instance, in Winnipeg which cannot get oats in that neighbourhood because the quotas are full can buy it from the board but must bring it from Edmonton. The freight from Edmonton is in the neighbourhood of $14 a ton. You know who will pay that; the feeder and the farmer. It will work out that there will be a $14 additional cost per ton.

Mr. HORNER (*Acadia*): What you are saying is there will be a tendency for prices to increase to the feed producer.

Mr. CRAWFORD: The grain grower.

Mr. HORNER (*Acadia*): And for prices to be lower to the livestock feeder.

Mr. HEDLIN: Yes.

Mr. HORNER (*Acadia*): In other words if your recommendations were carried through there would be a general improvement for all producers of livestock and grain in western Canada.

Mr. HEDLIN: The only person who might find our position prejudicial to some extent would be the feeder who is presently buying grain from the farmer who has grain in a surplus position. He might have to pay a higher price to the farmer.

Mr. ARGUE: And both would be buying at less than wheat board selling price.

Mr. HEDLIN: Yes.

Mr. NEAL: I guess we can agree that the selling price includes the handling and storing charges which would accrue to the whole current crop if it went through the feed mill you would not have to pay that cost.

Mr. ARGUE: You would not buy it as cheap as you could get it? It would not be the idea of the feed mills to go to the producers and if they are willing to sell at $1 a bushel to take it at that? You would pay more?

Mr. NEAL: My competitors would see I did pay more.

Mr. KINDT: When there is an abundance of wheat?

Mr. ARGUE: I think you would be getting it at under wheat board prices if it were being sold today. I think the feed mills like any other business

organization will pay the lowest price at which they can obtain a satisfactory supply. The lowest price is below the initial price.

Mr. HORNER (*Acadia*): I had a further question until Mr. Argue interrupted me. I have sold grain to the elevator company and have purchased grain from the elevator companies as late as last fall. I bought some feed oats from the Alberta wheat pool. I think I know what the feed mills are trying to point out, that you can buy grain at below the wheat board selling price but perhaps higher than the final return to the farmer through the wheat board.

Mr. HEDLIN: This can happen.

Mr. HORNER (*Acadia*): I bought oats last fall for 70 cents from the Alberta wheat pool and also from farmers for 57 cents, I think, a bushel. It averaged out that way. Some of it I bought at 60 cents and some of it at 55. It averaged at about 57 cents. I had to truck it. The farmers told me that was more than they could get for it if they put it through the wheat board even if the quota would permit.

The CHAIRMAN: There is no quorum.

Mr. HICKS: How close are we to finishing? Were we to sit until 11 o'clock?

The CHAIRMAN: It is up to the wishes of the committee.

As we are under our quorum we will have to close until this afternoon.

Mr. BRUNSDEN: How far are we from finishing?

Mr. ARGUE: I am willing to cancel my questions if it is necessary.

Mr. HORNER (*Acadia*): I think we should proceed.

Mr. BRUNSDEN: I wanted to proceed the other day and you wanted to stop.

The CHAIRMAN: Gentlemen, what do you want to do?

Mr. FORBES: I think we should meet this afternoon at 3:30 or after the orders of the day.

The CHAIRMAN: After the orders of the day in this room.

AFTERNOON SESSION

MONDAY, May 16, 1960.
4:45 p.m.

The CHAIRMAN: Gentlemen, will you please come to order. I believe we now have a quorum. The last member who wanted to ask questions was Mr. Gundlock.

Mr. HORNER (*Acadia*): No, Mr. Chairman, I was not through. I was asking questions at the time, and I was interrupted. So I would like to continue.

There is one thing I would like to clear up before I ask any more questions. I notice there are members—I do not mean that they are active members—of this Canadian feed manufacturers association who also had agreements with the wheat board. Do all the members of the Canadian feed manufacturers association have agreements with the wheat board?

Mr. HEDLIN: No.

Mr. HORNER (*Acadia*): Then in this Canadian feed manufacturers association there are those who operate feed mills, some of whom have agreements with the Canadian wheat board, and some of whom do not have such agreements?

Mr. HEDLIN: That is correct.

Mr. HORNER (*Acadia*): Then the whole problem dwells around the amount of grain which is sold within the province. Could some of the feed manufacturers who have agreements with the wheat board state what per cent of their business is done inside the province in which they are operating?

Mr. NEAL: Mr. Horner, the McCabe grain operates in each of the provinces, and I would say that primarily those mills are serving their immediate area, and they are in a position to serve their immediate area. But there are occasions when supplies are short, when feed will come from Edmonton to Saskatoon, or from Moose Jaw out to Brooks; but that is an exceptional case.

Mr. HEDLIN: In interprovincial trade there is no proposal that supplies should be non-quota; in the case where trade is inter-provincial there is no suggestion that it should be off-quota.

Mr. HORNER (*Acadia*): I realize that; but I wanted to know, because the question we are trying to solve is that of provincial trade, grain moving within provincial boundaries and I wondered, and the secretary of McCabe has stated, what percentage of their business is done within the boundaries of the province in which they are located.

Mr. NEAL: That is the purpose for which the plants are placed where they are, namely, to serve that area.

Mr. HORNER (*Acadia*): So the inter-provincial is just a by-product?

Mr. NEAL: It serves situations when you are short of a particular commodity.

Mr. HORNER (*Acadia*): Can a feed mill which has an agreement with the wheat board enter into export transactions? Can they also trade outside the country?

Mr. NEAL: Yes, that is the reason that grain is bought through the board. It then gets into commercial channels and it can go any place in the world.

Mr. HORNER (*Acadia*): In regard to page 15 of your brief in the first paragraph, you deal with reasons why you believe that effective control is impossible. In the first paragraph you say:

> There would also be important exceptions to the quota provision, no matter how diligent the officers of the board.

And you come to the conclusion when you speak of effective control of quotas to the non-licensed feed mill operators that it would be impossible. What you are saying there is that the wheat board regulations, if enforced, would not stop buying, and may even be contravened by the feed mills.

Mr. HEDLIN: I think that point was dealt with by the rural mills. They can, of course, buy freely with respect to price as long as they buy within the quota; they can buy it at any price they wish.

Mr. HORNER (*Acadia*): You believe that they could get around it by setting up and operating a feed lot.

Mr. HEDLIN: Yes. And I must add that some of these people are members of this association.

Mr. HORNER (*Acadia*): The non-agreement operators?

Mr. HEDLIN: Yes.

Mr. HORNER (*Acadia*): They could get around it by operating a feed lot?

Mr. HEDLIN: Yes.

Mr. HORNER (*Acadia*): All right You said that prices would be forced up by free buying, and that no effective control would be enforceable if the board tried to enforce the regulations. But if the board never enforced the regulations the prices would be forced up. Is that right?

Mr. HEDLIN: That is correct.

Mr. HORNER (*Acadia*): It would not be to the grain grower's favour for the board to increase the regulations, or to enforce the regulations?

Mr. HEDLIN: That is right.

Mr. THOMAS: I have a supplementary question to the feed lot matter. I would assume from the answers given that any feed lot owner who operates a feed mill would be free to sell feed? Is that correct?

Mr. HEDLIN: My recollection of Mr. McNamara's answer to that same question when he was here was that technically, if he could buy feed with which to feed the livestock that he had, that he would keep precise records, and any of it that he sold would in fact have to come under the quota provisions.

Mr. BRUNSDEN: Did he not also tell us that he had no real policing power in the board to enforce it?

Mr. HEDLIN: Within a province; as far as feed mills are concerned he has; but as far as feed lots are concerned, he has not.

Mr. HORNER (*Acadia*): I have a further question.

Mr. THOMAS: How does this resort to feed lots strengthen your argument, that it is impossible to enforce the quota regulations? It appears to me, and it is intimated here, that all a feed mill would have to do to get by the quota regulations, would be to set up a feed lot, and then they would be free to carry on the operation.

And conversely, that is why I asked if any feed lot operator should be free to sell feed. I do not see how that strengthens your argument concerning the enforcement of regulations. It seems that if a feed lot owner is running a mill, he cannot sell feed. We could possibly take it from that, that should the feed lot operator own a feed lot, it would still stop him also from selling feed. In other words, the fact that you own a feed lot would not permit you to buy outside the quota regulation. I do not see how he could have it both ways.

A miller is a man who grinds, mixes, and sells feed. But it would not permit him to change his method of doing business, any more than it would permit a feed lot owner to change his method of doing business and start to sell feed.

Mr. HORNER (*Acadia*): There is nothing to stop a feed lot owner selling feed, and the wheat board would have no regulation that would require them to investigate the feed lot man's operations to find out whether or not he was selling feed. That is how he could get around this.

Mr. HEDLIN: I think there is one other point here, Mr. Thomas, and that is that many of the small mills simply do not keep that kind of record. They have no accountant. There is the man who is operating the mill, and he may have one or two men working for him, and the wheat board man can come in and ask to see the records.

As a good many people know, on some farms they keep their records on the back of an envelope. The same is true of many small mills. The result is that there are not any complete records. With the agreement mills there is a complete record; it is one of the terms of their agreement, and they can tell in a minute what went into inter-provincial, what went into feed and what went into the export trade.

That is not true of the small mills. With the small mill it may be very hard to tell just what he has done, and on the strength of that and experience in western Canada, we have suggested that enforcement is, in fact, most difficult.

Mr. THOMAS: Does a mill need a licence to operate as a feed mill?

Mr. HEDLIN: Not to my knowledge.

Mr. HORNER (*Acadia*): He does not have to have an agreement with the wheat board.

Mr. THOMAS: But does he need a licence?

Mr. HORNER (*Acadia*): He may need a provincial licence, but he does not have to have an agreement with the wheat board.

Mr. THOMAS: There is a serious matter of distinction here between a feed lot operator and a feed mill.

Mr. HORNER (*Acadia*): Mr. Harrold, the president of the Alberta wheat pool, agreed with the statement that the 3.5 million bushels that it was suggested were used by these feed lots were purchased illegally under the wheat board's new interpretation of the regulation.

Is this confined to the operation and the business of the feed mills, do you know?

Mr. HEDLIN: Mr. McNamara made an opposite statement. Which is right I do not know. I think I have a page reference in your minutes; but Mr. McNamara certainly said, when he was here, that in his judgment probably most of that, in fact, was bought legally. I think that probably Mr. Harrold reflects the more common view. But I do not think we feel competent to estimate how much of it is bought outside wheat board regulations.

Mr. HORNER (*Acadia*): On page 11 you make this statement, that some co-ops are cutting prices, but the feed mills have not. At the bottom of page 11 you say:

> The feed mills are not cutting prices and some of the cooperatives are; this makes it nonsense to suggest that the feed mills buying off-quota will destroy the price for western grain.

Have you anything to back up that statement that co-ops are cutting prices?

Mr. HEDLIN: Did we say there that they were cutting prices? I think we said they were buying, in certain instances, at or under the initial price.

Mr. HORNER (*Acadia*): That is the same thing as the feed mills are doing.

Mr. HEDLIN: Yes. Well, my information is that certain of the large cooperatives in Alberta in fact are buying registered and certified grain at or below the initial price.

Mr. HORNER (*Acadia*): That was what you were referring to.

Mr. HEDLIN: Yes.

Mr. FORBES: Supplementary to that, Johnny, if you do not mind. The fact that a co-op is buying is no indication what the payment is. They may be paying the initial payment, and there would be a further payment at the end of the year.

Mr. HEDLIN: That is not intended as an attack on any co-operative at all.

Mr. HORNER (*Acadia*): Can it apply?

Mr. HEDLIN: Really what is meant, and I think what is said, perhaps, is that there is a certain inconsistency in suggesting that the feed mills are buying at initial price, or near the initial price, and that this will break down the pricing system.

Mr. FORBES: The only difference in this case would be that, selling to a cooperative, you have a chance for further payment, whereas if you sell to a feed mill for that price, that is fine, that is all through.

Mr. HORNER (*Acadia*): On page 14 of the brief, near the bottom, you say:

> A public regulation is placing legitimate business enterprises in an impossible competitive position. We are being severely penalized because we observe the regulations.

Mr. Gleave stated in his brief on behalf of the inter-provincial farm union that the feed mills could operate quite successfully by just grinding the farmers' grain and returning it to the farmer; in other words, doing a service of grinding the grain, without having to actually buy it.

The CHAIRMAN: Gentlemen, we have lost a quorum.

Mr. MILLIGAN: You mentioned here that the proposal—

The CHAIRMAN: You will have to wait until we get a quorum again. All right, gentlemen.

Mr. HALES: Where are your western members, Mr. Chairman? I have to leave at five o'clock.

Mr. HORNER (*Acadia*): My question is, what percentage of your business is done on a straight grinding and return to the farmers basis? The wheat board made a special provision just recently; they allowed feed mills to buy over and above quota 20,000 pounds quarterly, I think, or something like this. Was this of any benefit to them?

Mr. HEDLIN: This is going to depend on the mill. With a small country mill, I doubt this. Mr. Balogh manages a mill in Edmonton, and I think I will switch that question to him.

Mr. HORNER (*Acadia*): Did you get the question?

Mr. PETER BALOGH (*President, Alberta Division, Canadian Feed Manufacturers Association*): I got the question, I think; but would you mind repeating it.

Mr. HORNER (*Acadia*): What percentage of your business is done by direct purchase, or just grinding for the farmer and returning to him?

Mr. BALOGH: We do not do any business where we just grind grain for the farmer and return it to him.

Mr. HORNER (*Acadia*): It is all direct purchase?

Mr. BALOGH: That is right.

Mr. HORNER (*Acadia*): What is the position of the feed manufacturers' association with regard to the provincial laws in the provinces of western Canada? Do they think they should be enforced? I am referring to the laws which allow farmers, and machine dealers to barter; that is, to carry on a barter trade. I understand there are provincial laws in each of the three prairie provinces which could curtail this operation to quite an extent.

Mr. NEAL: It is my understanding that these provincial statutes were put into effect as legislation complementary to the federal act, with the idea that the wheat board would have authority, through these provincial acts, to control purchase and sale within the province, with the exception of farmer to feeder transactions.

Those provincial statutes have not been enforced in that respect; that is why the charges which have been laid have been on the quota and not on the price set-up.

Our position is this, that if a farmer to feeder transaction is permitted in principle, it is logical that the local mills, even the larger mills, which provide a service should be permitted to enter into that transaction, the farmer to the mill, to the feeder.

Mr. HORNER (*Acadia*): The mills that have agreements with the wheat board, are they seeking, in this brief, to have part of their operation which

is solely within the province? Are they trying to operate that part as feed mills without agreements? In other words, kind of have two separate set-ups within the province?

Mr. HEDLIN: They simply would buy to the account of their feed mill business; they would not buy to the account of the wheat board.

Mr. HORNER (*Acadia*): That is what they are seeking—to buy off the wheat board on some occasions, when they want to deal with interprovincial or export trade; and when dealing with grain to be sold within the province, as a non-agreement mill.

Mr. BRUNSDEN: What will it do to the 3½ or 6 million?

Mr. HEDLIN: Do you mean, would it increase the total amount for consumption?

Mr. BRUNSDEN: Yes.

Mr. HEDLIN: I think this is implicit, through our brief.

We have pointed out that there was 107,000 tons of complete feeds used in western Canada, and 2 million for all of Canada. We have 40 per cent of all the livestock in western Canada. Our suggestion is that this would increase the use of feeds, and would increase that 3½ million bushels which goes into feed consumption.

Mr. BRUNSDEN: Some of us have taken the position that this 3½ million—if that is the figure—is a mere trickle. If you take your agreement mills out from under the quota, you are going to raise that 3½ million to a very greatly increased figure. The attitude of many men, on this question, might be changed, if that figure got too high.

Mr. HEDLIN: For us to indicate what the figure would be—and, as you know, this would be a projection—would be extremely difficult.

The suggestion has been made by many people here that the demand is inelastic, and would not increase. We do not accept that. But I would not be surprised to see it increase to even a substantial fraction of the 40 million odd bushels of barley we sell supplementary or off quota in western Canada.

The CHAIRMAN: You are next, Mr. Gundlock.

Mr. GUNDLOCK: My question is along the same line as those that have been asked, because I still am not quite clear.

Going back to page 15, in the last sentence of the first paragraph, it says:

> They could observe the letter of the law and still buy off quota.

I realize they can buy, but we are talking about selling. Can they sell under that arrangement?

Mr. HEDLIN: To the extent that the requirements of the legislation are met, by having a feed lot.

Mr. GUNDLOCK: I realize they can buy but, supposing I have 100 head of cattle and a feed mill. After all, 100 head can only eat so much. Are they actually selling above what the cattle eat? Are they operating that way? In other words, are they actually buying and selling?

Mr. HEDLIN: As we said, there has been no enforcement in the past, as you know, with the non-agreement mills. Our anticipation is that they can, and that they would.

Mr. GUNDLOCK: And that they are.

Mr. HEDLIN: And that they are currently, yes.

Mr. GUNDLOCK: I understand that part of your association are rural mills, and part are mills with agreements with the wheat board, that cannot participate at this moment —that is, before prosecution.

Mr. HEDLIN: There is a third group, of the type of which Mr. Balogh is manager in Edmonton. Burns and Company is not an agreement mill, nor a rural mill.

Mr. GUNDLOCK: How does it operate? Do they operate as a rural mill, and buy off quota?

Mr. HEDLIN: None are allowed to buy off quota, legally.

Mr. GUNDLOCK: But the status at the moment—or a month or so ago—was that they would operate that way, and I presume they still are operating that way—and I am referring to the rural mills up to this moment, outside of isolated cases.

I am trying to get clear the difference between these two types of mills, which are non-licensed or non-agreement mills, and what we commonly call the rural mills.

Mr. HEDLIN: Yes. Perhaps Mr. Balogh could give you that information.

Mr. BALOGH: What happens in our case—and we are a non-agreement mill—is this. Naturally, being a large company, we have a reputation to consider. We go to a mill, which has an agreement, and we buy grain from them, according to the regulations. This puts us further into the hole. However we have never bought from a farmer. We could not risk that situation.

Mr. GUNDLOCK: What we are considering at the moment is a safe arrangement.

Mr. BALOGH: Yes. In other words, they are in an awkward spot, and we are, by the fact we have to buy from them, in turn. Of course, it costs much more that way.

Mr. GUNDLOCK: I wonder if you could explain to me a little more fully. You speak about buying grain for interprovincial trade on quota, and locally, off quota. If you buy 1,000 bushels of barley from me, and you sell 800 of it here in the province—and the other 200, you want to export—where is the cut-off? It seems to me, if you are going to make a good point, you must have a very definite means of branding that particular grain.

Mr. NEAL: If you would pardon me for interrupting, a company, such as our own, must keep precise records, invoices, and so on, showing daily and weekly totals. We know where every bushel of grain goes, and where every 100 pounds of feed goes that we put out of our plant. Otherwise, we would not know what might happen. And if we were told: now, here, you can buy within the provincial boundaries free of quotas, and you can buy for interprovincial trade or export outside the quotas, our books would show us, by our shipping bills and invoices, and all the other accounting records which are kept, where the grain was going, and we would have to account for that. At the present time, the wheat board comes into our offices and asks for production of all our records.

Mr. GUNDLOCK: And you, in turn, are asking actually only for this—what would you call it; perhaps, a special consideration, for provincial trade only?

Mr. NEAL: Within the province, and nothing else. To be frank, we have no moral grounds for asking for anything else.

Mr. GUNDLOCK: I asked that question because, previously, Mr. Hedlin brought up the fact that seed companies were taking advantage of export, and, naturally, I imagined you would want to take advantage of the same thing.

Mr. NEAL: We could not even start it.

Mr. HEDLIN: We have no such intention. We support the control of the wheat board over interprovincial trade.

Mr. GUNDLOCK: Do you have any figures on how much feed you export internationally?

Mr. HEDLIN: Beyond the borders of the country?

Mr. GUNDLOCK: Yes?

Mr. NEAL: It is an insignificant amount. We are not competitive in world markets, in regard to finished feed.

Mr. GUNDLOCK: Because of price?

Mr. NEAL: Yes.

Mr. GUNDLOCK: Price alone?

Mr. NEAL: Yes.

Mr. GUNDLOCK: Would you not attempt then to compete in this?

Mr. NEAL: I doubt, in world markets, if we could.

Mr. GUNDLOCK: Let me put it this way. Is there a potential market, if you had advantage of that which you are requesting?

Mr. HEDLIN: What we are asking for would make no difference because, presently, in regard to any feed that did, in fact, go into the export markets, the grain that went into that feed would be bought from the wheat board. If you agreed with the proposal we make, that would still be the case, because it would be interprovincial and export, and it would still be bought from the wheat board.

Mr. GUNDLOCK: The gentleman on your right said earlier you had placed branches, shall we say, that would qualify as a rural feed mill, in areas, to take advantage of those things. What improvement will there be then? You already have a branch there, taking advantage of this.

Mr. NEAL: Say, we put a plant in Edmonton, with the idea the feed business will grow with the animal and human population. At the moment, that particular phase of our operation is stifled.

Mr. GUNDLOCK: Well, it is very likely to be. Is that the situation at the moment? Have you actually stopped?

Mr. NEAL: No.

Mr. GUNDLOCK: You are still operating as you were before?

Mr. NEAL: Yes.

Mr. GUNDLOCK: And will be until somebody comes along and closes your door?

Mr. NEAL: Yes.

Mr. GUNDLOCK: Those are all the questions I have to ask, Mr. Chairman.

Mr. MILLIGAN: Mr. Chairman, I would like to ask why these people say they have an increase in consumption. Upon what do you base your thinking?

Mr. HEDLIN: It is based on the assumption that if the mills can buy off quota—so they would not have to pay storage and handling charges, which add from 5 to 9 cents a bushel—they will be able to reduce the price of feed, and it will, to that extent, increase the total demand.

Mr. MILLIGAN: You have never been short of grain?

Mr. HEDLIN: Not short of grain, but to the extent that many of the mills, in fact, are buying outside the quota as well as, quite properly, buying outside price, it makes competition very difficult. We submit that public policy is putting what is legitimate business into a very difficult competitive position.

Mr. MILLIGAN: You want to get the mills in western Canada to buy from the individual farmer at your own price?

Mr. HEDLIN: At an agreed price.

Mr. MILLIGAN: Would that make a two-price system for grain in western Canada?

Mr. HEDLIN: It exists now, and quite legally. A farmer can sell to a farmer or feeder. That is going on at this moment.

Mr. MILLIGAN: Between farmers?

Mr. HEDLIN: Yes, between farmers and feeders. There are many big feeding plants, and they are commercial to some extent. The feed mill is integrated with the feeder. They are listed as feeders within the legislation, and they can buy from farmers.

Mr. MILLIGAN: Those people would have to show they are farmers themselves, as an operation of their own?

Mr. HEDLIN: They are privileged to buy directly from farmers.

Mr. BRUNSDEN: There is a basic question here which I would like to clear up. About this time of day my thinking is pretty woolly, and some days earlier.

Are we to understand this organization is recognizing two classes of mills, the agreement mill which may export and the non-agreement mill which may deal in inter-provincial trade?

Mr. HORNER (*Acadia*): Within the province.

Mr. BRUNSDEN: Yes, within the province. Are we to understand you want to take the now credited—what do you call it?

Mr. HORNER (*Acadia*): Agreement mill.

Mr. BRUNSDEN: Yes, the agreement mill, out from under quota.

Mr. HEDLIN: The agreemeent mill?

Mr. BRUNSDEN: Yes.

Mr. HEDLIN: That is correct.

Mr. HORNER (*Acadia*): Just to follow up this same question. The figure of 3.5 million has been the figure that has been credited to the non-agreement feed mills?

Mr. HEDLIN: No, non-agreement and agreement.

Mr. HORNER (*Acadia*): And agreement?

Mr. HEDLIN: Yes. The bureau of statistics figures are 107,000 tons of feed.

Mr. HORNER (*Acadia*): Within the province?

Mr. HEDLIN: Within the three western provinces. That is for 1958; and if you take 65 per cent on feed as being grain, and assume 40 pounds to the bushel, you arrive at about 3½ million.

Mr. HORNER (*Acadia*): That 3½ million is the total feed fed commercially, shall I say, because it would not be the feed fed by farmers, but the total feed which had gone through commercial handling in the prairie provinces?

Mr. HEDLIN: Prepared balanced feeds.

Mr. BRUNSDEN: Is this total of 3½ million both agreement mill and non-agreement mill?

Mr. HEDLIN: It is very difficult to get statistics on this. You have seen a large difference in the ones put before you. But this is our understanding.

The CHAIRMAN: Any further questions?

Mr. MCINTOSH: My question may have been asked, but I had this down before lunch. I understand this delegation are the feed manufacturers.

Mr. HEDLIN: That is correct.

Mr. MCINTOSH: Do they supply the supplements to the feed, and no grain?

Mr. HEDLIN: No, they are actually feed manufacturers, and they manufacture full feeds including grain and supplements. There are associate members, listed at the back of the brief, who provide supplements to the feed mills.

Mr. MCINTOSH: In the event that the policy is not changed, and the feed mills are made to live up to the present regulations, would these supplements mix, say, with corn, if it had to be imported—

Mr. HEDLIN: I think that—

Mr. MCINTOSH: Just a moment. The point I am trying to get at is this. I think most of the committee here are interested primarily in markets for western grain and, maybe separately or equally, with the price for western grain. I think it was well established by one witness we had here that if they could not buy this grain in competition to the American corn, the feed mills in all likelihood would substitute corn for grain?

Mr. HEDLIN: This is going on at the present time, and I am going to ask Mr. Moody, who is in this business in Manitoba, to answer that question.

Mr. MOODY: In Winnipeg American corn, depending on the quality and who it is bought from, can be purchased at a maximum price of $1.28 a bushel; that compares to feed wheat, through the board, in Winnipeg at approximately $1.45 a bushel.

I do know that all feed manufacturers in Winnipeg have been using a great deal more corn in the last two years than they ever had before, and they are substituting American corn for wheat and barley.

Mr. MCINTOSH: Can you answer this question? Those feed mills which are licensed—

Mr. HORNER (*Acadia*): Agreement mills.

Mr. MCINTOSH: Those agreement mills, are they the ones now using the corn, or is it the mill that still is not adhering to the wheat board regulations? Is there any division?

Mr. MOODY: I think there would be a division there, because those that do not have agreements are able to buy wheat, oats and barley at a lower price than agreement mills, so corn would not be in such great demand.

Mr. HEDLIN: I think this is an opinion. The committee was given information on this the other day. Corn was coming in substantially in the Steinbach area, and that is a rural mill. That is the information had from the people at Steinbach, when they were here. But it is also coming into Winnipeg in substantial quantities.

Mr. MCINTOSH: When did this trend start, of importing from the States?

Mr. MOODY: Two years ago.

Mr. MCINTOSH: It has been increasing, has it?

Mr. MOODY: Definitely.

Mr. MCINTOSH: Another point. I think one witness established the fact that corn today is still cheaper than the price unlicensed mills are obtaining western grain at.

Mr. HEDLIN: You mean the non-agreement mills?

Mr. MCINTOSH: Yes, the non-agreement mills. Is that correct?

Mr. HEDLIN: That statement was made before the committee by the people from Steinbach who were here the other day.

Mr. MCINTOSH: They showed what they were paying for western grain, and it was higher than the price they would have paid if they could have obtained U.S. corn.

Going back to my question, that we are interested in getting markets for western producers right now, the suggestion has been made by one of my colleagues that maybe a request should be made that the tariff on corn should be increased.

An hon. MEMBER: Hear, hear.

Mr. MCINTOSH: I wondered, even if the committee recommended these restrictions should not be imposed, would the trend still remain the same, that there would be an increase in the amount coming in from the States as far as feed mills are concerned? Maybe that is not a fair question to ask.

Mr. HEDLIN: I think the only thing we could do is to give you a straight market answer. Corn is not presently reaching Saskatoon. I do not think. Is that right, Mr. Crawford?

Mr. CRAWFORD: No.

Mr. HEDLIN: And it is not reaching Edmonton, is that right, Mr. Balogh?

Mr. BALOGH: Yes.

Mr. HEDLIN: It is selling in Winnipeg, and it is economic in Winnipeg; but when you add shipping charges to Saskatoon it is not economic. There comes a point when it is not economic to use it, and the lower the price regarding wheat and barley in Manitoba, the less it is going to penetrate into the mills in Manitoba.

Mr. MCINTOSH: Is there any one particular grade of feed that makes the best feeding as far as mills are concerned? Or is it just a matter of price as far as they are concerned?

Mr. MOODY: There is a difference of opinion about the feeding value of corn, as compared to wheat. Most people feel that corn would be worth say 10 per cent more than wheat. I would say, so far as feed manufactures are concerned, that if wheat and corn were the same price per pound we would use wheat.

Mr. MCINTOSH: As an economist, Mr. Hedlin, in your opinion would you believe if the instructions are enforced that then there would be a tendency to import corn from the United States if the price remains the same as it is.

Mr. HEDLIN: Yes; that certainly would be my opinion.

Mr. MILLIGAN: There must be corn quite close to the border because here in Ontario western barley is cheaper than American corn.

Mr. HORNER (*Acadia*): After the freight assistance is on it. There is no freight assistance in Manitoba.

Mr. MILLIGAN: You and I disagree on the freight assistance. I have always felt that freight assistance was a subsidy to the western grower and not the eastern feeder. We could not feed western grain if it were any dearer.

Mr. MCINTOSH: I do not think there is too much corn grown adjacent to the prairie provinces in the United States.

Mr. HEDLIN: I would have to look up the statistics; but I think that in Minnesota and the Red river valley in the U.S. there is a good deal of corn grown. In this general connection I mentioned previously the exports of feeder cattle from Canada to the United States. There were 458,822 exported in 1958 and 208,000 in 1959.

Mr. BRUNSDEN: That is a question of price.

Mr. MCINTOSH: It is also I think depletion of American stock.

Mr. HEDLIN: Perhaps it is in part.

Mr. HORNER (*Acadia*): We went through the first brief, but Mr. Hedlin did not go through the second one with regard to the memorandum in respect

of the Canadian wheat board. Are you suggesting changes in the wheat board? I went through that at noon time. I see where you outlined sections in the Canadian Wheat Board Act that you think should permit the provincial trade of grain; but apparently the others do not agree with you. I do not see anywhere in the brief where you say amendments should be made to the Canadian Wheat Board Act. Am I right that you are not suggesting that?

Mr. NEAL: I will do my best as I am not a practising lawyer. I believe the last supreme court case never really developed into a case. There was an appeal made to the court and the court turned it down. Mr. Newman who was here the other day acted for the parties concerned. It is my understanding the court turned down the application because they said, without considering the merits, you are asking for something which the wheat board can give you by their statute. They quoted section 16 having to do with quotas. I believe they said that the board had the power to do the very thing they were asking. I believe they said "Go back and persuade the wheat board".

Mr. HORNER (*Acadia*): They thought the wheat board had permission to give this but they would not force the wheat board into giving it.

Mr. HEDLIN: I think you meant to use the word "authority" rather than "permission".

Mr. HORNER (*Acadia*): All right. But the courts felt they would not force the wheat board.

Mr. NEAL: They could not; the board being an administrative board and set up with authority, the court has no jurisdiction.

Mr. HORNER (*Acadia*): These briefs were not read in full. The second one was not gone through even briefly. Are they going to be tabled as an appendix to the proceedings of this meeting? I would move they be included.

The CHAIRMAN: It has been moved that both briefs be appended to the proceedings of our meeting.

Mr. GUNDLOCK: I second the motion.

The CHAIRMAN: All in favour?

Agreed.

The CHAIRMAN: Are there any further questions?

Mr. PASCOE: I was interested in the references to the Federated Co-op Limited. Has that been discussed? Would you say they approve of this brief? You said they read it and did not object to it.

Mr. MOODY: The Federated Co-op is a member of our Manitoba feed association and their representative was present at the revision of this brief and okayed this brief.

Mr. PASCOE: He looked at it, then?

Mr. MOODY: Every word of it.

Mr. PASCOE: So actually you would say he was in favour of what you are asking for?

Mr. MOODY: Yes.

Mr. HORNER (*Acadia*): This winds up my line of questioning. I understand this committee would not have to recommend any amendments to the Canadian Wheat Board Act? It would just recommend that the wheat board deal strictly with interprovincial and export trade. Is that right?

Mr. NEAL: As I said, I do not profess to be a practising lawyer. I would certainly suggest, with all due deference, that the committee make recommendations and leave it for the legal talent in the house to say what to do.

Mr. HORNER (*Acadia*): I want to know exactly what you people are asking. Whether or not we go for exactly what you want is another thing, but I want to know your views.

The CHAIRMAN: Is there anything further, Mr. Pascoe?

Mr. PASCOE: I do not think so. Has this separate brief in respect of the provincial powers been dealt with? I am not quite clear on what powers they have. Could anyone explain how that would enter into this picture.

The CHAIRMAN: Gentlemen, I think that is out of our terms of reference.

Mr. PASCOE: It is in the brief.

The CHAIRMAN: I am not sure it should be printed as an appendix.

Mr. NEAL: The reason for that being in there is that the provincial statutes purport to delegate to the wheat board, which is the federal creature, certain powers; but the wheat board has declined to accept those powers. I say it is within the ambit of your questioning.

Mr. HEDLIN: Very briefly I think it is a correct interpretation to say the provincial legislation prohibits trading in grain except farm to farm or farm to feeder.

The CHAIRMAN: Gentlemen, if that finishes the questioning, I think we have had a very good meeting. I am sure that the members of this committee are very appreciative of Mr. Hedlin and his colleagues for coming down here and presenting the evidence they have. I believe I am expressing the sentiments of the committee when I thank you very much. You have given us a wealth of information and I am sure much of it will be taken into consideration when the committee meets to make its final report to parliament.

Mr. HEDLIN: Thank you very much.

The CHAIRMAN: Next Friday, May 20, the representatives of the Saskatchewan wheat pool will be here. We will meet in this room at 9:30.

Mr. THOMAS: Will it be in respect of the same subject?

The CHAIRMAN: Yes.

Mr. HORNER (*Acadia*): I did not get that.

The CHAIRMAN: The Saskatchewan wheat pool.

Mr. HORNER (*Acadia*): When will they be here?

The CHAIRMAN: Next Friday.

—The committee adjourned.—

APPENDIX "A"

The Alberta Division
of the Canadian Feed Manufacturers Association,

The Manitoba Division
of the Canadian Feed Manufacturers Association,

The Saskatchewan Division
of the Canadian Feed Manufacturers Association.

Presented To

The Standing Committee on Agriculture and Colonization.

Respecting grain deliveries to Feed Mills.

May 16, 1960,

Ottawa, Canada.

Gentlemen:

Before moving into the body of our argument we wish to express in the clearest terms the recommendation that we are making to this committtee.

Our recommendation is that the existing regulations, whether statutory or administrative, should be amended to permit farmers and grain producers to sell feed grains directly to feed manufacturers or processors of feed grain, free of quota or other restrictions.

The other side of this coin, of course, would be that feed manufacturers or processors of feed grain would be free to purchase the grain directly from the producers for processing and for resale *within the province* in which the grain is grown.

Later in this brief we will deal with the suggestion that such flexibility might prejudice the quota system and—to quote a suggestion that has been made—that "this could be the thin edge of the wedge that begins the destruction of the Canadian Wheat Board system of marketing grain".

We will also deal in detail with the suggestion that this "would mean the feed manufacturers have been given the legal right to chisel grain from the hard pressed producers at as low a price as they can establish" and the further suggestion that the recommendation that farmers should be free to deliver grain to feed manufacturers outside the quota "is to make money for the feed manufacturers and not to help anybody engaged in the business of producing grain".

These statements express in a forthright manner the main arguments that have been directed against the increased flexibility that we propose. Throughout this brief we shall direct our attention to satisfying you that our proposals will not prejudice the quota system, undermine the price structure for western grains or damage the orderly marketing system that is now a part of the farm economic fabric in western Canada. We shall give evidence that, on the contrary, our proposals will be of value to most grain producers and to all livestock producers, and will be in the best interests of the agricultural industry as a whole.

Livestock and the Potential to Produce

There can be little question that the great majority of producers do not tap the full production potential of their livestock and poultry. Hens lay less eggs than they might, dairy cows produce less milk and it takes more days and more feed to get beef cattle or hogs to market than would be necessary with optimum feeding and management.

Progress is being made. It is being made on the strength of the work of nutritionists and other scientists in improving feeding and breeding and the extension workers in getting word of the newest findings out to the farms. Every agency works to achieve this improved output; that includes the feed manufacturer, without whose produce this exploitation of production potential would be impossible.

That feed manufacturers can help farmers to increase their net return is dramatically—if unintentionally—underlined by statements made in the agricultural section of the Royal Commission on Canada's Economic Prospects. On page 86 of *Progress and Prospects of Canadian Agriculture* it is noted:

> There has been a great deal of scientific work done in the breeding, rearing and feeding of poultry. Poultry production has been shifting gradually from a supplementary operation on almost every farm to a specialized operation on farms where up-to-date equipment for the purpose has been installed. Specialization has reached the point where large scale commercial hatcheries have replaced the broody hen. Scientific breeding has produced special egg-laying cross-breeds with great vigour and now hybrids with even greater vigour are being developed. As a result, striking increases have been obtained in the rate of laying, in eggs produced per unit of feed input and in the earliness with which laying birds mature. Electric lights are now used to encourage egg laying in the winter. The use of antibiotics and minerals in prepared feeds is now common and many drugs and inoculants are available to control poultry diseases which previously reduced or wiped out many flocks every year.
>
> ...The experience in egg production in the United States is sufficient indication that such processes as are now used in Canada can be continued with increased effect. In 1954 and 1955 egg production per hen in the United States was 190 eggs per year, a rise of 17 per cent from 1947. In the same period the increase in Canada was 15 per cent. It has been assumed that an increase in the rate of lay can continue to 1980, when it may have reached a level about 50 per cent higher than that prevailing at present.

The provision of scientifically balanced mixed feeds has been a vital prerequisite to the development of this output efficiency in the poultry industry. But such improvement is not automatic. There is evidence of less progress in the fluid milk industry, upon which the Commission also reports. But even here considerable progress has been made.

> Technological improvements have increased the efficiency of milk production to a degree which, while it still leaves much to be desired in relation to yields in some other countries, is nevertheless quite substantial. Much of the increase in milk production per cow has come about on farms producing for the fluid market, but producers of milk for processing are also getting higher yields per cow. Some of the improvement has come from better feeding practices and better quality feeds, but there are many other contributing factors. The yield per cow has gone up from just over 4,000 pounds per year to 5,216 pounds between the average of the 1935-39 period and 1955, an increase of about 29 per cent. The average yield per cow in the United States now stands at 500-600 pounds higher than the Canadian average, but some European countries have average yields more than 1,000 pounds higher. There seems good reason to believe that improvements in milk yields will continue at a rate close to the long run trend of about 65 pounds per cow per year. If an increase of 65 pounds per cow per year is maintained in Canada, a yield of almost 7,000 pounds per cow would be

reached by 1980. There are many herds in the country at present in which the average yield is in excess of this level.

The fact cannot be escaped that great increases in productivity are still possible. To the extent that the development of the feed industry is retarded the potential increases in productivity are denied.

The Royal Commission on Canada's Economic Prospects has also commented upon the potential of good feeding practices to increase output in meat animals:

> Input-output relationships in meat production are not so easily produced as they are for eggs and milk. There is greater statistical difficulty in separating data in a fashion that would give some measure of the increase in output per unit of breeding stock general enough to produce a measure of the gain in efficiency over all of Canada. Individual farm data are available and experimental farms have records which show what can be done in increasing output per unit of feed, or in raising the size of litters of pigs and reducing the mortality rate among young stock. Such data, however, often seem so spectacular in relation to the average achievement under commercial conditions that they cannot be used for projections. Their greatest value is to illustrate the possible as compared to the actual and to act as a yardstick of how great an increase can be achieved.

The implications of these statements is that enormously improved input-output relationships can be achieved. With proper management—which inevitably includes as a fundamental aspect the use of properly balanced scientific rations—the production of meat and milk products and poultry and eggs per animal or bird can be sharply increased. This fact is attested to by the accomplishments with poultry. The Royal Commission on Canada's Economic Prospects clearly believed that the same thing could be achieved with dairy and meat animals.

The Feed Industry and the Livestock Farmer—

Experience in other parts of Canada demonstrates that western Canada is lagging in the use of balanced rations and mixed feeds in spite of the fact that the faculties of agriculture in our Universities and our provincial Departments of Agriculture are bending every effort in the direction of increasing the use of scientifically balanced rations for cattle, hogs and poultry.

No knowledgeable person denies that it is vitally important that livestock should be given a balanced feed ration. Scientific agriculturists do constant research on the most effective combination of nutrients and provincial extension service people carry the information to the farmers. The manufacturers of feed from the largest centralized mill to the smallest rural operation promote the sale of these products and, in that promotion, have the sales advantage that they are on the side of the angels—that they are advocating a feeding practice that all objective farm research and extension people insist results in a better product and a greater profit for the feeder.

What is the product of this happy combination of virtue, research and salesmanship?

According to the Dominion Bureau of Statistics, on December 1, 1959 farmers and feeders of the provinces of Manitoba, Saskatchewan and Alberta had 46 per cent of the cattle, 45 per cent of the hogs and 26 per cent of the poultry owned by all farmers in the nation. But these farmers, who controlled about two-fifths of the livestock of Canada, purchased only some 5 or 6 per cent of the mixed feeds bought by livestock producers in Canada.

The Dominion Bureau of Statistics reports that in 1958 the farm cash income in the three prairie provinces was $1,279 million, of which $613 million was received for livestock and livestock products. In other words, 48 per cent of the cash income of prairie farmers in 1958 was attributable to livestock and livestock products and wheat, oats and barley combined to produce only 46 per cent of the farm cash income that year. The remaining 6% of cash income was earned from flax, rye, rapeseed, sugar beets, garden crops and the various special crops. Comparable figures for 1959 were 46% of farm cash income from livestock and 47% from wheat, oats and barley.

Naturally the Feed Manufacturers Association is anxious to increase feed sales to farmers for business reasons. But, we insist that our aspiration in this respect is completely in step with the best interests of grain producers and livestock producers. In other words, the retarding of the feeding of livestock that is implicit in the policy that we are opposing is not in the best interests of any farmer.

We submit that the removal from quota restrictions of grain to be sold to feed plants would be in the best interests of grain producers but we are convinced that this question should not be narrowed to a discussion of grain policy. It clearly involves the entire meat and dairy and poultry industry. The present policy is prejudicial to these interests.

Future Production Patterns—

In the years ahead the proportion of income earned from the sale of grain is likely to shrink still further, relative to livestock interests. Says the Royal Commission on Canada's Economic Prospects:

> The estimates of domestic demand for livestock and livestock products indicate a production requirement of livestock products in 1965 which is about 38 per cent greater in physical volume than the average of the 1951-55 period. By 1980 the production requirement would be 104 per cent greater than the average level of production of the 1951-55 period.

And they go on to say:

> The need to intensify output will be greater after 1965 than before and, therefore, the extent to which intensification of output is likely to counteract the process of farm consolidation will also be greater. For these reasons the number of farms in Canadian agriculture is likely to decline to 570,000 by 1965 and to 540,000 by 1980—

The following table and projection appears on page 37 of the section on Progress and Prospects in Canadian Agriculture of the Commission Report:

REQUIREMENTS IN TERMS OF LIVESTOCK NUMBERS AND OUTPUT

(1951-55 average and projected requirements 1965 and 1980)

		1951-55 Average	1965	Percentage 1951-55 average	1980	Percentage 1951-55 average
Hogs	Output number (000)	7,570	10,100	133	16,200	214
Cattle for beef	Output number (000)	2,040	2,600	127	4,200	206
Veal calves	No. slaughtered (000)	1,180	1,500	127	1,575	133
Milk cows	On farms June 1 (millions)	3.1	3.3	105	3.5	112
Milk output	Whole milk (billions lbs)	16.3	18.5	113	24.6	151
Hens	On farms June 1 (millions)	26.8	29.3	109	37.1	138
Eggs	(Million dozens)	388	518	133	820	211

We reproduce this table of projections to underline the fact that in your deliberations with respect to grain marketing and farm policy you are not dealing with a static situation.

The Royal Commission was established to project the probable direction of economic development in Canada. It seems reasonable to suggest that in the establishment of policy the findings of the Commission should be considered. Those findings are that within five years the hog population must be 133 per cent of the 1951-55 average and the cattle for beef population in Canada 127 per cent of that average. Within 20 years they suggest the hog population must be 214 per cent of the 1951-55 average and the cattle for beef population 206 per cent of the 1951-55 average.

They concluded that the farmers of Canada would succeed in meeting these enormous requirements, but they based their assumption upon the anticipation that production per animal would increase very dramatically. And, in spite of this assumed increase in output per animal unit, they concluded that Canada would, from time to time, be in a net importing position with respect to beef.

We would point out that we are not discussing some circumstance in the remote future. In only five years we will have reached 1965 and in only 20 years we will be facing the present realities of 1980. When it is considered that our Association has been pleading for a change in policy as it affects feed mills in western Canada for over ten years it will be recognized that these are not great periods of time. If another ten years should be allowed to go by before policy is changed we will be right in the midst of the livestock demand situation that is anticipated by the Royal Commission.

Unless the Royal Commission on Canada's Economic Prospects is mistaken we are on an escalator in terms of livestock numbers in Canada. As reference to the table will illustrate the production in terms of milk and of eggs is destined to rise much more rapidly than populations—the output per animal or bird must rise if the gross output that is anticipated is to be realized.

Unless our agricultural nutritionists are mistaken the general use of scientifically mixed balanced rations is an essential to the maximum increase of output per animal or bird.

Unless our agricultural economists are mistaken one of the most effective ways of widening profit margins in farm production is to increase the production per animal or bird, up to the point of diminishing returns. This type of intensification will, to a greater extent, become the real source of net farm returns if the Royal Commission on Canada's Economic Prospects is right in its conclusion that the decline in farm numbers will be much slower over the next 20 years than it has been over the past 20 years.

The present policy is artificially forcing up the price of mixed feeds and is retarding the use of balanced rations. It is checking the increase in output per farm production unit in livestock. It is shrinking the profits of the livestock and the poultry industry.

A change in policy along the lines we are proposing would clearly be in the interests of the livestock producer.

The Feed Industry and the Grain Farmer—

The question of freedom for farmers to deliver off-quota grain to feed mills is not a case of one group of farmers opposed to the interests of another group of farmers, with the feed industry siding with one group. But even those farmers who take the largest proportion of their income from grain sales would be best served, by permitting sales of grain to feed mills to be off-quota.

A limited but continuing amount of grain is offered for sale by farmers and is bought either by or on behalf of feeders. This is permitted under the regulations that now govern our grain marketing and presumably will continue.

We submit that permitting the sale of such grain to the feed mills off-quota would introduce a new element of competition into the purchase of these feeds. Further, the feed mills would inevitably have a different relationship toward those offering the grain for sale than would feeders or retailers of consumers durables: the farmers from whom the mills buy the grain are potential customers and there would be less tendency for the mills to depress prices than would be the case of the feeders. The operators of a feed mill buy grain from farmers and must go back to the same people to sell processed feed; the livestock feeder buys the grain, but does not have to go back to attempt to make a sale.

Quite apart from this psychological factor the increasing of demand would have an upward influence on price.

Further, it must be recognized that the feed manufacturing industry has no interest in depressing prices. The industry survives on margins and not on absolute prices. Today the non-agreement mills can barter with suppliers on price and yet not one shred of evidence has come before this Committee that these feed mills are depressing prices. Those who are buying grain most cheaply are the feeders and the implement agents, the TV shops and the businesses that barter goods for grain.

The non-agreement mills have not attempted to depress prices for two reasons. One is that they are dealing with their own customers and must maintain good relations. The other is that they make their net return on the difference between selling price and buying price and do not enhance their unit returns by forcing prices down.

Feed Mills and Domestic Wheat Board Sales

In 1958 the total production of complete feeds, manufactured by the feed industry in Canada was 2 million tons. Grain supplies to the industry were controlled by the Canadian Wheat Board only in the three prairie provinces. In these provinces the production of complete feeds in 1958 totalled 107,000 tons.

A complete feed approximates 35 per cent of special ingredients and 65 per cent of grains, by weight. If the weight of grain used—which includes wheat, oats and barley—is taken as 40 pounds to the bushel the total amount of grain used in the manufacture of this feed on the prairies was approximately 3.5 million bushels.

In 1958 western Canadian farmers harvested 824 million bushels of wheat, oats and barley. In 1958-59 they delivered 520 millions bushels to their local elevators to the account of the Canadian Wheat Board. The amount of grain used in the preparation of mixed feeds in 1958 was 0.42% of total production. It was 0.63% of the total deliveries to elevators and the same percentage of total Wheat Board marketings.

We believe that it would be agreed that this 3.5 million bushels is trifling relative to the total production and marketings of western farmers. It has been estimated that feed mill handlings last year were up to some 7 million bushels, which is still a small proportion of total western production.

Members of the Committee are aware that a large part of this grain is not presently purchased through the Wheat Board. Non-agreement mills are free to make their own price arrangements with farmers, although they are still restricted to accepting deliveries within the quota.

Further, part of the feed market is being lost to Canadian farmers through the increasing use of corn that is imported from the United States. A feeder or mill owner is perfectly free to make a private purchase arrangement with a U.S. dealer or farmers for corn and bring it in. Such grain is changing hands at something over a dollar a bushel and is capturing an increasing proportion of the Canadian feed market. The importation of corn increased from 8.4 million bushels in 1956 to 12.0 million bushels in 1959. In this interval importation

increased by 43 per cent; if the same rate of increase should continue it would mean an importation of 17.2 million bushels of U.S. corn in 1963 and 24.6 million bushels in 1967.

The hard fact is that we are not presently preserving all of this market for Canadian producers.

It has been suggested that the demand for feed grain is inelastic—that a reduction in price does not trigger an offsetting increase in consumption. It must be obvious that if there is an opportunity for substitution of lower cost feeds, such as corn, that this is not correct—that a lower price will result in a more than offsetting increase in demand.

But the market for western feed grains is being lost in another way—through the export of unfinished livestock from Canada and in the increasing importation of poultry and meat products.

In 1958 total exports of feeder cattle from western Canada to the United States amounted to 458,822 heads and in 1959 the total was 208,054.

In the January to April (inclusive) 1959 period imports of dressed poultry to Canada totalled 1,132,361 pounds and in the same period of 1960 they have totalled 4,487,873 pounds.

Importations of chicken and fowl increased from 5,285,530 pounds in 1957 to 11,141,742 pounds in 1958.

Imports of beef and veal increased from 17.9 million pounds in 1955 to 34.9 million pounds in 1959. Imports of bacon and hams increased from 34,607 pounds in 1955 to 1,131,456 pounds in 1959.

Imports of mutton and lamb increased from 10.8 million pounds in 1955 to 20.6 million pounds in 1959. In the January to March period of 1960 exports of live lambs and mutton and lamb declined by 89 per cent and imports increased by 32 per cent, as compared with the same three months in 1959.

The conclusion is inescapable that our grain farmers are losing some of their market for feed grains and our livestock producers are losing part of their market for finished livestock and poultry.

This casts very grave doubt on the suggestion that the market for feed products is inelastic. We submit that the very reverse is the case—that a reduction in the price of feeds, resulting from the saving of storage and handling charges implicit in dealing through the Canadian Wheat Board, would result in a more than proportionate increase in domestic sales.

The Feed Mills and the Quota

In a document filed with the Committee by the Canadian Wheat Board it was stated:

> The quota system was and is solely for the protection of producers. This protection is in the form of assuring producers that, as far as possible, available storage space would be shared equitably among them...

The storage space referred to is, presumably, space in country elevators and terminals and not in feed mills. But the Board undoubtedly has the further objective of providing equal sales opportunities to all producers.

We have pointed out that the amount of grain under discussion with respect to the feed mills is not large relative to total western production. If the Canadian Wheat Board took a rigid position with respect to the quotas it might be argued with some validity that the amount did not matter—that it was the clear duty of the Canadian Wheat Board to give to all farmers an equal access to all markets, export and domestic, without having any regard to the size of the market in question.

But the Board does not adopt such an inflexible attitude. It has made many exceptions to its own quota provisions.

Malting Barley—Farmers who produce regular 3CW barley selected as suitable for malting purposes are permitted to deliver that barley off-quota through country and terminal elevators and at special prices to the malsters and brewers. In 1958-59 the total of barley shipped against over-quota permits for malting or other special purposes totalled 36,957,459 bushels; the comparable figure for 1957-58 was 43,789,795 bushels.

It seems manifestly unreasonable that a farmer who produces barley that is suitable for malting should be extended an over-quota permit and that it should be denied the man who produces a feed grain suitable for livestock feed. Further, it is well known that we have areas in western Canada peculiarly suited to the production of malting barley, so that the same farmers tend to get the advantage of this exception year after year.

It also seems quite unfair to extend a privilege to the malsters and brewers and deny it to the feed manufacturers.

Seed Grain—Sales of registered and certified seed grain are also off-quota. Much of this seed grain is used domestically and a substantial amount is exported. It would be most instructive for the Committee to look very carefully into the dispositions of this seed grain.

The Committee will find that exports of bagged seed wheat totalled 2.6 million bushels in 1956-57, 4.2 million bushels in 1957-58 and 5.3 million bushels in 1958-59. In the August to March period of 1959-60 exports totalled 4.1 million bushels, which suggests this year's total exports will be well in excess of 1958-59.

They will also find that this registered and certified seed grain is bought outright from farmers at or below the initial price.

Much of this grain is exported to the United States, but a substantial proportion of it finds its way to countries such as Saudi Arabia and is sold at a price below the Canadian Wheat Board price and is used for milling purposes. In other words, seed wheat bought in western Canada and shipped into world commerce in certain instances is undercutting Canadian Wheat Board offerings in the milling market.

Certain of the western grain co-operatives buy registered and certified seed wheat. We suggest to the Committee that they ask the grain co-operatives to give a list of prices they are paying on farms for seed grain. Our information is that they are buying this seed at the initial price and are making no further payments. We submit this fact is inconsistent with the statements that have been made in front of this Committee. The feed mills are not cutting prices and some of the co-operatives are; this makes it nonsense to suggest that the feed mills buying off-quota will destroy the price for western grain.

Other Exceptions—Malting barley and seed wheat are by no means the only exceptions that are made to the quota provisions. In this connection we wish to quote in full page 21 of the *Comments on Delivery Quota Policy* filed with this committee by W. C. McNamara, chairman of the Canadian Wheat Board, and referring to quota exceptions in 1957-58.

> At the start of the crop-year a quota of 5 bushels per seeded acre, with a minimum delivery of 200 bushels, was established for Durum Wheat. On April 14th, 1958 this quota was increased to 8 bushels per seeded acre, with a minimum delivery of 300 bushels. On June 2nd the Durum delivery quota was increased to 11 bushels per seeded acre, with a minimum delivery of 400 bushels.
>
> The crop year commenced with flaxseed delivery quota of 5 bushels per seeded acre, with a minimum delivery of 200 bushels. On November 7th, 1957 flaxseed was placed on an open quota basis.
>
> The quota policy for 1957-58 included the usual provision for the over-quota delivery of Malting, Pot or Pearling Barley accepted on a

premium basis by maltsters, shippers or exporters. At the start of the crop year the over-delivery of one carlot of such barley was authorized. On January 7th, 1958 a second carlot of Two-Row Barley was authorized for Pacific Coast destinations. On March 31st, 1958 the provision was extended to two carlots of accepted barley to any destination. On the same date a third carlot of Two-Row Barley was approved for any destination.

On June 2nd, 1958 a supplementary barley quota of 3 bushels per seeded acre was established in Manitoba and Saskatchewan applicable to barley grading No. 1 Feed or lower. Later this supplementary barley quota was increased to 6 bushels per seeded acre applicable to all grades.

A Supplementary quota for rye of 5 bushels per seeded acre, with a minimum delivery of 150 bushels, was established on November 7th, 1957. On January 9th, 1958 this supplementary quota was increased to 10 bushels per seeded acre, with a minimum delivery of 300 bushels. On June 5th the supplementary rye quota was increased to 15 bushels per seeded acre, with a minimum delivery of 450 bushels. On July 15th supplementary rye quota was discontinued because of the commencement of harvesting.

On September 19th, 1957 The Board established a supplementary quota of 5 bushels per seeded acre applicable to Soft White Spring Wheat, where such wheat had been produced under contract with mills. This quota was increased to 10 bushels per seeded acre on January 13th, 1958 and further increased to 15 bushels per seeded acre on May 5th. Effective on July 7th Soft White Spring Wheats were placed on an open quota basis for the balance of the crop year.

But on the first page of that document the representatives of the Canadian Wheat Board also stated:

> While equity among producers has always been an objective in the administration of delivery quotas, this objective has been subject to the requirements of the market for kinds of grain and grades of grain. From time to time, over the years, the necessity for moving the grains and grades of grain required to meet market commitments has resulted in variation of delivery quotas within crop years and at the end of crop years.

What this means is that the ability of the Wheat Board to sell the grain has been the overriding consideration and that the equitable sharing of available storage space between producers is a secondary consideration.

Said the Board in the same document:

> A completely equitable quota system would involve the shipment of grain from each individual delivery point in accordance with its requirements in relation to a uniform pattern of delivery quotas. Such a policy would result in a reduced level of sales and smaller overall movement from farms to country elevators.

On page 18 of this document the Board includes a table that shows the impact on the individual farmer of this policy. The following table shows the number of stations at different quota levels on July 31, 1956:

Bushels per Specified acre	Manitoba	Saskatchewan	Alberta
5	—	103 (9%)	85 (15%)
6	15	370	141
7	45	324	160
8	316 (84%)	306 (28%)	191 (33%)

In that year 84 per cent of the delivery points in Manitoba achieved a quota of 8 bushels an acre and only 28 per cent in Saskatchewan and 33 per cent in Alberta achieved the same level. Members of the Committee are fully aware that inequities of the same type have typified experience in subsequent years.

We do not cite the delivery of inequities in any critical vein. We do suggest that it is inconsistent to blandly accept these inequities and, concurrently, to suggest that the sales of a few million bushels of grain off-quota to the feed mills would destroy the quota system.

We further submit that it is inconsistent to permit off-quota or over-quotas or supplementary deliveries with respect to malting barley, pearling barley, seed grain, durum wheat, flaxseed, rye, soft white spring wheat, Alberta Red winters and Alberta winters and then to charge or imply that the feed mills are attempting to prejudice or destroy the quota system when they suggest that the producer of feed grains should have a similar opportunity to market his product.

The Wheat Board and Agriculture Improvement

Past policies clearly establish the interest of the Canadian Wheat Board in the improvement of practices on grain farms.

In the Annual Report by the Board to the Minister of Trade and Commerce for the crop year 1957-58, on page 5, it is stated:

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

No one could disapprove of such an estimable policy.

The same is true of the Board policy of permitting seeded hay and pasture land to be included as specified acreage in farmers' permit books. As with the policy on seed grains, this policy was initiated with the one objective of improving farm practice in western Canada.

Public policy, as evidenced by these Canadian Wheat Board policies with respect to seed and grassland farming, is bent in the direction of improving farm practice. When it is considered that close to fifty per cent of gross farm income in western Canada comes from livestock and livestock products, and that only 5 per cent of the balanced feed marketed in Canada is sold on the prairies, and that sales of feed and the use of balanced rations is being prejudiced by public policy, a strange contradiction would seem to have appeared.

The livestock producer who wishes to improve his feeding practices is not being given the consideration afforded the grain grower who wishes to improve his seed or who wishes to raise grass seed or hay and pasture and so improve his soil fertility.

On the other side of the coin, the legitimate interests of the feed manufacturer are not being given the consideration of those of malster and brewer or of the seed house.

Inequity Between Feed Mills—

The incidence of the law as it applies to sales of farm grain to feed mills is inequitable under the present policy.

Of the 182 feed mills in the prairie provinces 60 have agreements with the Canadian Wheat Board and 122 do not have agreements. It is common knowledge that mills operated by companies having an agreement with the Canadian Wheat Board are firmly bound by the regulations while those that do not have such a contract are not bound; the consequence has been that many non-agreement mills have been buying grain off-quota, in spite of the regulation and, in keeping with the regulation, have been buying at

prices below the Wheat Board offering price. The result is that they are able to operate on one price plane and those mills that observe the regulations operate on a different and higher plane.

A public regulation is placing legitimate business enterprises in an impossible competitive position. We are being severely penalized because we observe the regulations.

It could be argued that adequate enforcement would meet the requirements of the present situation.

We submit that it would not. It would still permit the non-agreement mills to purchase their supplies directly from the producer while denying that right to the agreement mill with the result that the agreement mill would still have to bear the cost of handling and storage of grain.

There would also be important exceptions to the quota provision, no matter how diligent the officers of the Board. It is well known that the requirements of the legislation are met by having a feedlot, and rural mills would simply go into feeding and so be able to buy off-quota, no matter how rigid the enforcement. They could observe the letter of the law and still buy off-quota.

We submit that effective control is impossible. We also submit that it is not desirable, for all the reasons that we have developed throughout this brief. But, in addition, there is a continuing danger of driving the local mill out of business and all mills, agreement and non-agreement, are becoming local district mills to an increasing extent. The transportation costs are forcing all mills into the areas closest to their customers.

There is a real danger of creating a situation in which the local mill cannot survive. This would create an upward spiral in feed prices and further shrink the use of balanced rations in the feeding of livestock and poultry in the west.

The feed mill today is a local service industry. It must be located close to its suppliers and customers if it is to pay reasonable prices for grain and provide feed to its customers at a reasonable cost. Essential profits are a product of a large turnover which means that feed prices, relative to livestock and livestock product prices, must be such that farmers can realize a net profit from the use of balanced rations. The higher the feed price the smaller the market. A point is reached where the market is not large enough to support the local mill. If it closes those farmers who wish to use balanced feeds must have them shipped in from a remote plant, with the transportation costs added, which again raises the price and further shrinks the market.

To a degree this would appear to have ben happening in western Canada already. The fact that western farmers have some 40 per cent of the livestock and purchase only 5.35 per cent of the complete balanced feeds supports such a conclusion.

Strict enforcement, even if it were possible would mean that feed prices stayed at a relatively high level and so their use would be retarded. But we suggest a lower price for feed would not be accomplished if off-quota privileges were extended in this matter, through feed mills buying grain from farmers at distress prices. The avoidance of handling and storage charges alone would reduce the price. It would be quite possible for the producer of the grain to get as good a price as he would get if he sold his grain to the Canadian Wheat Board and still permit the livestock feeder to buy his feed at a reduced price as compared with present policy.

Public Acceptance of the Regulations—

It could be argued that the feed mills could make the regulations enforceable if they would really support them in principle and in fact. To the best of our knowledge our members do observe the regulations. But many feed mills do not and they are encouraged in this by the fact that the public do not

accept the regulations as being reasonable. Farmers are very willing to sell the grain to the mills with no entry in their permit books and apparently feel that no moral issue is involved. Many mill owners apparently feel the same way.

It is hard to believe that the courts support the principle of the regulation in the light of penalties that have followed conviction. The Committee is aware of the case in Ponoka, Alberta, where an operator was convicted of many charges of buying grain outside the quota and was fined a total of $10 by the court.

It is also well known that the Wheat Board is not of one mind on this question. It is accepted in grain circles in Winnipeg that the Canadian Wheat Board is divided.

The Committee is aware that the western provincial Governments are not inflexible with respect to the imposition of quotas. They freely permit barter and sales of grain to machinery companies and retail stores. They give capital assistance to seed plants and, with the approval of the Board, assist in off-quota deliveries in this form.

A valid parallel can properly be drawn between the present regulations and the experiments with prohibition. The latter established that laws that the public regard as unreasonable are virtually unenforceable.

The gathering of evidence against feed mills may be difficult and can place the Board in a most absurd position. Indeed, under the heading of "Mystery Car Perplexes All", one of the Winnipeg dailies, under date of March 7, 1960, graphically describes some of the difficulties and absurdities.

> Steinbach's Great Mystery—who was the man in the maroon Chevrolet?—was solved Monday, but not before Hon. J. B. Carroll, minister of public utilities, had been thoroughly upset and a good many imaginations stimulated.
>
> Last week grain truckers in the Steinbach-Landmark area reported they had been followed by the maroon car. A photographer from the *Carillon News* in Steinbach finally got a picture of the vehicle (its occupant wanted to know "What in the h—— are you doing,") and the paper ran it on its front page along with a story headlined "Mystery Car Trails Local Feed Trucks".
>
> And that was where Mr. Carroll came into the act. For, examining the photo, the News editor decided the licence number was 4B4—the number of Mr. Carroll's car. The number was printed in the paper.
>
> Queries on the car brought a quick denial from Mr. Carroll. He said he hadn't been in the Steinbach area since last November (he liked to visit the Steinbach area but he hadn't had time lately).
>
> In fact, he said through a spokesman, he'd been in The Pas at the time the mystery car was tootling around the back roads of southeastern Manitoba. And his car was a brown Ford, not a maroon Chevrolet.
>
> The *News* had suggested the car might be owned by the Canadian Wheat Board, though it reported drawing a blank when the board was checked. Monday morning, however, chief commissioner W. C. McNamara of the board said the car probably did belong to a wheat board inspector who works in that territory.
>
> He was likely making a "routine check" said Mr. McNamara.

Manitoba is chuckling over the detective operations, and so, apparently, is Alberta. Comments the Calgary *Herald*:

> There have been reports of Wheat Board inspectors snooping around the country tailing feed company trucks, ostensibly to gather evidence to use in courts.
>
> The talents of these people would be better employed in finding new markets for the millions of bushels of surplus grain.

According to the same paper the gathering of evidence can be a futile undertaking:

> The small feed millers have discovered that it is legal to set up a subsidiary feedlot business. In other words, if a miller sets up to feed a beef animal somewhere in the vicinity of his mill everything is perfectly legal.
>
> Laughable? Yes. Ridiculous? Yes . . .

We submit that there is more involved here than the single question of public acceptability of the regulations. We submit that the Canadian Wheat Board is being subjected to criticism and the poking of fun by witty writers on matters not related to the performance of the basic Board function of marketing western Canadian grain. The perpetuation of the quota regulations with respect to the feed mills is damaging the relations of the Board and so inevitably of the Government with the public.

It has been suggested that our proposal might be the thin edge of the wedge that would destroy the Canadian Wheat Board. We submit that this continuous adverse publicity and the perpetual breaking of Wheat Board regulations by farmers and by some millers is a much graver threat to the perpetuation of the Board.

Sales and Prospects for Western Grain

In one of the documents filed with this Committee by the Canadian Wheat Board a table indicating receipts from producers was included. It is reproduced below:

Year	Receipts from Producers (millions of bushels)
1951-52	737
1952-53	844
1953-54	608
1954-55	524
1955-56	567
1956-57	585
1957-58	576
1958-59	551

The average deliveries by producers in the first four years—1951-52 to 1954-55 inclusive—was 678 million bushels. The average deliveries for the more recent period—1955-56 to 1958-59 inclusive—was 570 million bushels. In other words the decline in deliveries was a total of 108 million bushels.

Stocks of grain on farms for the most recent period available are listed in the annual report to the Minister of Trade and Commerce by the Canadian Wheat Board in Tables IV, V and VI. Stocks on farms:

Year	Wheat	Oats	Barley	Total	Production
1952-53	19,262	57,836	21,476	98,574	1,305,000
1953-54	93,716	90,660	38,235	222,611	1,131,000
1954-55	231,860	97,250	96,810	425,920	668,000
1955-56	137,855	53,400	42,310	233,565	1,031,000
1956-57	204,205	71,200	50,465	325,870	1,213,000
1957-58	323,160	172,100	80,980	576,240	807,000
1958-59	231,900	108,000	57,500	397,400	824,000
1959-60	130,000	80,000	57,000	267,000	881,000
Average 1952-53 to 1955-56	120,673	69,786	49,708		
Average 1956-57 to 1959-60	222,316	107,825	61,486		

For the last three years stocks of grain on farms have been declining, but this has been in response to an increase in storage capacity and to a decline in production on western farms. In spite of this the stocks on farms are 108,000,000 bushels higher on the average of the last four years than in the average of the four previous years. No one can doubt that a return to the production experience of 1955 and 1956 would result in a great increase in stocks on farms.

Figures are not, of course, available for stocks of grain in commercial positions for 1959-60. But the average of the grain in commercial positions for the last three years was 937,736,000 bushels, compared with 762,861,000 for the previous four years.

Disposition of wheat for the most recent four years was 453,617,000 bushels, compared with 456,199,000 for the four years previous—not a significant difference. The same is not true of oats and barley: for oats the average commercial domestic and export disposition for the three most recent years was 59,003,000 bushels, compared with 88,747,000 for the four years immediately previous. Comparable figures for barley are 116,569,000 and 123,161,000—a decrease of close to seven million bushels a year.

On page 50 of the Minutes of Proceedings and Evidence of this Committee the following exchange appears:

> Mr. KINDT: I have a question on Mr. MacNamara's point that quotas were for orderly marketing. There is another blade to that sword and that is production.
>
> Quotas are exceedingly important in controlling production. That point was not brought up. Would you like to make a statement on that?
>
> Mr. MCNAMARA: I feel quite strongly on this. I think I reported to the committee last year that I think the policy Canada has adopted, through the board, under the quota system, of having surplus grain that cannot be marketed remain on the farm, has been a very effective control of acreage—much different from the policy that has been employed below the line. I think it has been one of the reasons why the Canadian acreage has been held quite constant, and it has been a very effective policy of the government in this regard.

The validity of this program must be measured against the success of the Canadian Wheat Board and the Government of Canada in fully exploiting every possible market. The statistics cited above demonstrate that marketings have been falling behind production and, if this trend continues, the cost of storage on farms must mount and the income from sales of grain must shrink. While this is taking place the policy of refusing off-quota deliveries of grain will be permitting U.S. corn to infiltrate the Canadian market. Poultry and such imports will be increasing. The total market that is available to western Canadian grain producers will be shrinking.

Nor should it be anticipated that the markets for Canadian grains will improve and that the present trend will be reversed. It must be clear to all members of the committee that the organization of the six-member Common Market, lying as it does across many of our good grain markets, is a substantial threat to any prospect of increased sales in the European market.

All evidence points in the direction of the conclusion that some important Canadian export markets will not expand and are much more likely to shrink in the years ahead. In the light of this fact, to say on the one hand that the building up of surpluses on farms is a valid technique for the control of western acreages of grains and on the other to perversely shrink the domestic market for feed grains is to use public policy as an instrument of shrinking cash income to the western grain producer.

Non-quota sales to feed mills and the non-prairie feeder—

It has been suggested to this Committee that off-quota sales to feed mills would give western feeders an unfair competitive advantage over feeders in British Columbia and Ontario. We do not accept this suggestion.

As far as the British Columbia feeders are concerned they are now permitted to buy feed supplies in the Peace River Block—which is in the designated Wheat Board area—and they would be able to buy feed from mills in that province if deliveries to mills were placed off-quota.

Ontario farmers now can buy feed grains without restriction, with the exception of grain produced in the designated Wheat Board area. The same is true of the other eastern provinces of Canada.

The following table indicates the production of feed grains in the central provinces:

—	Wheat	Oats	Barley	Mixed grains	Corn	Total
Ontario						
1958	24,259	99,305	4,095	42,256	29,610	199,525
1959.....	12,867	93,391	4,068	38,868	30,756	179,950
Quebec						
1958.....	295	45,475	727	6,480	—	52,977
1959.....	316	46,517	654	6,014	—	53,501

The hard fact is that the Ontario feeder has access to a very large amount of feed grains free of any quota and at a competitive price. It is not agreed that the proposed off-quota sales of western grain would visit an inequity upon the feeder in Ontario or in other parts of Canada.

SUMMARY

Recommendation: that the existing regulations, whether statutory or administrative, should be amended to permit farmers and grain producers to sell feed grains directly to feed manufacturers or processors of grain, free of quota or other restrictions, the feed manufacturers to purchase grained directly from the producers for resale within the province in which the grain is grown.

Factors Indicating Merit in the Recommendation:

(1) *Unit Production from Livestock not at a Maximum:* It is submitted that the intelligent use of balanced feeds will greatly increase unit output from poultry flocks and dairy and beef herds and hogs, increasing farm profits more than proportionately. Raising feed prices through the present regulations retards this use of balanced feeds and so tends to reduce livestock profits.

(2) *Western Canada Lagging Behind Canada in use of Mixed Feeds:* The three provinces of Saskatchewan, Alberta and Manitoba have some 40 per cent of the livestock in Canada and use 5.35 per cent of the mixed feeds bought by livestock feeders in Canada. In the light of the changing demand and production prospects for livestock, outlined by the Royal Commission on Canada's Economic Prospects and which visualize an enormous increase in demand for livestock products, the retarding of the feed industry would hardly seem to be in the best interests of farmers, feeders, feed industry or nation.

(3) *Impact on Grain Farmers' Prices for Feed Grain:* We submit that the proposed change would improve the price for feed grain. Much is now being bought off-quota by feeders and retailers of machinery and consumers' durables. The entry into this market of the feed manufacturers would (a) result in more competition and a better market, which would tend to raise prices

and (b) would not open up a prospect of feeders' depressing prices as they operate on margins and do not increase profits through cutting prices to the farmer. Further, the feed mill will be buying from his own customers, and will avoid price cutting that would damage good relations with those customers.

(4) *Effect on Domestic Wheat Board Sales*: We submit that the amount of grain involved is trifling and off-quota sales would not influence significantly Wheat Board sales. We submit that increasing imports of U.S. corn and of finished poultry and other meat products are presently having the effect of actually shrinking the market for Canadian feed grain and are giving that market to U.S. farmers. We submit that under present circumstances the market for feed grains is elastic and that a change in price would trigger a more than offsetting change in consumption.

(5) *Effect on the Quota*: We cannot accept the validity of the suggestion that off-quota sales to feed mills would upset the quota provisions. Presently millions of bushels of malting barley are sold off-quota. Millions of bushels of seed wheat is sold off-quota, at relatively low prices, and some of this actually finds its way into the milling markets and competes directly with the Canadian Wheat Board in overseas sales. Off-quota or over-quota or supplementary deliveries are allowed with respect to malting barley, pearling barley, seed grain, durum wheat, flaxseed, rye, soft white spring wheat, Alberta Red winters and Alberta winters.

(6) *Agricultural Improvement*: Through its policy of allowing exchanges of commercial grain for equivalent value of seed and through permitting hayland to be included in specified acreage the Canadian Wheat Board is contributing to the improvement of western farm practice; we submit it is not consistent to extend such encouragement to the grain farmer and flatly reject the legitimate interests of the livestock farmer.

(7) *Inequity Between Feed Mills*: Public regulations presently discriminate between businesses in feed manufacturing. Mills that do not have agreements with the Canadian Wheat Board are not restricted as to price and, in effect, are restricted very little as to quota. Regulations and the failure to enforce regulations are discriminating most unfairly.

(8) *Public Acceptance of the Regulations*: It has been pointed out that there is no apparent disposition on the part of the public to support these regulations and that the Wheat Board is being subjected to criticism that is in no way related to its function of marketing the western grain crop. Reluctance of the public to accept these regulations as being valid invites a re-examination of the regulations. Further, the courts are most moderate in the penalties given for infringement and, indeed, the Wheat Board itself is divided.

(9) *Surpluses as a Technique for Acreage Control*: We have quoted the chairman of the Canadian Wheat Board to the effect that piling up surpluses on farms tends to hold down acreages. We submit that this is not a valid technique when something less than every effort is being made to market a maximum total of feed grains.

(10) *Non-quota Sales and the Non-Prairie Feeder*: The other provinces of Canada can buy feed grain produced within their own borders without restriction. The same is being sought for the western provinces. It should be recollected that Ontario, which is a very big feeding province, produced close to 200 million bushels of feed grain in a good year, so does have substantial local supplies.

We submit that, for these reasons, the off-quota sales of western grain should be permitted.

All of which is respectfully submitted.

Ralph Hedlin,
Consultant for
The Alberta Division of the Canadian Feed Manufacturers Association,
The Manitoba Division of the Canadian Feed Manufacturers Association,
The Saskatchewan Division of the Canadian Feed Manufacturers Association.

ALBERTA MEMBERS

Provincial Manufacturers	*Address*
Burns & Company Limited	120 Ave. & 72 St., Edmonton
Burns & Company Limited	Feed Div., Head Office, Calgary, Alta.
Canada Packers Limited	Edmonton
J. E. Love & Sons	P.O. Box 233, Calgary
McCabe Grain Company Ltd.	12560 Fort Road, Edmonton
North West Mill & Feed Co. Ltd.	P.O. Box 4397, South Edmonton
Parrish & Heimbecker Limited	507 Herald Bldg., Calgary
Maple Leaf-Purity Mills Ltd.	Pioneer Feeds Div., Calgary
Swift Canadian Company Ltd.	Box 100, Edmonton
United Grain Growers Limited	Lougheed Bldg., Calgary
United Grain Growers Limited	P.O. Box 4189, South Edmonton
District Manufacturers	
Byers Flour Mills Limited	Camrose
Ellison Milling & Elevator Co. Ltd.	Lethbridge
Gold Medal Feeds Limited	2239—14A Street E, Calgary
Local Manufacturers	
Calgary Co-op Fur Farmers' Assn. Ltd.	1701—11 Street E, Calgary
Crown Seed & Feed Limited	123—10th Ave. W, Calgary
Hedlin's Feed Service	Lacombe
Robertson's Seed & Feed Ltd.	8118—103 St., Edmonton
Sterling Flour Mills	Strome, Alta.
Manufacturing Suppliers	
Alberta Linseed Oil Co. Ltd,	Medicine Hat
Bonar & Bemis Limited	2235—15 Street E, Calgary
Buckerfield's Ltd.	P.O. Box 7000, Vancouver, B.C.
Canadian Salt Co. Ltd.	9565 Jasper Ave., Edmonton
Cargill Grain Company, Limited	209 Grain Exchange, Winnipeg 2, Man.
Coutts Machinery Co. Limited	92 Street & Stadium Road, Edmonton, Alta.
Coutts Machinery Co. Limited	4636—1st St. S.E., Calgary
Cyanamid of Canada Limited	71 Hollyburn Rd., Calgary
Dow Chemical of Canada, Ltd.	433—4th Ave. S.W., Calgary

Manufacturing Suppliers (Alberta)	*Address*
Industrial Bags Ltd.	703 Terminal Ave., Vancouver 4, B.C.
Interprovincial Co-operatives Ltd.	Box 711, Saskatoon, Sask.
Kootenay Granite Products Ltd.	1410—4th St. S. W., Calgary
Loders Lime Co., Ltd.	1026—16 Ave. N.W., Calgary
Northern Alfalfa Products Ltd.	13322—102 Ave., Edmonton
Merck & Co. Limited	2520 Toronto Cresc., Calgary
Merck & Co. Limited	2675 Boundary Road, Vancouver, B.C.
Pillsbury Canada Limited	8th Ave. & Centre St., Calgary
Sifto Salt Limited	8716—96th Ave., Edmonton
Sifto Salt Limited	208 Lancaster Bldg., Calgary
Sifto Salt Limited	208 Lancaster Bldg., Calgary
Springbank Dehydration Ltd.	528 Chilliwack Central Rd., Chilliwack, B.C.
St. Regis Paper Co. (Canada) Ltd.	Lougheed Bldg., Calgary
St. Regis Paper Co. (Canada) Ltd.	2725 Arbutus Street, Vancouver, B.C.
Strong-Scott Limited	122—11th Ave. W., Calgary
Woods Bag & Canvas Co. Ltd.	East Calgary, Alta.
Valley Granite Products Ltd.	410 Mayfair Avenue, Chilliwack, B.C.
Bradley Brokerage Co.	12062 Jasper Ave., Edmonton
The Cuthbert Company, Limited	321—10th Ave. S. W., Calgary
Charles Albert Smith, Limited	356 Eastern Avenue, Toronto 8, Ont.
Charles Albert Smith, Limited	1509—6th Avenue East, New Westminster, B.C.
Harrisons & Crosfield (Canada) Ltd.	10229—105 St., Edmonton
N. D. Hogg Limited	P.O. Box 66, Station "Q", Toronto, Ont.
N. D. Hogg Limited	2126—8th Ave. E., Calgary
Mackenzie & Feimann Ltd.	P.O. Box 4281, South Edmonton
Pfizer Canada, Division of Pfizer Corp.	1503 Broadview Court, New Westminster, B.C.
Shafer-Haggart Ltd.	402 W. Pender St., Vancouver 3
Van Waters & Rogers of Canada Ltd.	2625 Skeena St., Vancouver 12
Van Waters & Rogers of Canada Ltd.	10014-—102A Ave., Krozelle Bldg. Edmonton, Alta.
Wilbur-Ellis Company of Canada Ltd.	307 Mercantile Bank Bldg., 540 Burrard St., Vancouver 1

MANITOBA MEMBERS

Active Members	*Address*
Burns & Co. Limited	Logan & Brighton Sts., Winnipeg 3, Man.
Canada Packers Limited	St. Boniface, Man.
Central Grain Co. Ltd.	682 Archibald St., St. Boniface
Eastern Terminal Elevator Co. Ltd.	Grain Exchange Bldg., 167 Lombard Ave., Winnipeg 2
Federated Co-op Limited	230 Princess St., Winnipeg 2
Federal Grain Limited	809 Grain Exchange Bldg., 167 Lombard Ave, Winnipeg 2
Feed-Rite Mills Ltd.	215 Henry Ave, Winnipeg 2
Manitoba Pool Elevators	Wheat Pool Bldg., 371 Main St., Winnipeg 2
Maple Leaf-Purity Mills Limited	2nd Flr., 395 Main St., Winnipeg 2, Man.
McCabe Grain Company Ltd.	4th Flr., Grain Exchange Bldg., 167 Lombard Ave, Winnipeg 2
Ogilvie Flour Mills Ltd.	55 Higgins Ave., Winnipeg 2
Soo Line Mills Ltd.	7 Higgins Ave., Winnipeg 2
Swift Canadian Co. Ltd.	St. Boniface, Man.
Associate Members	
Alfalfa Products Ltd.	Fort Whyte, Man.
Bonar & Bemis Limited	311 Alexander Ave, Winnipeg 2
Canadian Grain Journal	130 Grain Exchange Annex, 153 Lombard Ave, Winnipeg 2
Canadian Salt Co. Ltd.	Manitoba House, 324 Lizzie Ave. Winnipeg 2, Man.
Cargill Grain Co. Ltd.	209 Grain Exchange Bldg., 167 Lombard Ave, Winnipeg 2
Co-op Vegetable Oils Ltd.	Altona, Man.
Cuthbert Company Ltd.	19 McPhillips, Winnipeg 3
Dawson Richardson Publications Limited	171 McDermot Ave. E., Winnipeg 2, Man.
Dominion Veterinary Laboratories	1302 Main St., Winnipeg 4
Dow Chemical of Canada Ltd.	3rd Flr. Canada Trust Bldg., 232 Portage Ave, Winnipeg 1
Donald H. Bain Ltd.	115 Bannatyne Ave, Winnipeg 2
Fort William Elevator Co. Ltd.	Grain Exchange Bldg., 167 Lombard Ave, Winnipeg 2
Harrison & Crosfield (Canada) Limited	1377 Winnipeg Ave., Winnipeg 3, Man.

Associate Members (Manitoba)	*Address*
K. A. Powell (Canada) Ltd.	830 Archibald St., St. Boniface, Man.
K. A. Powell (Canada) Ltd.	563 Grain Exchange Bldg., 167 Lombard Ave, Winnipeg 2
Kipp-Kelly Limited	68 Higgins Ave., Winnipeg 2
L. V. Patteson	Room 6, 678 Main St., Winnipeg 2, Man.
Manitoba Sugar Co. Limited	P.O. Box 608, Winnipeg 2
Merck & Co. Limited	183 Oxford St., Winnipeg 9
Seven Oaks Mfg. & Sales Limited	450 Provencher Ave., St. Boniface, Man.
Pfizer Canada	74 Exbury Road, Downsview, Ont.
Sherwin-Williams Co. of Canada Limited	110 Sutherland Ave., Winnipeg 4, Man.
Standard Chemical Limited	681 Plinquet St., St. Boniface
Strong-Scott Limited	P.O. Box 872, Winnipeg, Man.
St. Regis Paper Co. (Canada) Limited	1837 Portage Ave, Winnipeg 12
Toronto Elevators Limited	240 Grain Exchange, 167 Lombard Ave, Winnipeg 2
Viobin Canada Limited	161 Kingsbury Ave, Winnipeg 4
Winnipeg Supply & Fuel Co. Ltd.	1651 Portage Ave., Winnipeg 12
Wood Bag & Canvas Co. Ltd.	P.O. Box 821, Winnipeg, Man.

SASKATCHEWAN MEMBERS

Provincial Members	*Address*
Burns & Company Limited	Prince Albert & Regina, Sask.
Federated Co-operatives Limited	211 Avenue D-North, Saskatoon
Ogilvie Flour Mills Company Limited	55 Higgins Ave., Winnipeg 2, Man.
The Quaker Oats Company of Canada Limited	Avenue N. & 18th Street, Saskatoon, Sask.
Swift Canadian Company Limited	220 Wall St., Saskatoon
Regional Members	
Canada Packers Limited	212 Pacific Ave., Saskatoon
Early Seed and Feed Limited	198 Ave. A-South, Saskatoon
Intercontinental Packers Limited	Eleventh Street West, Saskatoon
McCabe Grain Company Limited	Moose Jaw, Sask.
United Grain Growers Limited	140 Ave. A-South, Saskatoon

Associate Members

Buckerfield's Limited	P. O. Box 7000, Vancouver, B.C.
The British Drug Houses (Canada) Ltd.	528-Third Ave. N., Saskatoon
Bonar & Bemis Limited	P. O. Box 1330, Saskatoon
Canadian Grain Journal	246 Grain Exchange Bldg., Winnipeg 2, Man.
Canadian Organic Developments Ltd.	Calgary, Alta.
The Canadian Salt Company Limited	1201 Kilburn Ave., Saskatoon
Canadian Sugar Factories Limited	Raymond, Alta.
Charles Albert Smith Limited	5011 Collingwood St., Vancouver 15, B.C.
Continental Paper Products Limited	Regina, Sask.
Co-op Vegetable Oils Limited	P. O. Box 750, Altona, Man.
The Cuthbert Company Limited	19 McPhillips St., Winnipeg 3
Cyanamid of Canada Limited	71 Hollyburn Road, Calgary
The Dairy and Poultry Pool	209 Ave. D-North, Saskatoon
Dow Chemical Company of Canada Ltd.	232 Portage Ave., Winnipeg 1
W. H. Escott & Company Limited	205 Central Chambers, Saskatoon, Sask.
Hoffman-LaRoche Limited	80 Wingold Avenue, Toronto 19, Ont.
Interprovincial Co-operatives Limited	P. O. Box 711, Saskatoon
Loders Lime Company Limited	P. O. Box 792, Calgary, Alta.

Associate Members (Saskatchewan)	*Address*
The Manitoba Sugar Company	Fort Garry, Winnipeg, Man.
Merck & Company Limited	183 Oxford St., Winnipeg 9, Man.
Oyster Shell Products Company	P. O. Box 1225, Mobile, Alabama, U.S.A.
Pembina Mountain Clays Limited	945 Logan Ave., Winnipeg 3, Man.
Pfizer Canada	5330 Royalmount Ave., Montreal, Que.
Robin Hood Flour Mills Limited	Moose Jaw, Sask.
Robinson & Webber Limited	P. O. Box 244, Saskatoon
Sask. Forage Crop Growers Co-op Marketing Assoc. Ltd.	Prince Albert, Sask.
Saskatchewan Wheat Pool	Vegetable Oil Division, P. O. Box 109, Saskatoon, Sask.
Seven Oaks Manufacturing & Sales Limited	262 Main Street, Winnipeg 1, Man.
Shafer-Haggart Limited	402 West Pender St., Vancouver 3, B.C.
Sifto Salt Limited	2234 William Ave., Saskatoon
St. Regis Paper Co. (Canada) Ltd.	1837 Portage Ave., Winnipeg, Man.
Strong Scott Limited	772-782 Dufferin Ave., Winnipeg 4, Man.
Watson & Truesdale Limited	2020 St. Andrews Ave., Saskatoon, Sask.
Whitmoyer Laboratories Limited	Port Credit (Toronto Township) Ontario.
Woods Bag & Canvas Company Limited	2321 William St., Saskatoon

APPENDIX "B"

MEMO RE THE CANADIAN WHEAT BOARD ACT

We draw attention to the status and authority of The Canadian Wheat Board under its statute; in that regard we quote in part:

> Sec. 4(2) "The Board is, *for all purposes,* an agent of Her Majesty ...and its powers under this Act may be exercised by it only as an agent of Her Majesty..."

We ask that, as befitting an agency of the Crown, its regulations be applied, without favour or preference, to all subjects. It has been shown that experience and the practicalities of grain marketing have necessitated wide departures from a theoretical equality of quotas. We ask that quotas on feed grains be removed from feed plants insofar as they are able to use feed grains to serve their customers within the Province in which they are established. We ask that we be permitted to purchase feed grains for our own account and at such prices as will be fair and equitable to our grain customers and our feed customers, without preference to either, in fulfilment of our responsibility as a service industry.

> Sec. 4(4) "The Board is incorporated *with the object of marketing in an orderly manner, in interprovincial and export trade,* grain grown in Canada, and possesses the following powers: "(Here follows specifically delineated powers.)

We draw attention to the fact that the Board has the *specific* general object of marketing "in interprovincial and export trade". We undertake, if given freedom from quotas on feed grains and freedom from the Board's fixed pricing policies, to account fully on all transactions and to restrict business so done to transactions within the Province where the plant is located.

> Sec. 16(1) "Notwithstanding anything in The Canada Grain Act, *except with the permission of the Board,* no person shall deliver grain to an elevator (or feed mill) and no manager or operator thereof shall receive delivery of grain..."

The portion underlined implies that the Board has power to make exceptions and implies that it will—*and it has.*

Sec. 20 "Powers of Administration of the Board"—

"The Board may...by order,

"(*c*) prescribe the manner in which deliveries of grain under a permit book shall be recorded in the permit book or any other entry may be made in such permit book."

We undertake, if requested, to continue to enter all purchases of feed grains, as is done at present, in the producer's permit book.

"(*f*) fix from time to time quotas of each kind of grain that may be delivered by producers to elevators...within any period or periods, either generally or in specified areas or at specified delivery points or otherwise.

"(*h*) exclude any kind of grain or any grade or quality thereof, from the provisions of this Part (Part II Control of Elevators and Railways) in whole or in part, either generally or for any specified period or otherwise.

Sec. 21(2) "The Governor in Council may...provide that persons other than producers who have become entitled to grain may...deliver grain...and the terms and conditions upon which the said grain may be so delivered."

We submit that no amendments to the Board's statute are necessary to give the Board power to grant the relief requested. We submit that in fact those who set forth the Board's powers envisaged the very necessity for flexibility in executing the objects of the Board ("marketing grain in interprovincial and export trade"), that we request, *and which the Board has recognized in many other instances.*

Sec. 25 "The Board *shall undertake* the marketing of wheat (and oats and barley as later instructed by Order in Council under Part V) produced in the designated area *in interprovincial and export trade and for such purpose shall*

"(a) buy all wheat...

"(b) pay to producers...a sum certain...

"(c) issue to a producer...a certificate..."

We draw attention to the fact that the Board is *instructed* (as distinct from its "*powers*" already mentioned) to market wheat in interprovincial and export trade and for *such* purpose (and presumably *only* for such purpose) to buy wheat, oats and barley.

We submit that in asking for relief from Board pricing regulations within a Province we are only asking for an interpretation of the Board's statute consistent with the specific terms of that statute.

The Board has consistently avoided accepting any responsibility for the administration of the statutes of the Provinces of Alberta, Saskatchewan and Manitoba concerning coarse grains (oats and barley). There has been an implication that the Board is dubious of the legality of the delegation to it of authority by the Provinces. However, although such statutes purport to grant the Board authority over oats and barley (but not wheat or feed wheat?) those same statutes each permit "farm to feeder" transactions. In other words, the progenitors of said statutes envisaged freedom of business between farmers of grain and livestock. To put it simply, all we ask is to be permitted to fulfil our reasonable purposes as a service industry, to provide grinding, formula mixing and delivery facilities to our farmer customers, be they grain growers or livestock raisers.

Alberta Division of Canadian Feed Manufacturers Association
Saskatchewan Division of Canadian Feed Manufacturers Association
Manitoba Division of Canadian Feed Manufacturers Association

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

FRIDAY, MAY 20, 1960

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WITNESS:

Mr. J. H. Wesson, President, Saskatchewan Wheat Pool.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23151-4—1

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ON

AGRICULTURE and COLONIZATION

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

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Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, May 20, 1960.
(10)

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. with the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Belzile, Boulanger, Doucett, Fane, Forbes, Henderson, Hicks, Horner (*Acadia*), Horner (*Jasper-Edson*), Jorgenson, Kindt, Knowles, Lahaye, Milligan, Pascoe, Rapp, Regnier, Rompre, Smith (*Lincoln*), Southam, Stanton and Tucker.—(22)

In attendance: Mr. J. H. Wesson, President, Saskatchewan Wheat Pool.

Mr. Wesson presented a brief on behalf of the Saskatchewan Wheat Pool regarding delivery of grain by producers to feed mills.

The Committee questioned Mr. Wesson on his presentation.

The Committee thanked Mr. Wesson for his appearance.

The Committee adjourned at 11.00 a.m. until Monday, May 23 at 9.30 a.m.

Clyde Lyons,
Clerk of the Committee.

23151-4—1½

EVIDENCE

FRIDAY, May 20, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, if you will kindly come to order, I believe we have a quorum now. The house sits at 11 o'clock this morning and I would sincerely hope that we can finish with this witness by that time; his brief is not too long; and we will not have to hold a session this afternoon.

Today we have with us the Saskatchewan wheat pool, which is represented by Mr. Wesson. Without further comments I would ask Mr. Wesson to present his brief.

Mr. JOHN H. WESSON, C.B.E. (*President, Saskatchewan Wheat Pool*): Thank you, Mr. Chairman and gentlemen. I should like to express my appreciation first for the invitation extended to the Saskatchewan wheat pool to present our views on this rather difficult problem to eastern and western Canada of feed grain to mills. I think you all have a copy of the brief, it is not very long. This is the brief of the Saskatchewan wheat pool to your standing committee on agriculture and colonization regarding the sale of feed grain to feed mills.

This submission is made by the Saskatchewan wheat pool on behalf of its more than 85,000 active farmer members in Saskatchewan. The pool is a co-operative organization which handles grain and livestock for its members in the province. It owns and operates 1,263 country elevators in Saskatchewan, with a capacity of 90 million bushels, five terminals at the head of the lakes, with a capacity of 31 million bushels, one terminal at Vancouver, leased from the national harbours board with a capacity of 1,600,000 bushels, and livestock sales agencies in Saskatchewan at Regina, Moose Jaw, Yorkton, Prince Albert, North Battleford, Saskatoon and Swift Current. In addition, Canadian Livestock Co-operative (Western) Limited, which is owned jointly by the Manitoba, Saskatchewan and Alberta livestock cooperatives, acts as the pool's selling agency in St. Boniface. The Saskatchewan wheat pool owns stock yards at Regina, Yorkton, Swift Current and North Battleford. The yards are operated in the interests of members of the organization.

Quotas covering deliveries of grain in the three prairie provinces have become an essential part of the mechanism which provides for the orderly marketing of grain under the Canadian wheat board system of marketing. The quota system makes it possible for all grain producers to share in the available market for grains and guarantees within certain limitations that all producers shall be entitled to deliver up to the limit of their quota during the marketing year. While there may be some degree of discontent at the inequities that sometimes creep into the administration of the quota system, farmers support the principle of delivery quotas.

However, there has been a growing discontent in certain areas because of the feeling that the quota system has been breaking down in respect to deliveries of feed grains to certain of the smaller feed mills in the prairie provinces. There are three classifications of feed mills operating in Saskatchewan and the adjoining provinces:—

(1) Feed plants operated by large mills under agreements with the Canadian wheat board.

(2) Feed plants operated by grain elevator companies under agreements with the Canadian wheat board.

(3) Smaller independent plants which do not have agreements with the Canadian wheat board.

Breaking down these groups, Mr. Chairman, those in the first two classifications that have agreements with the Canadian wheat board number 60 and the independents who have no agreement with the wheat board number 122. There are 182 altogether.

Incidentally, this is not in the brief, but from the last information we have in 1957 there were just under 4 million bushels delivered to these independents in the west. It is estimated now at close to 10 million bushels delivered to these mills outside of the Canadian wheat board.

All feed mills in the first two categories (agreement plants) buy their supplies of feed grains at Canadian wheat board prices, and issue producer's certificates. All deliveries to such mills are within the quota regulations. It is generally conceded that many of the transactions between coarse grains producers and the small independent mills on business that is carried on within the boundaries of the province, are carried on outside the quota regulations and the prices paid are prices which are negotiated and have no regard to board prices; no participation certificates are issued in connection with the transactions, and the 1 per cent P.F.A.A. levy is not collected. The over-all effects of such a policy are twofold,—

(1) They tend to break down the price to the producers of coarse grains.

(2) They tend to undermine the effectiveness of the quota system.

It should be kept in mind that the transactions carried on outside wheat board regulations and outside quota regulations, probably do not account for the sale of one extra bushel of feed grain in Canada and probably do not result in a single extra animal fed for market. It probably does alter the pattern of feeder operations between east and west, giving an edge to the western feeder as against the eastern feeder at the expense of the coarse grains producers.

It is true that some individual coarse grains producers who have surpluses on their farms, increase their individual sales of coarse grains, but they do it at the expense of the other coarse grains producers because every non-quota bushel sold displaces a quota bushel.

The Saskatchewan wheat pool believes that it is in the interests of all producers that the quota system of marketing should be maintained. It therefore recommends,—

(1) That the Canadian wheat board should take immediate steps to enforce vigorously the quota regulations as they apply to feed grains delivered to all mills.

(2) That the Canadian wheat board take steps to complete agreements with all feed mills with a view to having all feed grain deliveries to mills subject to quota and providing for the collection of the 1 per cent P.F.A.A. levy on all such deliveries.

(3) That operations outside the quota regulations should be strictly limited to farm-to-farm and farm-to-feeder transactions.

(4) That the feed grain exchange policy should be controlled in such a way as to limit exchange of grains for prepared feeds roughly to parallel the gristing principle as it applies to operation of flour mills.

Dealing with this second recommendation, Mr. Chairman, you may have had all this information before, because I understand the Canadian wheat board witnesses have been before your committee. You will no doubt know there have been some of these cases tried in court dealing with, as I understand it as a layman, the rights and otherwise of the provinces under the

British North America Act, the question of what is proper to do under the Canadian Wheat Board Act dealing with the civil and property rights, which is a provincial law.

I am going to refer here to a case heard in the courts in Alberta, the Queen versus Thumlert, where the control of feed mills was found to be within the jurisdiction of the parliament of Canada. The effect of the ruling was that section 45 of the Canadian Wheat Board Act as it now stands was a valid declaration that feed mills were works for the general advantage of Canada and thereby were elevators within the meaning of the term as defined by the Canadian Wheat Board Act. Thus, the operation of feed mills was brought under the jurisdiction of section 16 of the Canadian Wheat Board Act.

Section 16, subsection (2), reads:

> Where grain is delivered by a producer to an elevator, the manager or operator thereof shall, immediately upon completion of the delivery of the grain, truly and correctly record and enter the net weight in bushels after dockage, of the grain so delivered in the permit book under which delivery is made and shall initial the entry in the permit book.

This has general reference to the powers as referred to in the court decision under section 45 of the Canadian Wheat Board Act:

> For greater certainty, but not so as to restrict the generality of any declaration in the Canada Grain Act that any elevator is a work for the general advantage of Canada, it is hereby declared that all flour mills, feed mills, feed warehouses and seed cleaning mills, whether heretofore constructed or hereafter to be constructed, are and each of them is hereby declared to be works or a work for the general advantage of Canada, and, without limiting the generality of the foregoing, each and every mill or warehouse mentioned or described in the schedule is a work for the general advantage of Canada.

There, Mr. Chairman, is our case as we see it. It seems obvious to us that while there are certain rights under provincial law dealing with civil and property rights, we take the view that, as we said in the brief, we operate 1,263 elevators, and under the Canada Grain Act we are bound to take out a licence and we are bound to fit in with this law which says that all these facilities are works for the general advantage of Canada.

So all we need in this regard to stop all this argument about provincial rights is for every one of these feed mills to be placed in the same category as all elevator companies, and have an agreement with the Canadian wheat board under which they will all deliver their grain under the quota system basis, so that all farmers are treated alike. Being in that position they must, of course, automatically, if they are going to grind this grain for feed, buy from the wheat board daily at daily wheat board quota prices.

Before I sit down to answer some of your questions may I say I am probably at a little disadvantage because I have not had time to read all your committee's reports as reported by your *Hansard* reporters; I have just seen press statements. It seems to me that something I have read, supposed to be attributed to some of your witnesses before this committee, shows that those witnesses seemed to be looking at this whole picture from one viewpoint. They want to get this grain cheaper than the price charged by the wheat board daily.

It is obvious that must be the case or they would not be asking for it. Someone made a statement here, according to the press at your committee meetings that these men delivered grain after delivery of it under their quota

and were so hard up they were glad to sell their grain at one or one and half cents a pound. Let us say that the 10 million bushels that I quoted before is approximately right. To the extent that 10 million bushels of this grain is sold outside of the wheat board and outside of the wheat board quota, it lowers the quota to everyone who wants to deliver.

Someone here said, according to the press, that these men were pretty hard up. May I say to you, sirs, that the pocket book of the man who is delivering his grain under the quota, is just as flat as those of these other people who are selling their grain at one cent or one and a half cents a pound. With that little comment, that is my brief. Thank you.

Mr. HORNER (*Acadia*): I notice at page 3 of the brief you state:

> That the Canadian wheat board take steps to complete agreements with all the feed mills.

I asked the question of Mr. McNamara when he was before the committee, and he said he did not think the Canadian wheat board would force these feed mills into being agreement plants. Do you also think that seed plants should also have an agreement with the Canadian wheat board?

Mr. WESSON: Yes, that is what we recommend, so we are all in the same position.

Mr. HORNER (*Acadia*): Then, on that same page you say:

> That operations outside these quota regulations should be strictly limited to farm-to-farm and farm-to-feeder transactions.

What is your view on the farmer to machinery agent transaction?

Mr. WESSON: That is something that I cannot answer, sir. I know this has been done quite extensively. I know of a certain firm in Saskatoon, for instance, who took substantial quantities of low-grade wheat, at one cent a pound in exchange for television sets, radios and things of that nature. What they do with this wheat, I cannot answer. They have to do something with it. It could be, of course, they sell it to feeders. I do not know what happens to it. They cannot deliver it to elevators unless they deliver it on someone else's quota book.

Mr. HORNER (*Acadia*): But there is nothing to stop them selling it to a feed lot or operating a feed lot themselves? A great many of these farm machinery companies in Alberta have a hook-up with the feed lot operators and this is the competition that the feed mills are up against. Do you think if a feed mill was allowed to buy over and above quota, it would produce a greater market for the farmer who is selling all this grain to machine operators?

Mr. WESSON: Well, as we say in the brief in one place, we do not believe that this feeds one single bushel more wheat or any more livestock. It just changes the area in which it is fed, that is all.

Mr. HORNER (*Acadia*): How does that account then, sir, for the fact that back in 1948—this is before we had a surplus of grain in western Canada—I understand about 18 per rent of the beef slaughtered graded in the three top grades, whereas today after we have had in the west to quite an extent a surplus grain position and a great many feeders have gone into the business of feeding grain because it was profitable, I presume, we now find close to 60 per cent of the beef slaughtered grading in the top three grades? Do you not think grain has played an important part in that?

Mr. WESSON: I would think, sir, a percentage would be accrued through the method you are talking about, but coming from the west, I think you know in the case of surplus grain on thousands of farms for the last number of years, the farmer has been doing his own feeding.

Mr. HORNER (*Acadia*): Yes, to some extent, but do you not think there has been quite a bit of feed lot feeding too?

Mr. WESSON: Yes, there is, that is true.

Mr. HORNER (*Acadia*): A greater percentage than perhaps are fed on the farm?

Mr. WESSON: Well, I can illustrate by saying this to you. As outlined here in the submission, the Saskatchewan pool operates yards. We operate a very large one in North Battleford and periodically we conduct our operation at Meadow Lake. It may surprise you to know that while there are buyers there from packing plants, up to 80 per cent of this livestock is bought locally and goes off to be fed by different farmers. The farmers are doing their own feeding with their own grain.

Mr. HORNER (*Acadia*): I realize that happens to quite an extent, but I think the other plays an important part in the livestock feeding operation too. Do you think there is ample storage in Saskatchewan in country elevators, storage that the government is helping to pay the storage for, grain storage? The reason I ask this question is that I think feed mills, if they become agreement plants, would also have to build storage capacity of something around 30,000 or 40,000 bushels in order to have any feed on the quota system at all?

Mr. WESSON: I do not think so. If a feed mill that is going to take delivery of grain from a farmer is subpect to the same provisions as all others, he will just take in what he can grind and no more.

Mr. HORNER (*Acadia*): How do you account for the fact that there are 37 points in Saskatchewan still on a two-bushel quota? How could those plants operate a feed mill?

Mr. WESSON: I am sorry, I think you are out of date.

Mr. HORNER (*Acadia*): I might be out of date a little bit. I took my quotations from the latest grain quarterly. That is taken from the latest wheat review of April, 1960, but it does not matter whether I am out of date or not. According to this review, in the early part of April there were still 37 points on a two-bushel quota. How could they operate a business?

Mr. WESSON: On May 9, there were no two-bushel quotas, there are 131 on three, 486 on four, 261 on five and 204 on six. That is a total of 1,082.

Mr. HORNER (*Acadia*): But the point I am trying to make is that these points have operated from July 31 of last year up until April on a two-bushel quota. How could a person operating a feed mill stay in business on a two-bushel quota for, say, a good eight to ten months of the year?

Mr. WESSON: I am sorry, sir, I do not see the connection of your question.

Mr. HORNER (*Acadia*): Well, it seems obvious to me. You said that all feed mills should be forced to go on a quota system. I say that if they are told they have to do that, they are going to have to build large storage in order to have any effect on the quota system. Here we have 37 points—and I do not know that there are any feed mills operating at those points or not—but if there were, they would be severely handicapped, do you not think?

Mr. WESSON: It could be, but I think the question you are raising now has no connection with the quota system. The reason why these quotas were so low, I do not need to repeat here, because the rest of you understand it. It was arranged by the wheat board and supported by all organizations, that the damp grain from the north would have a chance to have free movement to be dried.

Mr. HORNER (*Acadia*): I fully realize that, but we all know too that the quotas are allotted by the amount of storage capacity at that particular delivery point?

Mr. WESSON: Yes.

Mr. HORNER (*Acadia*): If there is ample storage capacity for new quotas. This point I am making is that if feed mills wanted to have any feed on the quota, they would have to build large storage. Do you think there is ample storage in Saskatchewan? I do not think you answered that.

Mr. WESSON: I think we are very much over-built.

Mr. HORNER (*Acadia*): You are over-built?

Mr. WESSON: That is right.

Mr. HORNER (*Acadia*): In other words, it would not be for the betterment of Canada to have further storage facilities built in western Canada and the government pay storage?

Mr. WESSON: I do not see the connection. You see, the elevator company, or a large organization will build storage so that they can accommodate the delivery of grain until it can be moved on account of the wheat board. As I understand it, these feed plants merely want to be in a position to buy this grain cheaply, mill it—

Mr. HORNER (*Acadia*): That is your view, sir.

Mr. WESSON: Yes sir. It is obvious they would not be asking for a chance to have freedom unless they could buy it cheaper.

Mr. HORNER (*Acadia*): The wheat board people say that they cannot force these feed mills to buy at wheat board prices, but they can force them to buy on a quota basis, is not that your theory of it?

Mr. WESSON: Well, in No. 2, we say:

> That the Canadian wheat board take steps to complete agreements with all feed mills . . .

We do not say they should force them to. As far as we are concerned, as an elevator company, we are forced to because we cannot get grain without it under our licence.

Mr. HORNER (*Acadia*): But you are handling grain on an inter-provincial basis. You want the wheat board to go a step further than they actually intend to go, apparently; you want them to force prices on them.

Mr. WESSON: We think everybody should be paying the same price.

Mr. HORNER (*Acadia*): Do you think the provincial government should force prices on the machine dealers who are buying grain?

Mr. WESSON: Let me answer it this way, sir: there are 60 of these feed plants operated by large mills and feed mills operated by some Alberta companies. They have an agreement with the wheat board, they take it in, grind it daily to fit in with their own requirements and in some cases for reshipment. These other 122 are not in that category. They are in a position where they are now manufacturing feed with a mixture of all kinds of things, apart from grain in these sacks of feed that they sell and that people feed today. I would say that in the first place it is a discrimination against the man who is selling this coarse grain at a cheaper price, it is unfair competition with those other mills who must buy all their supplies from the Canadian wheat board at daily prices.

Let me go further, sir. There must be at least some members of parliament on this committee who come from the east. Let me take this a little further east.

Mr. HORNER (*Acadia*): But my question was: do you think the provincial governments should stop machine agents from being allowed to buy at daily wheat board prices?

Mr. WESSON: Let me finish your other question first and then I will answer your next question.

Mr. MILLIGAN: Is it not true that if machine companies buy that grain, they cannot sell to anyone except farmers or a feed mill? If the provincial law was in force, they must feed it themselves or sell it to another farmer.

Mr. HORNER (*Acadia*): But some think a seed mill. There is a difference there.

Mr. MILLIGAN: Do I understand you have 122 feed plants that are taking about 10 million bushels?

Mr. WESSON: That is right.

Mr. MILLIGAN: And that has increased in the last two or three years by better than 6 million bushels. That increase, they have bought that illegally from farmers. That has not been taken from the wheat board?

Mr. WESSON: That is right.

Mr. MILLIGAN: And had that come through the wheat board everyone would have been getting the same price for their grain?

Mr. WESSON: And increased quotas for everybody.

Mr. FORBES: I do not like the word "illegal". After all, those 60 mills are there for a purpose. They are dealing in interprovincial trade and that is why they have a licence. But those other mills are in there for the purpose of rendering feed assistance to the local people and provincially, and the grain they buy is not bought illegally; they are allowed to buy that grain from the farmer at whatever prices they see fit. But there is nothing illegal about it as long as it is consumed in the province. It is provincial law.

Mr. WESSON: Let me finish the other question. I want to be clear on this question across the country, that people in eastern Canada are fully aware that every bushel of grain, whether feed wheat, oats or barley sold in eastern Canada and British Columbia, is bought on the basis of Canadian wheat board prices always with the freight rate drawback.

Another thing I would like to point out deals with this question of unfair competition in the feeder and grain business. Somebody before your committee, according to the *Leader-Post* said they had to buy this grain cheaper because of imported corn. As far as I could get information from the dominion bureau of statistics, the fact is this imported corn comes into Ontario and Quebec, and even some is used for making starch and very little shipped into western Canada. They really were against that competition of imported feed corn prices and those feeders in eastern Canada who pay full wheat board prices feel, with the drawback of freight as against the competition of the west, they are competitive with imported feeding corn, but does not apply in western Canada.

There are two reasons why I say this should be changed. Everybody should be on the same basis. First, it is not fair to the farmer who is selling his grain at too low a price to get a dollar. It is not fair to those who are suffering because they do not get more quota. Another point, the question that has been raised by some witnesses, according to the press, is that they want this thing thrown wide open to everybody. That is going to ruin the whole structure of the price levels you have today.

Mr. HORNER (*Acadia*): I think you are putting too much faith in the press. I do not think they warrant that confidence you seem to have placed in them. You did not answer my question, did the provincial government enforce new prices?

Mr. WESSON: They have not done so.

Mr. HORNER (*Acadia*): Do you think they should?

Mr. WESSON: I think they have to. But after all, these recommendations made under the agreement with the wheat board can work for the advantage of Canada and provincial law is not important.

Mr. HORNER (*Acadia*): The provincial law is not important?

Mr. WESSON: In that case it is not.

Mr. HORNER (*Acadia*): Do you not think, particularly in the case—two or three years ago there was a lot of wheat sold in western Canada by machine companies at below wheat board prices. Do you not think there was at that time operating a two-price system for grain in western Canada, one, I suppose, the open market, and the other through the wheat board?

Mr. WESSON: A two-price system in reverse. When the farmer got stuck he sold his grain at the lower price.

Mr. HORNER (*Acadia*): The farmer only. The question was to sell or not to sell. I got some grain from a farmer—he had to sell, his grain was heating up. I had some pigs I could just feed it to. You do not think the provincial government should enforce that law?

Mr. WESSON: Yes, I do.

Mr. PASCOE: I just want to ask Mr. Wesson if the provincial government had been asked to enforce their law?

Mr. WESSON: They certainly have.

Mr. PASCOE: They have been asked?

Mr. WESSON: Yes, sir.

Mr. HORNER (*Acadia*): I do not want to hog the whole committee, but I just have a couple more questions. This 10 million figure, where did you get it from? This seems to be something new to the committee. Earlier the figure was 3½ million and possibly 7 million.

Mr. WESSON: It is only an estimate.

Mr. HORNER (*Acadia*): That is only an estimate on your basis?

Mr. WESSON: Three years ago the figures were approximately 3½ million to 4 million. The increase for this feeding we estimate it to have been about 7 to 10 million.

Mr. HORNER (*Acadia*): Now, to follow up a question about this 10 million bushels. What per cent of that—you say there is 10 million bushels handled by 122 feed mills—what per cent of that is handled without grain being purchased—what I mean is, the farmer just taking his grain to the feed mill and the feed mill grinding it and maybe mixing some concentrates with it and giving it back to the farmer at possibly a service charge?

Mr. WESSON: The original figure of 3½ million to 4 million took no account of gristing. The gristing is a quite different figure.

Mr. HORNER (*Acadia*): How could you get your figures?

Mr. WESSON: I could not, I just got my figures from the dominion bureau of statistics in this city.

Mr. HORNER (*Acadia*): But this 10 million does not come from the bureau of statistics?

Mr. WESSON: Between 7 and 10 million is what they estimate.

Mr. HORNER (*Acadia*): That is what the dominion bureau of statistics estimate?

Mr. WESSON: Yes.

Mr. HORNER (*Acadia*): And the gristing part of it does not enter into it?

Mr. WESSON: No.

Mr. HORNER (*Acadia*): This special privilege given by the wheat board to grind 25,000 pounds quarterly per farmer, over and above quota and so on, does not enter into that at all?

Mr. WESSON: No, sir.

Mr. JORGENSON: Mr. Wesson, you state on page 2 of your brief:

> It should be kept in mind that the transactions carried on outside wheat board regulations and outside quota regulations, probably do not account for the sale of one extra bushel of feed grain in Canada and probably do not result in a single extra animal being fed for market.

And a little while later, in answer to a question by Mr. Horner, you said that there was no corn being imported into western Canada for feed purposes. I have a statement here presented by the Rural Custom Feed Mills on May 9, 1960, where they said at page 17 of their brief:

> On March 23, 1960, R. F. Gunkelman and Sons, of Fargo, North Dakota, made a shipment of bulk feed corn to a Steinbach feed mill having a weight of 36,640 pounds, which was sold delivered at Steinbach at a price of $1.30 per bushel—U.S. funds.

At the same time the price on No. 6 feed was $1.46 a bushel. It would appear to me that one of the reasons this mill in Steinbach brought in the shipment of corn was because they could get feed corn cheaper than they could get No. 6 feed wheat from the wheat board. It does not seem to me as though your statement is consistent with the facts, your statement to the effect that it does not increase the consumption of feed grain. Have you anything to say on that?

Mr. WESSON: Let us make the record clear. I did not say there was no import corn into western Canada, I said very little.

Mr. JORGENSON: Yes, I think that was what your statement was. I might be wrong.

Mr. WESSON: I would like to again point out whatever the gentleman is quoting from, that that $1.46 for feed wheat is base Fort William, not Manitoba.

Mr. JORGENSON: But you have not answered my question. The fact that this was brought into western Canada as a feed, does it not indicate that feed mills are seeking alternatives to western feed grains? Would you say if this practice continues that you are helping the western grain producers to find markets for their products?

Mr. WESSON: I can only answer by saying that if 10 million or 12 million bushels of corn were imported into Canada some is going into the starch factory and the eastern buyer buys his grain on the basis of Fort William price less drawback at wheat board prices daily. We say it is unfair that these other people in the west should have that break and steal their profit from the grain-grower and of course they must.

Mr. HORNER (*Acadia*): I take exception to the word "steal". I do not think that is proper.

Mr. WESSON: I will withdraw the word "steal" then.

Mr. HORNER (*Acadia*): I think that should be withdrawn.

Mr. KNOWLES: He did withdraw it.

Mr. JORGENSON: That is not dealing with my question at all, Mr. Wesson. My question is that this grain is coming into the west and as late or early as March 28, 1960, it indicates that this thing is available. Are you rendering a service to your producers by encouraging this sort of thing by imposing these quota restrictions? Do you think it is in the best interests of Canada's grain producers?

Mr. WESSON: Yes, I do.

Mr. JORGENSON: That American corn be imported?

Mr. WESSON: You cannot stop it, because there are 12 million bushels going to eastern Canada.

Mr. JORGENSON: I am not talking about the 12 million bushels; I am talking of this 36,600 pounds that came into Steinbach on March 23, 1960.

Mr. WESSON: Of course, if we deal with the principle of that carload of corn it means nothing. It may not be repeated. Why do they not continue to bring it in if it is so good? Shall I give the committee some information about the distribution and sale in this field? The total exports of oats—

Mr. HORNER (*Acadia*): What are you quoting from, sir?

Mr. WESSON: The total export of oats up to May 4 was 4,900,000 bushels, and only 900,000 went to the United States. On domestic there has been purchased 28.7 million, or a total disappearance of 33.6 million.

With regard to barley, total exports 41 million, of which the United States took 11 million, but we have got domestic disappearance of 38.3 million, in other words, barley 41 million for export and 38.3 million for domestic distribution, nearly 50 per cent. Oats is fed just the same as barley and feed wheat, 28 million disappearance and 4.89 million export only.

The point I am trying to make is, and the question I wish to answer here is that a single import of a carload of corn compared—

Mr. JORGENSON: But my point, if I may interrupt, is simply this, Mr. Chairman. Due to the fact that the American have recently lowered their support prices on corn, this may be becoming a problem for the farmers, and we must look at it and take this into consideration if we expect to have Canadian feed grain compete on the market with American feed corn. To go a little farther: you also mention at the bottom of page 2 of your brief—you are speaking of the necessity for the feed mills not to undermine the effectiveness of the quota system, and then you state:

> They tend to undermine the effectiveness of the quota system.

And you are saying that they deliver quotas to the feed mill and undermine the effectiveness of the quota system. Do you know how much barley is sold off quota for malting and pearling purposes each year?

Mr. WESSON: I think most of the malting barley to the United States, 11 million bushels.

Mr. JORGENSON: I am not speaking of the United States, but in Canada?

Mr. WESSON: I am saying almost the total of 11 million bushels to the States is malting barley, and there is some for domestic maltsters, but I have not the figures.

Mr. JORGENSON: There is something like 40 million bushels of malting barley sold each year in Canada over quota.

Mr. WESSON: Not this year; it is less than 20 million this year.

Mr. JORGENSON: This is a considerable amount more than the estimated 3½ million bushels in 1957, or the 10 million bushels consumed by feed mills today. Would you say the 30 or 40 million bushels sold over delivery quotas of barley has undermined the effectiveness of the quota system?

Mr. WESSON: No, because that is a specialized market and a different thing althogether.

Mr. JORGENSON: In much the same way as the feed mills are a specialized market for feed grain?

Mr. WESSON: No, it does not engender the same competition between feed at daily market prices and lower prices.

Mr. JORGENSON: You feel there is no competition in the buying of feed grain?

Mr. WESSON: No, sir.

Mr. JORGENSON: Do you not think that feed mills operating in an area where they buy from producers, in and around that area, offer some competition in price to the producer—some alternative to the producer? Do you not think that because of the fact the wheat board has guaranteed prices and the farmer can look at that price and say to the feed mill, "I do not think the price you are offering is enough. I can get more from the wheat board, and I will sell it to them."?—do you not think it will encourage feed mills to keep prices at a reasonable level and also, by virtue of the fact the feeder can go to the producer and buy grain and take it to the feed mill and have it ground and mixed, that this offers competition to the feed mill, which compels him to keep the price at a reasonable level or par?

Mr. WESSON: You say there will be open competition, where the farmer can have preference, to deliver to the wheat board and get a higher price; but he has filled his quota and there is no space available. This happens in the case of congestion. If congestion disappears they will not be able to do that. It is only because of congestion that it gives them an out, to keep grain at a lower price.

Mr. JORGENSON: What you are saying or suggesting is that the farmer himself is not capable of determining what is a fair price. I know in my particular area we have a number of feed mills; and, as a matter of fact, Steinbach is one of the areas in my constituency. They come out to my farm and out to my neighbours, buying grain. I have known farmers who have turned them down, and said, "I do not think your price is quite enough. We do not think we will sell to you."

It occurs to me that a farmer is capable of determining what is a fair price for his grain and, if he wants to sell it to a feed mill, I do not see we should attempt to tell him to whom, when and where he should sell it.

Regarding your organization, we hear a number of statements from your organization—and you are the voice of the Saskatchewan pool. There is a great deal of talk of vertical integration and its effects. I take it you are opposed to this vertical integration?

Mr. WESSON: I do not think that is a fair question. You cannot oppose something that is being developed.

Mr. JORGENSON: You regard this trend with some skepticism?

Mr. WESSON: I think if we want a community that is filled up with farm homes, I would say the development is wrong; but if it has got to develop, I cannot stop it.

Mr. JORGENSON: Of course not, but we can create a climate where you sort of encourage that thing.

Do you not think what we are doing here—by forbidding the feed mill to buy directly from producers—is making a contribution to vertical integration, because of the fact the feed mills can then buy a feed lot and feed a bunch of hogs, livestock, or poultry and buy all the grain they want in the name of that feed lot, with no restrictions whatsoever. Once they have bought the grain its identity is lost.

I have talked to feed mill operators who say, "We are compelled to operate a feed lot, and we do not want to. We want to be in the feed grain business and want to mix, buy and sell feeds from producers to consumers. We do not want to get into the business of feeding livestock or poultry." This very regulation is making a contribution to the development of vertical integration.

Mr. WESSON: That is a matter of opinion; I do not know.

Mr. JORGENSON: One more question, Mr. Chairman. You state that you have no comment to make on the practice being carried out by implement dealers in

buying and selling grain. You are not going to compel the provincial governments to enforce their regulations or laws to prohibit transactions between implement dealers and producers of grain. I had noticed there is nothing in this brief to that effect, but it is a very important part of the whole set-up because the feed mills, I think, can offer price competition that will give the farmer a better price. Because, is it not true that the feed mill goes to the farmer and offers him a price and the farmer is in the best bargaining position; but when the farmer goes to an implement dealer, and says, "I want machinery," is not the implement dealer in the best position to cut the price? Would it not be more effective to attack from the other end, rather than try to limit the feed mills?

Mr. WESSON: I think if we could get the provinces, through their Justice departments, to enforce their own acts, passed years ago, dealing with provincial trade, then, along with our own recommendation, you have the whole thing tied up very nicely.

Mr. HORNER (*Jasper-Edson*): Have you ever asked the provinces to do so?

Mr. WESSON: Yes.

Mr. HORNER (*Jasper-Edson*): You have made formal requests?

Mr. WESSON: Yes.

Mr. REGNIER: You stated that the unrestricted sales and feed mills in western Canada was unfair to feed mills in eastern Canada. I would like to ask you a couple of questions on that.

Are there any licensed feed mills in eastern Canada, under the wheat board; and do you know that Ontario produces about 200 million bushels of feed grain locally? Would that be unfair to western growers if this grain in western Ontario was also sold on the unrestricted market?

Mr. WESSON: As far I know, there is no licensing in eastern Canada, as far as the wheat board and the Canada Grain Act are concerned. All I do know is that every bushel of feed grain that comes east, to the head of the lakes, is purchased at wheat board daily prices, with the freight drawback.

Mr. REGNIER: Do you know whether that is fair—there is no restriction, at the moment, on western Canada which would even matters up with eastern Canada, as far as competition is concerned?

Mr. WESSON: We think the freight drawback is a good thing. It assists the price level, which means it is assisting the western farmer, in having daily price levels which are more or less in competition with the price of imported corn, and it gives the eastern feeder at least a better break, to the extent of his freight drawback, than he would get if the freight drawback was not there.

Mr. REGNIER: Do you know also that beef in western Canada is sold at a lower price than beef in eastern Canada?

Mr. WESSON: There is a relative price level between Toronto and Winnipeg and Saskatoon and Regina, on the basis of the cost of shipping the livestock.

Mr. REGNIER: Feeders in beef cattle are protected by the long haul of the beef from west to east, is that correct?

Mr. WESSON: That is true, but I think it can be argued that that is somewhat offset by the fact that the grain that is bought in the west is bought at local price levels—that is, Fort William price less freight rate to Fort William; whereas the eastern buyer must pay the Fort William prices and all his freight, less the freight drawback. I think the difference in the price in eastern Canada, as against the price in the west, at least equals off the price of bringing the products to Toronto.

Mr. REGNIER: Are you not in favour of feeding as much stock in the west as disposing of feed grain or even wheat in the west?

Mr. WESSON: Yes, and if the farmer was getting a decent price for his grain, to take care of his costs, there would not be so much fed.

Mr. REGNIER: Would lower prices for feed mills in western provinces help to feed more beef locally?

Mr. WESSON: At the expense of the grain grower, which I am objecting to.

Mr. REGNIER: Are not they both the same in the west?

Mr. WESSON: No, not necessarily.

Mr. REGNIER: You do not think they could become the same?

Mr. WESSON: I do not know whether they could or not; but farmers have the privilege to raise livestock, raise grain, and feed it.

Mr. HORNER (*Acadia*): You would rather see them raise grain?

Mr. WESSON: Would I rather see them raise grain? It is a virtual fact that we handle 46 per cent of all the livestock in the province, and we are showing as much interest in the livestock producer as in the grain producer.

Mr. HORNER (*Jasper-Edson*): I did not get that from what you had to say.

Mr. WESSON: Yes. A farmer can feed his own grain, which he does.

Mr. PASCOE: Mr. Chairman, some of my questions have been answered already in regard to provincial legislation. I just have two or three questions. First of all, I would like to compliment Mr. Wesson on his brief. It is very fair and concise, and puts the issue right in front of us.

On page 1, in regard to quotas he says,

> —farmers support the principle of delivery quotas.

I am prepared to agree with that, but what basis has he for that statement?

Mr. WESSON: Just the many hundreds of resolutions that are coming into the office from meetings in the country.

Mr. PASCOE: You have actual records?

Mr. WESSON: Yes.

Mr. PASCOE: On page 2, the third point you have there, about smaller independent plants—you estimated they got 10 million bushels of grain. I suppose that takes in wheat too?

Mr. WESSON: Yes, feed, all feed.

Mr. PASCOE: Are you able to estimate at all how much is lost through the wheat board pool for distribution to farmers, and how much is lost to the P.F.A.A.?

Mr. WESSON: If you take from 7 to 10 million bushels—and I get these figures from the bureau of statistics, though I do not know whether they are guessing or not, but I am quoting their figures—but if it is 10 million bushels it reduces the distribution of the quotas to the tune of ten million bushels; that is, the quotas that could be spread. If it is 7 million bushels and they do not collect 1 per cent P.F.A.A., and if these very same farmers have a crop failure, they will get the same protection as everybody else, and that is unfair.

Mr. PASCOE: For my own clarification, on May 16 the three divisions—Alberta, Manitoba and Saskatchewan—of the Canadian feed manufacturers association met with us, and their recommendation was to amend the regulations to permit the farmers and grain producers to sell grain directly to feed manufacturers or processors of grain, free of quota or other restrictions.

One of those who signed that declaration, on page 28, was the federated cooperatives limited. Do you know whether that is correct? Are they in favour of taking the quota off for these feed mills?

Mr. WESSON: No.

Mr. PASCOE: Yet they signed it?

Mr. WESSON: Yes, and they are regretting it. I wish you had asked them to come to your meeting.

Mr. PASCOE: Probably they will, but it was brought out in evidence on May 16 that they were supporting this brief.

Mr. WESSON: They are a member of the organization that brought the brief.

Mr. HORNER (*Jasper-Edson*): They must have read the statement and approved it.

Mr. MILLIGAN: Mr. Chairman, I want to thank Mr. Wesson for presenting this brief and for the broad view it is taking of agriculture across Canada. I think we should look upon this as agricultural policy that is going to affect agriculture all across Canada, and not just one portion. However, I regret very much that this has even been brought up. I am wondering what the reaction would be to eastern feeders if this thing was ever operated. I know I, for one, would be the first one asking for the same privilege.

Mr. HORNER (*Jasper-Edson*): You have the same privilege.

Mr. MILLIGAN: I regret this, because the wheat board's operation has worked so efficiently and so well, that this is even going to raise some question amongst eastern feeders because these reasons have been put forward.

Some one mentioned about producing more livestock in the west. I quite agree with that. But I do not think we should produce one bit more livestock in Canada anywhere unless we have a market for it. If you produce livestock under this cheap feed, you are also only going to be producing it at the expense of eastern Canada and British Columbia; and I do not think that is in the best interests of the agricultural industry right across Canada.

Mr. Jorgenson mentioned that to prohibit the mill from buying from the farmer is an injustice. It is just as much an injustice to ask the eastern farmer to buy through the wheat board; and yet the wheat board has made millions of dollars for western Canada and has not penalized anyone, and is the finest marketing system we have in Canada.

I think this is not doing anything to help this position in any way whatsoever, and I think these feed mills should be brought in under the wheat board. It would be better for all concerned, because the extra few million bushels they are buying would be bought from the wheat board and would raise the quota for every western producer in western Canada.

Mr. HORNER (*Acadia*): First, with regard to the statement made by Mr. Milligan, I should like to point out that the wheat board has been operating quite efficiently for the last 25 years and that the feed mills have, until this time, operated quite nicely too. Nobody here—and particularly myself—is trying to wreck the wheat board, or anything like it. Most farmers in western Canada are in favour of the wheat board, and nobody in this committee, I do not think, is trying to wreck it.

All we want to do is have both operations get along. I would like to ask Mr. Wesson this question: Does the Saskatchewan wheat pool have a feed mill operations?

Mr. WESSON: No, sir.

Mr. HORNER (*Acadia*): They do not?

Mr. WESSON: No.

Mr. HORNER (*Acadia*): Does the Saskatchewan wheat pool have any interest whatsoever in a feed lot operation?

Mr. WESSON: No, sir.

Mr. HORNER (*Acadia*): But you do handle a lot of cattle?

Mr. WESSON: That is right; we market the cattle in the interest of the farmer and get the best price we can.

Mr. HORNER (*Acadia*): Does the Saskatchewan wheat pool have any connection, financial backing or otherwise, with regard to the federal co-op. in Saskatchewan?

Mr. WESSON: No, sir.

Mr. HORNER (*Acadia*): Your whole brief and your line of reasoning has been that these feed mills are going to rob the farmers, and at one time you used the word "steal", to which I objected.

Mr. WESSON: I withdrew it.

Mr. HORNER (*Acadia*): It appears to me that you are afraid prices will be lowered to the feed producer.

Mr. WESSON: That is right.

Mr. HORNER (*Acadia*): Is this because—or could it be a fact that that person buying feed could purchase feed at below the wheat board selling price, but yet above the farmers' final returns on the grain that he had sold to the wheat board?

Mr. WESSON: I do not understand that question, because, if my information is correct, millions of bushels have been sold—feed wheat; some of it may be spoiled; I do not know—at a cent or one and a half cents a pound.

Mr. HORNER (*Acadia*): Most of the grain you are thinking of has been sold either in farmer-to-farmer trades, or farmer-to-machinery dealer trades. One feed mill here at the last meeting of the committee said they never bought any grain from the farmer. They were a non-agreement mill too. This was a man's statement from Edmonton.

With this same policy in mind—and it came out in one of the briefs—I purchased oats from the wheat board last fall. I sell a lot of grain in a year, but rarely any oats; I rarely have a good crop of oats. I purchased oats at 70 cents a bushel from the wheat board. Before it was through, it was around 78 cents; and, less freight, it came to somewhere close to 70 cents.

I also purchased oats from some farmers—and if there was a feed mill operating, it could have been some from feed mills. I purchased from farmers, some at 60 cents and some at 65 cents; and oats were trading in farmer-to-farmer deals at 55 cents last fall in my area of Alberta.

Do you think that is not above the final returns the farmer would have got on those oats?

Mr. WESSON: Of course, if the average price at the end of the year proved to be 70 cents, the final payment to the farmer would be somewhere around 60 cents.

Mr. HORNER (*Acadia*): The final payment would not be somewhere around 60 cents. If you buy at Fort William, you take eight cents off that, and it would bring it down closer to 50 cents.

Mr. WESSON: I said, if the final price at the end of the year proved to be 70 cents, if you took eight cents off, that is 62 cents.

Mr. HORNER (*Acadia*): I doubt that very much. That is on first-grade oats—and with a lot of oats the person buys from farmers there is no dockage

on it. A person goes out and says, "I will take so many bushels"; and they weigh it. That is fine. In my particular case, I weighed it over the Alberta wheat board elevator. They did not object to it; they were good fellows that way. There was no dockage, and no shortages. It was 60 cents.

I do the trucking. He does not have to do a bit of trucking. I do the trucking right from the granary—and you know that in some cases the trucking from a farmer's place to the elevator runs as high as eight cents a bushel on wheat, if it is a long haul; and in my area there are quite a few long hauls.

Do you not think that in some cases, or in a great many cases, the feed mills could purchase above the final returns to the farmer, and yet below the selling price to the wheat board?

Mr. WESSON: You may be right, but I have not heard of any such cases. The information I have is that this grain has been bought at very low prices, a cent a pound, or sometimes one and a half cents.

Mr. HORNER (*Acadia*): Are you referring to feed mills, or machinery agents? I think there is a drastic difference.

Mr. WESSON: The information I had in the Saskatoon deal—and Mr. Pascoe may know something about this—was that they bought all their stuff at a cent a pound two years ago.

Mr. HORNER (*Acadia*): Was this—

Mr. WESSON: I do not know what they do with it—chiefly No. 5 and 6 wheat.

Mr. HORNER (*Acadia*): This was a machine agency?

Mr. WESSON: No, it was a store in Saskatoon that was selling radios and television sets.

Mr. HORNER (*Acadia*): We have no legislation whatsoever over that sort of operation, and neither has the wheat board. That is strictly something for the provincial governments to handle.

Mr. WESSON: That is right.

Mr. HORNER (*Acadia*): What, to your knowledge, have the feed mills been paying in Saskatchewan?

Mr. WESSON: I understand they have been paying about the same price.

Mr. HORNER (*Acadia*): Have you any definite evidence of this, or are you just assuming?

Mr. WESSON: I am not assuming; I have information from the people who have sold grain on that basis; that is all.

Mr. HORNER (*Acadia*): I understand you were talking to some people who sold. Why did they sell?

Mr. WESSON: Just because their pocket-book was bare, and they had filled their quota. They wanted to do that.

Mr. HORNER (*Acadia*): You suggested to them they could purchase cattle and feed it. Why did they not do it?

Mr. WESSON: We have already made provision for them to do this, if they take advantage of it.

Mr. HORNER (*Acadia*): I realize that, and compliment you for it. But why did not these farmers take that provision the Saskatchewan wheat pool has made?

Mr. WESSON: I do not know. Quite a few are being organized to do it now.

Mr. HORNER (*Acadia*): You think that in the future there will be very few farmers selling at below wheat board prices to feed mills; they would rather feed their own?

Mr. WESSON: Yes. As I understand it, this works to a greater extent in Alberta than it does in Saskatchewan. I think Alberta is worse than Saskatchewan.

Mr. HORNER (*Acadia*): For the three prairie provinces, to what percentage would you say Saskatchewan has an operation of grain sold of feed mills? Would it be 10 per cent? Of 122 plants, I imagine—

Mr. WESSON: I would not have any idea.

Mr. HORNER (*Acadia*): How many non-agreement feed mills are operating in Saskatchewan, do you know that.

Mr. WESSON: I have not got the breakdown.

Mr. HORNER (*Acadia*): I understand it is about 20.

Mr. WESSON: The only breakdown I have here is 60 under the wheat board agreements, and 122 that are independent. And, speaking from memory, I think that 80 of those are in Alberta.

Mr. HORNER (*Acadia*): Eighty in Alberta?

Mr. WESSON: I have not got the figures; I am speaking from memory.

Mr. HORNER (*Acadia*): You would say, then, with 80 ou of 122, that this problem exists solely, or mainly in Alberta?

Mr. WESSON: Some in Manitoba.

Mr. HORNER (*Acadia*): I realize that too. This problem does not exist to a great extent in Saskatchewan?

Mr. WESSON: That is right.

Mr. HORNER (*Acadia*): And therefore we should perhaps concern ourselves with the problems that exist in the other two provinces maybe a little more than Saskatchewan?

Mr. WESSON: The principle I have outlined stands, whether it is Saskatchewan, Manitoba or Alberta.

Mr. HORNER (*Acadia*): But we are trying to solve the problem here, and I think you will agree with me that we should deal with the conditions that exist where the problem exists?

Mr. WESSON: That, of course, will be the business of this committee, sir.

Mr. SOUTHAM: I think this thought is taken for granted, that we, as an agricultural committee, are all interested in the welfare of agriculture as a whole.

With that thought in mind, in Saskatchewan about seven or eight years ago they developed a royal commission to look into agriculture and rural life. As a result of that survey it was found that we had roughly three types of farmers, the straight grain farmers, grain and livestock farmer—commonly known as the mixed farmer—and the livestock farmer, or feeder. And in this particular category, he often did not have a permit book. Approximately 35 per cent of the farmers produce 65 per cent of the grain—that was a result of this commission's inquiry.

The question I would like to ask Mr. Wesson is this. Maybe it is his personal opinion. What is the viewpoint of these last two categories, the mixed farmer, and the straight feeder, in regard to enforcing these regulations; and why is this issue being precipitated that this particular time, after the practice has been going on for approximately the last 25 years?

Mr. WESSON: I would say that you could get most of your answers from the Canadian wheat board when they were before your committee.

I do not need to tell the committee that there have been a number of court cases that have been extended over a period of two or three years. Now the thing is finally settled and it is a question of whether, on the recommendation of this committee and the policy of the Department of Trade and Commerce, these regulations shall be properly enforced and have them put on the same basis. It has been going on because the wheat board has been doing nothing for nearly three years pending the decisions by the Courts of these cases. I am sure the wheat board must have discussed that with you.

Mr. SOUTHAM: This practice of small feed mills operating within the boundaries of the province has been going on for 25 years. In the opinion of a number of farmers it has given a particular service to that small group.

I was impressed with your remarks, and if we can do anything to stabilize rural life, we would be happy to do so, but it is a problem. There is quite a large number of farmers particularly in my part of Saskatchewan, in the southeast area, who are interested in maintaining the unit as such. Are the farmers themselves in favour of the enforcement of these regulations?

Mr. WESSON: I would say according to the resolutions which we get in by the hundreds, that they are.

I am not down here today to express my opinion on these questions. I am dealing with the policy of the wheat pool. Mr. Pascoe knows all about that.

Mr. FORBES: I have one or two points. I regard the feeding of livestock in western Canada as being a very important industry to the west.

Mr. WESSON: So do we.

Mr. FORBES: I would not like to see these regulations made too restrictive, or to do anything which would discourage that industry.

I think that the feeders you are referring to are rendering a great service to the wheat producers. But I do not think you are right in assuming that the western feeder has any advantage over the eastern feeder.

I have observed the setup, and except for the fact that they have feed sales in Ontario, they have two advantages: one is in the freight rates, and the other—and I think this is the important part—is that the grain producers should be grouped in with the livestock men as rendering some service.

I do not think that the small mills are doing any harm whatsoever, because what they are doing is to render a service to the feeders.

Mr. WESSON: I have no objection to that at all, provided that they pay the proper price to the producer.

Mr. FORBES: I have the Western Producer in my file upstairs which shows that a farmer in Saskatchewan was offering wheat at 80 cents a bushel. Now, should not the small mill have the same privilege of going out and buying that grain for use of the home feeder, provided the producer is willing to sell it to them?

Probably it would be low grade wheat or something which would not fit into the grading system if he took it to an elevator. But should he not have the privilege of getting rid of that grain if he wished to do so? And let us remember that it is all provincial or local grain.

Mr. HORNER (*Jasper-Edson*): I have a few questions with which I would like to follow up in regard to this: first of all, Mr. Wesson, do you feel that diversification in Saskatchewan is basic to the preservation of the family farm in the province of Saskatchewan?

Mr. WESSON: Yes sir. That is why we adopted our livestock feeding policy.

Mr. HORNER (*Jasper-Edson*): Again, do you feel that it is helpful to the agricultural industry of western Canada for our feeder cattle to be shipped into the United States to be fed there rather than to be fed in western Canada?

Mr. WESSON: Well, it all depends on the market. After all, as this committee must know, if it had not been for the tremendous demand for livestock in the United States last year and the year before, we could not have maintained the price at $5 to $6 per hundred above what might have been the market price otherwise.

Mr. HORNER (*Jasper-Edson*): I have nothing against the American market at all, and I certainly do not have anything against the working of the wheat board or anything else. I think it has worked well. But I do feel that there is a case for the local feed mill. I have several of them in my area. I come from a feeder area in northwest Alberta.

I have one or two more questions. Do you favour farmer-feeder sales?

Mr. WESSON: Yes.

Mr. HORNER (*Jasper-Edson*): What is the difference between farmer-feeder sales, and farmer-feed mill-feeder sales?

Mr. WESSON: When we talk about farmer-feeder and farmer-feedmill-feeder sales, do we mean farmers who are also feeders?

Mr. HORNER (*Jasper-Edson*): Do you not agree that a great number of people are feeding, and are not farmers?

Mr. WESSON: That is why we said that those people should pay the same price as everybody else for their grain, because they are buying it for resale and not for feeding.

Mr. HORNER (*Jasper-Edson*): Do you think it would help if we put all these feed mills under the Canadian wheat board, and if we could do something about revising the handling and storage charges paid to the elevator companies at the present time?

You will note that recently the United States dropped their storage charges by three cents a bushel per year.

Mr. WESSON: This has nothing to do with the question, but I shall try to answer it.

You western people will know that the handling charges on grain today are exactly the same as they were in 1938, and a few years before the war. The storage rate today is exactly the same; and as far as I know they are the only costs to the farmer that have not gone up with respect to the handling charge in country elevators and for storage.

The CHAIRMAN: I notice that we do not have a quorum now. Do you desire to meet this afternoon? Is it the desire of the committee to meet this afternoon?

Mr. PASCOE: I would prefer to finish now.

Mr. HORNER (*Jasper-Edson*): I have a question about corn. I have a handbook on agricultural statistics in which I notice that the imports of corn jumped in 1957, 1958, and 1959 from three million up to 12 million as compared to 1955 and 1956. I also understand that a considerable percentage of the feed now mixed in Winnipeg is made up of corn. This seems to me to give a better idea of the situation, because I do not think we can get anywhere in playing the grain farmer off against the livestock producer. I believe that what is good for one is good for the other.

Therefore if we can get feed to our livestock feeder-producer at a price that is reasonable, then that is something we should all be working for, because we do not have a market for our grain in the world. There is no market which will take it up, and certainly, according to the Gordon commission on economic

prospects, the grain industry should continue to be fairly good, yet at the same time further prospects for the sale of wheat certainly are not that good.

It seems to me that we should provide those feeders with the necessary grain with which to carry on their operations.

The CHAIRMAN: I believe if we continue we shall be out of order. What is your desire? Do you wish to meet this afternoon, or shall we terminate the meeting now?

Mr. FORBES: How much more do we have?

Mr. HORNER (*Acadia*): I have a few questions but I would not want the committee to reconvene.

Mr. FORBES: I think you are important enough to warrant our coming back, Mr. Horner.

Mr. PASCOE: Would we not have trouble in getting a quorum this afternoon too?

The CHAIRMAN: That is the difficulty. Perhaps we could meet again at 2:30.

Mr. FORBES: There are important matters coming up in the house today.

Mr. PASCOE: I think we have already had a fairly good discussion, myself.

Mr. WESSON: Perhaps I might answer the last question. The fundamental principle underlying our own feed policy in the Saskatchewan wheat pool is to arrange that the farmer may borrow money and be guaranteed by the Wheat Pool for any loss on the loan to the extent of 25 per cent. This is for the purpose of encouraging farmers to feed their own grain on their own farms. That is the policy.

The CHAIRMAN: I see we have a quorum again, so we shall carry on.

Mr. HORNER (*Acadia*): I think the statement was made—I do not know whether by the Saskatchewan wheat pool or by the farmers union—but is it not true that the Saskatchewan ranchers only produce ten per cent of the feed used by them, while the farmers have to produce the rest? I am referring to the ranchers in the southwestern part of Saskatchewan as compared to the rest of that province.

Mr. WESSON: I think the figure of ten per cent is about right for the ranchers of Saskatchewan as compared to the ordinary livestock, and the mechanized farmers. But I think that in Alberta the percentage would be much higher than that.

Mr. HORNER (*Acadia*): In Saskatchewan we do not differentiate between the rancher and the farmer because for the most part they are one and the same person. That is the point I am trying to make—that the farmer in Saskatchewan produces beef, and the farmer in Saskatchewan also produces grain.

Mr. WESSON: Yes.

Mr. HORNER (*Acadia*): I farm 1200 acres, and I have sold as much as 7,000 bushels of wheat in one year. But last year my sales were somewhere in the neighbourhood of 600 to 700 bushels of oats. That is what occurs sometimes. You may have a crop failure, or your crop gets hailed out, or other things may happen.

You stated that in your talks with farmers you discouraged any of this selling below wheat board prices to feed mills—at least I was led to believe that from some of your answers.

Mr. WESSON: According to the resolutions which come in by the hundreds, our people object to the idea of one farmer selling for less than another.

Mr. HORNER (*Acadia*): Is it not true that the Saskatchewan wheat pool are substantial backers of the *Western Producer*?

Mr. WESSON: We own it.

Mr. HORNER (*Acadia*): In other words, the Saskatchewan wheat pool that you speak for publishes the *Western Producer*?

Mr. WESSON: Yes, but we do not control the editor. He is free.

Mr. HORNER (*Acadia*): And who is the editor?

Mr. WESSON: His name is Thomas Melville Ness.

Mr. HORNER (*Acadia*): You run classified ads. Your policy I believe is to urge people to sell their grain at wheat board prices, nevertheless advertisements are permitted to appear in the *Western Producer* advertising grain at 85 cents a bushel. That evidence has been produced by Mr. Forbes. He read such an advertisement to the committee earlier in our sittings. How do you reconcile that?

Mr. WESSON: Well, we carry ads for the Robin Hood milling company, in spite of the fact that we have a mill of our own too. Those ads mean revenue for the *Western Producer.*

Mr. HORNER (*Acadia*): We all know that Robin Hood purchases its grain at wheat board prices. That is a different matter. There is no competition as far as price goes between you and Robin Hood. You both buy at prices which are set out by the wheat board.

Mr. WESSON: I am talking about the advertisements.

Mr. HORNER (*Acadia*): On the one hand you seek to uphold wheat board prices, while on the other hand you try to encourage farmers not to do so.

Mr. WESSON: That is right, but remember that we do not control the advertising editor.

Mr. HORNER (*Acadia*): But your paper is coming out against you, is it not?

The CHAIRMAN: I believe it is the wish of the committe that we terminate our sitting this morning. On Monday May 23, at 9.30 in this room we shall be hearing the United Grain Growers and also, possibly, from the Manitoba pool elevators.

I am sure the members of the committee appreciate Mr. Wesson's coming down and giving us his brief. It has been very educational, and on a very good subject.

Mr. WESSON: Thank you very much.

—The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

MONDAY, MAY 23, 1960

WITNESSES:

From *United Grain Growers Ltd.:* Mr. J. E. Brownlee, Q.C., President and General Manager; Mr. H. L. Griffin, Economist. From *Manitoba Pool Elevators:* Mr. W. J. Parker, President.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23153-0—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

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

and Messrs.

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Nasserden,
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Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, May 23, 1960.
(11)

The Standing Committee on Agriculture and Colonization met at 9.58 a.m. with the Vice-Chairman, Mr. Jorgenson, presiding.

Members present: Messrs. Badanai, Belzile, Brunsden, Campbell (*Lambton-Kent*), Fane, Forbes, Gundlock, Hicks, Horner (*Acadia*), Horner (*Jasper-Edson*), Jorgenson, Kindt, Milligan, Rapp, Regnier, Smith (*Lincoln*), Thomas and Tucker.—(18)

In attendance: From United Grain Growers Ltd.: Mr. J. E. Brownlee, Q.C., President and General Manager; Mr. H. L. Griffin, Economist. *From Manitoba Pool Elevators:* Mr. W. J. Parker, President.

Mr. Brownlee presented a brief on behalf of United Grain Growers Ltd. regarding the delivery of grain by producers to feed mills.

The Committee moved that a copy of a *Memorandum of Agreement* between companies and Canadian Wheat Board be made Appendix "A" to today's Minutes of Proceedings and Evidence.

The Committee questioned Mr. Brownlee and Mr. Griffin on their brief.

The Committee thanked the witnesses for their appearance.

The Committee adjourned at 12.05 until 3.30 p.m. this day.

AFTERNOON SITTING
(12)

The Committee resumed at 3.30 p.m. with the Vice-Chairman, Mr. Jorgenson, presiding.

Members present: Messrs. Belzile, Brunsden, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Forbes, Gundlock, Henderson, Hicks, Horner (*Acadia*), Horner (*Jasper-Edson*), Howe, Jorgenson, Kindt, Milligan, Rapp, Regnier, Smith (*Lincoln*), Thomas and Villeneuve.—(21)

In attendance: The same as at morning sitting.

Mr. W. J. Parker presented a brief on behalf of Manitoba Pool Elevators regarding grain delivery by producers to feed mills.

The Committee questioned Mr. Parker on his brief.

Mr. Parker was thanked by the Committee for his appearance.

The Committee adjourned at 4.30 p.m.

Clyde Lyons,
Clerk of the Committee.

23153-0—1½

EVIDENCE

MONDAY, May 23, 1960.
9:30 a.m.

The VICE-CHAIRMAN: Gentlemen, we have a quorum. This morning we have with us the United Grain Growers Limited, and on my right, presenting the brief, is Mr. J. E. Brownlee, Q.C., president and general manager of the United Grain Growers Limited. With him is the economist of the United Grain Growers Limited, Mr. H. L. Griffin.

When we have concluded our session with the United Grain Growers, if we have time, we shall continue on this morning with Mr. Parker, the president of the Manitoba pool elevators. If we do not have time, however, we shall continue at 3:30 this afternoon. I do hope we shall finish both briefs today.

Right now I shall ask Mr. Brownlee to make his presentation.

Mr. J. E. BROWNLEE, Q.C. (*President and General Manager, United Grain Growers Limited*): Mr. Chairman, and members of the standing committee on agriculture and colonization: before beginning our submission I would like to make one or two observations. The first is that we appear as a farmer-owned cooperative, but in a somewhat different position from the farm organizations, the Alberta and Saskatchewan wheat pools, and the farmers' union which have so far given evidence. They have not operated feed plants. But we are interprovincial in our operation. We have elevators in Manitoba, and Alberta where livestock production is an important part of Agriculture, and in the province of Saskatchewan, where emphasis is largely on wheat.

We have also had a feed plant at Edmonton for fifteen years or more, and therefore we fully appreciate the problems of the industry.

Our company is a member of the Canadian Feed Manufacturers Association, which was represented before you recently, by Mr. Hedlin. But in matters affecting the Canadian wheat board or the government we, as a farmers' cooperative, make our own submission which may or may not agree on all points with the position of the feed manufacturers' association. When I learned that the association had retained Mr. Hedlin as consultant to present its submission, I wrote to him and quite frankly outlined the position which our company would take in its own submission.

Now, with these preliminary remarks I shall begin our submission. To avoid repetition, there are some parts which are in the written document which I shall not read.

I think I can save your time if I ask you to follow me as I go through our submission and read what I consider to be the pertinent parts. I am sure that I can thus state our position more concisely than were I to try to do it otherwise. So I shall start to read beginning with the second paragraph on page 2. Pardon me—may I also ask—as I presume it will be understood—that any parts of the document which I do not read will be included in the record?

The VICE-CHAIRMAN: That is right.

NOTE (The first paragraph of the brief is as follows):

This Standing Committee on Agriculture and Colonization is empowered to examine and inquire into the delivery of grain by producers to feed mills operating in the designated area as defined by The Canadian Wheat Board Act.

Mr. BROWNLEE: I start to read therefore with the second paragraph on page 1:

The subject matter of your inquiry has been of continuing and growing concern to our Company for more than eight years. It has presented a problem of frustration and difficulty. The Company, as a farm organization, works in the closest co-operation with The Canadian Wheat Board, but that very fact has placed its feed plant operations at a serious competitive disadvantage. The Company welcomes this inquiry. It hopes that the members of the Committee, being interested in all branches of agriculture, may be able to recommend some constructive solution.

Under the heading of "the Company" I shall not read that paragraph but simply say that it states that our association has a membership of about 60,000, and that we operate nearly 800 country elevators in the prairie provinces.

NOTE (The following paragraph from the brief was not read):

The Company

Members of the Committee from the prairie provinces well need no information about United Grain Growers Limited. For the benefit of others we might state that it is the oldest farmer owned co-operative grain handling organization in Western Canada with some 60,000 members and customers and operating nearly 800 country elevators in the prairie provinces. For over half a century it has been part of the farm movement in Canada and has joined with other farm organizations in promoting the interest of Western Agriculture. It publishes the "Country Guide", a National farm magazine, with a paid up circulation of nearly 325,000.

Mr. BROWNLEE: Then, to continue with the brief:

The Company is in close relationship with The Canadian Wheat Board. At its elevators it acts, under contract, as agent for that Board in receiving wheat, oats and barley. At all times it complies strictly with the regulations and instructions of the Board as to the handling of such grain, including the Board's regulation of delivery quotas at country elevators. It buys and handles only such wheat, oats or barley as is delivered to the Board. No organization could have surpassed this Company in the co-operation and assistance steadily tendered to The Canadian Wheat Board.

The Company's Feed Business

Almost from its beginning, the Company has, as part of its business, operated a Farm Supplies Department. Its purpose is to make available at country elevator points at which farmers deliver their grain, bulk commodities required in farming operations, such as coal, binder twine, 2, 4-D and more lately fertilizers. By keeping the margin between cost and selling prices as narrow as possible, the Company has contributed to keeping prices for such commodities to the farmer at a fair level.

Realizing the need for mineral supplements in livestock feed the Company first, for some years, distributed Bridge Brand Minerals, and incidentally, still does.

In the early forties, however, the Company decided to engage in the business of manufacturing livestock feeds. This, it was believed, would be of benefit to grain producers by expanding the domestic use of feed grain on the prairies. An additional outlet for such grain was greatly to be desired since markets available elsewhere in Canada and in export channels were limited. So also increased production of meat, milk and poultry products in the prairie provinces was needed in the interest of a balanced agriculture, of soil maintenance and of income stability.

The prairie provinces had plenty of grain as a basis for the livestock feeding industry. But experience elsewhere in Canada and in other parts of the world had shown that efficiency and economy in feeding practices required the use of balanced feeds, with grain rations blended with an reinforced by protein, mineral and other supplements. Unless Western Canada should adopt feeding methods employed elsewhere it would be in a poor competitive position from the standpoint of both quality and cost. Preparation of balanced feeds had become a great and growing industry in eastern Canada, in the United States and in the United Kingdom. In those areas it has progressed greatly in recent years with advances in the science of animal nutrition.

The company wished to play an adequate part in the development of a corresponding industry in the prairie provinces. The company's original plans envisaged a series of feed manufacturing plants at strategic points. Edmonton was selected as the site for the first of these and the plant there erected, including a country elevator, represents a capital investment of some $600,000. We should also mention here that in purchasing a number of elevators in western Canada we acquired two small feed mills. These are operated only as mixing stations, grinding grain brought in by local customers and returning it to them with the addition of protein, mineral and other supplements. They are not like the Edmonton plant built for the manufacture and the sale of processed feeds.

A complete line of livestock and poultry feeds has been developed at the Edmonton plant, each manufactured stringently to formula in accordance with the latest scientific information available from the university of Alberta and other centres where research into livestock feeding is carried on. We take justifiable pride in the high quality of our products.

May I interject to say that we give substantial grants each year to the three prairie universities, and in each province certain specialized work is done by the university with the grant which we provide. In Alberta the grant is mainly to encourage research into animal nutrition. That is why we get the benefit of their research work in the formula which we use in our feed plant.

In spite of what had appeared to be satisfactory prospects for this enterprise, our experience in the feeds industry has been frustrating and disappointing. We have abandoned earlier ideas of building additional feed plants elsewhere. We have had to limit the scope of our Edmonton operations and our efforts to develop them. The volume of complete feeds manufactured has fallen short of expectations and has been much less than the capacity of the plant. To a large extent we have had to market concentrated supplements rather than the complete feeds which the plant was first constructed to manufacture.

Two different but related reasons account for our difficulties. One is a lag in the development of the complete feeds industry of the prairie provinces—may I say, due to the ability of farmers to buy cheap raw grain. The other is that we have had to compete with complete feeds manufactured from cheaper grain than we have been able to buy.

The use of complete feeds by the livestock industry of the prairies remains at a low level in spite of rapid growth elsewhere in other livestock producing areas. A comparative state of stagnation is indicated by a report of the dominion bureau of statistics entitled "The Feeds Industry, 1957". It shows that the output of complete feeds for all Canadian plants that year was more than two million tons of which the prairie provinces produced only 107,000 tons or something more than 5%.

The grain which goes into our complete feeds has all been bought from the Canadian wheat board at the board's selling price, and has been purchased at elevators where delivered. This grain has all been delivered under quota

regulations established by that board. According to the statement of the minister in the house of commons on March 29th—which we have set out in appendix "A"—about sixty other feed mills in western Canada out of a total of 182 such establishments are in a similar position. The companies operating these, including our own, are all under close supervision by the board. Each such company, as the operator of country elevators licensed by the board of grain commissioners, in order to take in wheat, oats and barley, enters into a "handling agreement" with the Canadian wheat board. In that agreement the company has had to undertake not to buy wheat, oats or barley for its own account or for the account of any other person except the board. Quite apart from statutory obligations our company feels morally bound to carry out such a covenant.

I would like to interject for a moment here, to mention that in reading the proceedings of this committee I note the suggestion on two or three occasions that this contract is a voluntary contract. To clear away any misapprehension, I think, I should say that the wheat board does not enter into any contracts with feed mills, as such. The only contract which the wheat board enters into is with country elevator operators; and the contract only affects those feed plants which happen to be owned by elevator companies.

I have a copy of the contract here. You will see it is a very formidable document, with some 39 clauses. It sets out the fact that the Canadian wheat board is the sole agency for the marketing of wheat, oats and barley, and that it must operate through agents and, therefore, appoints the elevator company its agent and sets out the terms and conditions under which the company can operate.

Mr. RAPP: Could this be added as an appendix, Mr. Chairman?

Mr. BROWNLEE: I am quite prepared to leave it as an exhibit.

The VICE-CHAIRMAN: Is it the wish of the committee, to have this attached as an appendix?

Agreed.

Mr. BROWNLEE: But you will see these conditions are very mandatory. They set out what the companies must do, the returns which they must make, and also the remuneration which the companies get from the wheat board.

I suggest to you that it is only voluntary in this sense, that if a company wants to declare a holiday and not operate its elevators for a year or two, it does not have to sign; but if it wants to operate country elevators that agreement is absolutely mandatory, and I doubt very much whether the wheat board would permit any company to operate for a year without having signed the agreement.

Other feed plants, with which we compete, do not have any such agreement with the wheat board, because they do not operate country elevators. As Appendix "A" shows, there are 120 of these. They have bought, and are buying grain at prices lower, and sometimes very much lower than we have to pay. To compete with them in the finished product, so far as prices are concerned, is both difficult and expensive. The ability of such plants to buy cheap grain results from two causes. One is the lack of any contract with the wheat board, as they do not operate country elevators and, therefore, they could not enter into a contract. The other is their immunity from the application of delivery quota regulations. In spite of theories to the contrary, we believe that immunity will in fact persist as long as there is a great surplus of feed grain for which the Canadian wheat board cannot provide a market.

The Two Markets for Prairie Feed Grains

There are two distinct markets for feed grain in the prairie provinces. One is that offered by the Canadian wheat board which has an effective monopoly on prairie grain going into inter-provincial and export trade. The wheat board's control of elevators and of railways assures that no one else is able to ship prairie grain across provincial boundaries or outside of Canada.

That includes feed with grain content. The wheat board market also comprises that small quantity of grain absorbed by the feed mills which buy from the board.

The other is the non-board market for feed grain consumed within the province where it is grown. Producers deliver to the wheat board all the grain they can, to the full extent permitted under the wheat board's delivery quota regulations. When their rights so to deliver are exhausted many turn to the non-board market. That market is provided by livestock and poultry feeders buying directly from the producers of grain, by many merchants and dealers who act as intermediaries between grain producers and feeders, and also by those feed mills which do not have to buy their grain supplies from the Canadian wheat board.

During recent years average annual production of grain in the prairie provinces has been more than 900 million bushels. The quantity accepted by the wheat board in any one year has been less than 600 million bushels. The only available outlet for the surplus, except seed requirements, has been in prairie livestock feeding. Much has been fed on the farms where it was produced. But tens of millions of bushels have also been sold by producers for feeding elsewhere within their respective provinces. This non-board market for grain is quite unorganized, unregulated and unreported, with great variation in price from place to place and from time to time. No figures are available as to volume or price. Buyers and sellers seek each other out as best they can.

Prairie production of oats for the crop year 1958-59 is recorded at 240 million bushels. Of that the Canadian wheat board accepted only 38,750,000 bushels leaving producers to find a use for some 200 million bushels. For barley, the figures were production 238 million bushels; accepted by Canadian wheat board 122 million bushels and left with producers 116 million bushels. There was no corresponding surplus of wheat out of the year's production but a considerable surplus had been carried forward on farms from earlier years.

Such surpluses have been recently disappearing to a large extent as a result of feeding to poultry and livestock. While no one can say how much of that disappearance has been on the farms where grain was produced, it is a matter of common knowledge that great quantities have been traded in at prices much lower than the prevailing sale prices of the Canadian wheat board. Sometimes there has been no intermediary between the producer and the feeder; sometimes a professional grain dealer has handled the transaction; frequently retail stores have been intermediaries. For example, an issue of the *Lethbridge Herald* on March 24 carried an advertisement of the Southern Alberta Co-Operative Association Limited to the effect that grain would be accepted as payment at seven different stores in that area. This, of course, is quite legitimate and such an advertisement is entirely proper. A review of daily papers for the past year would show publication of many similar advertisements by other merchants and distributors of machinery and appliances.

I thought it might interest you if I interjected here to say that seeing this advertisement in the *Lethbridge Herald* I asked my assistant to look through some of the other papers to see what indication there was of the extent to which grain was being dealt with by other than the Canadian wheat board. I have here, for example, two pages from the *Western Producer*. The first one is dated April 28, 1960. You may be surprised to note—although I assume that all the western members read this paper—that there are 58 advertisements in that single issue by persons who are prepared to take grain in payment for commodities anywhere from machinery to radios, television sets and even an unfinished resort motel. There is even an advertisement here in which they are prepared to take grain in payment for a motel. The next issue is March 24, 1960. These are 67 advertisements in that paper indicating again the extent to which people, largely in the province of Saskatchewan, are willing to take grain, and must be taking it, for payment of different commodities.

Then I turn to another side of the story. I looked for some ads to see what is the attitude of the farmer, because, after all, this would not be going on unless the farmer was willing to sell for less than the wheat board price. For example, in the *Western Producer* of February 25, 1960, we find an advertisement like this:

1000 bus. Thatcher No. 2 wheat, $1 per bus. at bin, germination 94%.

Evidently that is seed grain. That is offered at $1 a bushel. That same day at Eston, where there are five elevators, the initial price for No. 2 Northern was $1.17. The farmer was offering the grain at 17 cents less than the intial payment.

Again on March 31, there was the following advertisement:

2000 bus. No. 5 wheat 90 cents. 2500 bus. feed barley 65 cents at bin.

This was at Dysart. Those prices were again less than the initial payment.

On March 31, 1960, the following appeared:

3000 bus. No. 5 dry wheat, 80 cents per bus.

This was at Madison and the initial payment at that time was 89 cents.

On April 7, 1960, the following was offered at Lacadena:

5000 bus. No. 2 wheat, $1.00 per bus.

The initial payment was $1.13 per bushel.

The Free Press Weekly Prairie Farmer of March 23, 1960 had the following advertisement:

For sale dry wheat, $1 per bushel, 2000 bus. Desperate.

That is the way the advertisement reads. At that point at that time the initial payment was more than $1 per bushel. I gather that the reason for the ad was that the quota was only 2 bushels and the farmer was anxious to get rid of some of his grain over and above the quota which was available to him.

That indicates the situation which exists and that the farmers are willing to offer grain at less than the initial payment because of that. Many dealers are quite content to take it, and wheat almost has become a medium of exchange across the prairies in many commercial transactions.

While we have no part whatever in this non-board market we are given to understand that prices now prevailing are somewhat higher than a couple of years ago because the surplus available for trading therein has been getting smaller. It may again be large when a new crop is harvested.

The next heading is law and regulations. This may be somewhat of a repetition to members who have been sitting in at these meetings. However, as this gets to the very heart of the problem I feel I would like to read what we have prepared here.

Law and Regulations

Nothing in The Canadian Wheat Board Act or in regulations that can be made thereunder requires any feed mill to buy its grain from the board or to refrain from buying grain directly from producers. Mills which happen to be owned by elevator companies are precluded by contract with the wheat board from buying grain except as agents for that board. That is the only reason which prevents them from buying directly from producers, at less than board prices, even when quotas are strictly observed. As noted below, provincial legislation cannot apply to feed mills.

Feed mills come under the jurisdiction of the Canadian wheat board because the definition of an "elevator" in the act is made to include feed mills. That is useful and necessary to maintain the board's control of interprovincial trade in grain.

This definition has the additional effect of making wheat board deliver quota regulations apply automatically at feed mills, except in so far as they are relaxed by permission of the board. For convenient reference Section 16 (1) of the act is quoted below:

> Notwithstanding anything in the Canada Grain Act, except with the permission of the board, no person shall deliver grain to an elevator, and no manager or operator thereof shall receive delivery of grain unless
>
> (*a*) the person delivering the grain is the actual producer of, or is entitled as a producer to the grain;
>
> (*b*) at the time of delivery the person delivering the grain produces to the manager or operator a permit book under which he is entitled to deliver the grain in the crop year in which delivery is made;
>
> (*c*) the grain was produced in the crop year in which delivery is made on the lands described in the permit book or in any other crop year on any lands whatsoever;
>
> (*d*) the grain is delivered at the delivery point named in the permit book; and
>
> (*e*) the quantity of grain delivered, whether sold, or delivered for storage, together with all grain of the same kind previously delivered under the permit book during the crop year in which delivery is made, does not exceed the quota established by the board for such delivery point for grain of the kind delivered at the time it is delivered.

There is nothing in the principle of quotas to require their application at feed mills and obviously they cannot apply to merchants or to feeders of livestock. Quotas are designed for the rationing of elevator space when it is scarce, among producers, so that available opportunities for grain deliveries shall not be monopolized by one group of farmers to the disadvantage of another group. But grain used by feed mills flows rapidly through them and does not tie up elevator space to the disadvantage of any one. No one, neither the wheat board nor anyone else, will reimburse feed mills for interest and storage costs on grain held in store. Consequently, they do not hold grain in store because they cannot afford to do so; instead they process grain as rapidly as possible after its receipt.

Quota regulations made under section 16 of the Act automatically apply to feed mills, subject however to any relaxation "by permission of the board".

I am not going to read the next two paragraphs, because they simply set out the two temporary plans made by the board to permit some gristing or the exchange of grain for process feed, and I know from reading the evidence that that has been thoroughly discussed at previous meetings.

(The paragraphs referred to above are as follows:)

By official circular the board has relaxed regulations in two respects as follows:

(*a*) Any producer or feeder, without producing a permit book may bring grain to a feed mill for custom grinding, with the addition of supplements if desired. There are no restrictions as to quantity and the only restriction is that the identity of the grain must be preserved and the whole quantity returned to the person delivering it as soon as processing is completed.

(*b*) Any producer with a permit book may bring grain to a feed mill and exchange it for prepared feeds containing an equivalent weight of any kind of grain. The prepared feed may be taken away at any time within six weeks. Although the delivery is to be recorded in a permit book it is not part of the regular quota and is regarded as a supplemental quota. Grain so delivered does not need to have been produced by the holder of the permit book making the exchange.

Mr. BROWNLEE: Continuing with the brief: These provisions are employed to some extent by those feeding grain of their own production on their own farms, and wishing to do so in the form of prepared feeds. They are also employed by those who buy grain in the non-board market and bring it to a mill for processing and subsequent feeding and there is nothing to prevent the sale by them of the processed feeds manufactured from low priced grain so acquired.

Although we understand that some mills have been able to do a considerable amount of processing under these regulations, our own plant has found these provisions of comparatively little use. They do not lend themselves readily to the type of operation and the nature of business for which our Edmonton plant was designed; that is, the manufacture and sale of high class feeds.

Now some expedients; and I read these with some hesitation, because I think you are familiar with the expedients which have been used.

Some degree of uncertainty has prevailed in the minds of those buying selling or handling non-board grain as to what is or is not permissible under the Wheat Board Act or regulations and under provincial legislation. As a result, it is understood that resort has been had to two expedients as precautionary measures in case any transactions should be challenged in the courts. One has been for a trader to keep some livestock or poultry in order to claim status as an owner or feeder of livestock. Another is an agency order purporting to authorize a dealer or the operator of a feed plant to act as agent in the buying or selling of grain. Our own company has neither experience nor direct knowledge of these expedients and has formed no opinion as to their possible protective value. We are aware only of the common report that they are widely resorted to.

Handicaps of agreement plants

For more than eight years our company has been severely handicapped in carrying on business in competition with non-agreement feed plants. That handicap has been due to two separate sources which need to be separately examined. One has been the non-enforcement of delivery quota regulations at the non-agreement plants enabling them to buy at very low prices grain which producers have been unable to dispose of under their delivery quotas. The committee has learned that the Canadian wheat board has recently announced an intention to undertake more vigorous enforcement of quota regulations than it has found practicable in the past and that such enforcement is

giving rise to complaint from the plants so affected. Before pursuing that subject further, another disadvantage under which we labor, which is quite apart from the quota question, must first be explained.

The non-agreement mill can at all times buy its grain for considerably less than can the agreement mill even if there is perfect equality between the two as to the application or non-application of quota regulations. That arises from the fact that of necessity the total price paid to producers by the Canadian wheat board is considerably less than the board's selling price, because out of the latter have to come all costs of operation including storage and interest charges.

Consider for example the situation at Edmonton in respect of No. 5 wheat, frequently employed in the manufacture of complete feed. A producer delivering such wheat to an agency of the board—that is, a country elevator—at Edmonton will currently be paid the board's initial price of $1.01½; and that includes the 10 cents interim payment, 91½ cents plus 10 cents. He will also get the participation certificate, the ultimate value of which is uncertain, but on which, judging from recent experience, he may perhaps expect a final payment of 14 cents some time in the future. In other words, a total of approximately $1.15.

In view of getting all of his money at once instead of having to wait some time for a part of it, he may prefer to sell it outright at $1.15 per bushel even if the delivery has to be recorded in his permit book and charged up against his quota. That, then, is the maximum price which a non-agreement feed plant at Edmonton would have to pay for No. 5 wheat.

But a feed mill operated by an elevator company with an agency agreement with the wheat board—such as ours—can buy only from that board and must pay the board's current selling price, which towards the end of April was at Edmonton $1.37 per bushel. The price advantage to the non-agreement mill would be a minimum of 22 cents per bushel and it has been as high as 27 cents. The latter figure amounts to $9.00 per ton, a very substantial item in the cost of prepared feeds. A corresponding calculation with respect to No. 1 feed barley would show a differential of $4.00 per ton and on No. 2 feed oats of $8.00 per ton. Such figures would vary from time to time and would also vary with the producer's immediate need for cash and his assessment of the probable value of a participation certificate.

It is obvious that a feed plant operated by an elevator company will not be on equality with a feed plant operated by someone else, perhaps a co-operative association or perhaps an independent operator, unless it is relieved from the obligation to buy its grain only from the Canadian wheat board.

Provincial legislation is non-effective

Your committee will be justified in leaving out of consideration certain statutes of the provinces of Manitoba, Saskatchewan and Alberta, passed in 1948 and 1949, which purport to require producers to sell grain only to the Canadian wheat board and to prevent other persons, including feed mills, from buying directly from producers. The only purpose these Acts served or were intended to serve was to indicate a desire on the part of western provinces that the marketing functions of the Canadian wheat board should be extended by the government of Canada to include oats and barley. They exempt purchases of grain by owners of livestock. In so far as purchases by feed mills are concerned, these Acts have been recognized as clearly ultra vires, since such mills have been declared by parliament to be works for the general advantage of Canada. Otherwise they are either completely ineffective or non-enforceable and no attempt has been made or is in prospect to enforce them by the provincial governments.

So far as feed mills are concerned there is nothing in the Wheat Board Act or regulations which can be made thereunder to interfere with their right to buy grain offered to them or the right of a producer to sell to them. The wheat board's jurisdiction—as we have said before—over "agreement" feed mills arises from the fact that the operators, as operators of country elevators, have by contract as agents for the board undertaken not to buy grain for themselves or for anyone else except with permission from the board. So far as "non-agreement" feed mills are concerned, the jurisdiction of the Canadian wheat board, as has been noted, arises only from the fact that quota delivery regulations theoretically apply to them.

Now, gentlemen, I consider that very important. In reading the proceedings before this committee, I have gathered—rightly or wrongly—that there is a belief that enforcement of quotas would be effective in correcting the price situation as between agreement and non-agreement mills. That is not the case. I leave it to you, as jurors, to decide this very simple question: Here are two plants in Edmonton; one is an agreement plant, the other a non-agreement plant; and supposing they are both bound by quotas. A farmer can deliver on a quota to either: he goes to the one plant—ours, for example—and we can only pay the initial price set by the wheat board which including the interim payment, is now $1.01½ for No. 5, and we give a participation certificate. The other can offer the $1.01½, the estimated final payment of $1.15 or even $1.20, in straight cash—or as much as the farmer would get if he waited for a year and a half for the balance of his payment. I ask you, gentlemen, what will be the reaction of the average farmer in these times, when advertisements such as I have read are appearing in the western papers?

Now I come to the company's position.

We wish to make clear beyond question the position of United Grain Growers Limited in respect to this problem. We seek only equality of treatment as between ourselves and other feed mills. More particularly we define our position as follows:—

(a) We have scrupulously purchased our feed grain requirements from the Canadian wheat board and are willing to continue to do so, provided an obligation to do so can be enforced against all competing feed plants. We have made it clear that under its present Act the board has no statutory power to do so. It is clear from evidence this committee has so far heard that many people do not understand that non-agreement mills have a definite advantage with respect to price as against the agreement mills, for reasons above set out. To avoid unjust discrimination, the board must either seek additional powers to compel all feed plants to buy from it at its selling price, if such legislation can be framed (which we doubt)—constitutionally—or alternatively it should relieve the agreement plants from the terms of its contract in this respect.

I would like to emphasize that the enforcement of quotas will not result in equity between the agreement plants and the non-agreement plants, and either the board must get additional powers, which it does not have now, to make the non-agreement plants pay the board's prices or, to do justice in equity, the board must relieve the agreements plants from the contract.

(*b*) The company has also scrupulously observed the quota regulations of the board and is prepared to continue to so do, providing only that the board can demonstrate its ability to enforce these regulations. If the board can show that it can enforce quotas, and think it advisable to try to do so, then we can have no objection, and our problems would be solved, if they succeeded. However, we do think, in honesty and fairness to the board, and to the committee, we should express our opinion as to whether that can be done. As already stated the board has notified all feed mills that quota regulations must be

strictly complied with. That action has provoked outspoken criticism of the board throughout the west. The important question now is whether or not the board can enforce these regulations.

As I have already said, if the government wishes them to do so, we do not object because, to succeed, would solve our problems so far as quotas are concerned. However, in fairness to the board, and to this committee, we feel we should express serious doubts as to the practicability of such enforcement for the following reasons:

(1) In the case of non-agreement plants the only method of enforcement is by prosecution in the courts to be undertaken whenever the board collects sufficient evidence of an infraction.

As against agreement plants, the board, of course, has other sanctions which it can enforce. If they find us guilty of violating the agreement in any way, they can stop us from shipping from country elevators, or there are other things which they can do directly, without going to the court. In the case of non-agreement plants, they must go to the court.

(2) As shown by the minister's statement (Exhibit "A") there are 182 plants located across the prairie provinces, some on railway lines and others at points not served by railways. The task of auditing the records of any one plant to ascertain what has been going on will take two days or so—and that is the case also at the country elevator—and the work of obtaining and preparing the necessary evidence for prosecution, if there has been an infraction of regulations, will take longer. Incidentally, please remember that there are 5,000 elevators in western Canada which the board must supervise, and it seems, therefore, that the adequate policing of these regulations will require an extensive staff, and will be costly.

(3) It would be unfair and unjust to commence prosecutions against farmers without ample and adequate notice since the practice of delivering and marketing grain to feeders, intermediaries and feed plants has developed so extensively from the time the jurisdiction of the board with respect to quotas at feed plants has been in doubt.

(4) It is doubtful if prosecutions against feed mills will command public support and no deterrent penalties are likely to be imposed. For example, in a recent case in which some sixty violations of regulations were alleged the magistrate imposed a fine of only $10.00.

No doubt, this was influenced by the fact that what was done in this case was common practise.

(5) It is clear that the board cannot enforce quotas with respect to the millions of bushels sold annually to feeders or to automobile, machine and other agencies, and retail stores, for resale to feeders. It is difficult to understand why it should be considered an offence for a producer to make an occasional sale to a feed plant—which, by the way, is an integral and necessary part of the livestock industry—when far greater quantities are being constantly sold to other sections of the non-board market.

(6) The total quantity of feed grain consumed annually by the agreement plants will not be much more than three million bushels, with an estimated further two million used by non-agreement plants. The total quantity of feed grain involved in these sales is too small a percentage of the total quantity sold in non-Board markets, and too small in relation to the business of the Wheat Board to be a matter of concern to that body.

I shall just interject for one moment to say that I believe the proceedings indicate various guesses as to the amount of grain sold to the feed plants, agreement and non-agreement. There are no statistics. The best estimate that we have been able to get is that that amount may be somewhere between 5 million and 7 million bushels.

Mr. BRUNSDEN: Is this for a specific year?

Mr. BROWNLEE: At the present time, yes. It has been less. The last figures given by the Dominion bureau of statistics were only for some three and a half million. As an estimate of the growth of feeding in the west there has been a minimum of five million and a maximum of seven million.

My own guess, for what it is worth, is—or I should say our guess is—that perhaps the figure is nearer to five than it is to seven. We do not think it is more than seven. But in any event, with a guess of about one-half of one per cent of the total amount of grain which is delivered in the year, we suggest that it is too small, and too insignificant to be a matter of great concern one way or another.

(7) The livestock feeding industry is of tremendous importance to the economy of Western Canada. Its further development requires increased economical and efficient use of grains through prepared and balanced feeds. In other words, properly equipped and properly operated feed plants should be regarded as an important part of the livestock industry of the West.

There is another reason which I am going to venture, because someone may ask me about it later on anyway. It is my opinion, judged by operations of country elevators of small capacity, that the enforcement of quotas would result in the disappearance of some of the smaller feed plants, particularly those in rural areas, because we do not see how they could operate if they were bound by the quotas.

Justice and Impartiality of The Crown

The Canadian Wheat Board is an instrument of the Crown and the Crown is expected to do justice impartially and not to use its powers for discrimination. No one is entitled to demand that an agency of the Crown discriminate between those subjects to its regulations. Discrimination now exists in the treatment accorded feed mills by the Wheat Board, greatly to the disadvantage of the "agreement" mills in comparison with their competitors the "non-agreement" mills. Even if that discrimination served a useful purpose, which it does not, it would be repugnant to the concept of the public and of Parliament as to the proper functioning of an instrument of the Crown. No blame in that respect attaches to the members of The Canadian Wheat Board since they have felt that they could not do otherwise under the law as it now stands.

Appropriate Remedy

Some two or three years ago the Company, believing it to be unrealistic to expect that quota regulations would be, or could be, enforced at all feed mills uniformly, proposed that the Wheat Board grant permission to all feed mills to accept grain outside of the quota regulations, provided that no participation certificate should be issued for such grain, and provided further, that the processed feed should be subsequently disposed of within the province of origin. The Board did not accept this proposal, and we were given to understand that under legal advice it had some doubt as to its power to proceed as suggested.

If your Committee feels that it is impracticable or undesirable to require The Canadian Wheat Board to undertake strict enforcement and that quota regulations should be uniformly relaxed at all feed mills, you might wish to

obtain the opinion of the law officers of the Crown, whether such relaxation could be exercised under the words "except with the permission of the Board" in section 16 (1) of the Act. It is our opinion that a simple recommendation from this Committee, that the Board should not consider deliveries to feed mills as an infraction of the quota regulations, would be sufficient.

If not, you might consider it appropriate to recommend amendment to the Act by some such wording as the following, perhaps as sub-section (2) of Section 16,—

> Notwithstanding the provisions of Subsection (1) the Board may grant permission for unrestricted delivery of grain to any or all feed mills, directly or through a country elevator provided that
>
> (*a*) such grain is not received on account of The Canadian Wheat Board nor any participation certificate issued for it;
>
> (*b*) such grain is processed into feed for disposal within the same province and neither it nor the products thereof are shipped by railway or otherwise in interprovincial or export trade, and
>
> (*c*) such grain if received into a country elevator is transferred to a feed mill designated in advance to the Board.

The time your Committee has set aside for hearings on this subject testifies to the importance you attach to it. Accordingly we have felt that in coming before you we should give a complete exposition of the relevant facts as we see them, and we trust that your Committee will find our submission useful in arriving at your conclusions.

The Minister's Statement

For convenient reference we reproduce a statement of the Minister of Trade and Commerce in the House of Commons on March 29 (*Hansard* p. 2556):

> The position which has developed is that there have been, and continue to be, two different types of operation of feed plants. One type of operation has elected to have an agreement with the Board and conforms with The Canadian Wheat Board Act and provincial legislation; another type of operation does not have an agreement with the Board and does not operate in strict conformity with The Canadian Wheat Board Act and provincial legislation. Under the latter type of operation, feed mills may acquire feed grains at a discount under Board initial payments.
>
> Feed plants which operate under an agreement and in conformity with The Canadian Wheat Board Act and provincial legislation claim to be at a disadvantage, in that by agreement with the Board they are required to buy at Board prices and issue producers' certificates, all within the quota. They have repeatedly brought their case to the attention of the Board and the government.
>
> According to the records of the Board there are 182 feed plants operating in the prairie provinces. These feed plants fall into three main categories, as follows:
>
> (1) Plants operated by large mills, with agreements with the Board;
>
> (2) Plants operated by elevator companies, with agreements with the Board;
>
> (3) Independent plants which, with a few exceptions, do not have agreements with the Board.
>
> Of the 182 feed plants in the prairie provinces, 60 have agreements with the Board and 122 do not have agreements. By provinces they are distributed in this way; those which have agreements with the Wheat Board comprise 17 in Manitoba, 14 in Saskatchewan and 29 in Alberta,

making a total of 60. Plants which operate without having signed agreements number 30 in Manitoba, 10 in Saskatchewan and 82 in Alberta, for a total of 122.

In January, 1958, the Alberta, Saskatchewan and Manitoba division of the Canadian feed manufacturers' association submitted a brief to the government of Canada. The main point in their presentation reads as follows:

> The three provincial divisions of the Canadian feed manufacturers' association who submit this presentation now firmly request that existing regulations, whether statutory or administrative, be amended so as to permit feed manufacturers or processors of feed grain to purchase feed grains directly from producers free of quota restrictions, and at prevailing prices on the basis of supply and demand, for processing and resale within the province in which the grain is grown."

The VICE-CHAIRMAN: Gentlemen, I wish to thank you, Mr. Brownlee, and I am sure that we all agree that this submission will be very useful to this committee. I now open the meeting for questioning.

Mr. HORNER (*Acadia*): I would like first to commend Mr. Brownlee for presenting a very full brief, a very unbiased one, and I think he presented the case for both sides very nicely. I think he should be commended for doing so.

My first question relates to storage. I have asked a question about storage to the pools which presented briefs. It was my thought that if all the feed mills were forced to become agreement mills, you would be forcing the non-agreement mills now to build large storage capacity in order to make their operations economical. Is this not true, to some extent, that is if you apply the quotas?

Mr. BROWNLEE: Yes, to apply the quotas would force the small non-agreement mills to do either one of two things, either to build additional storage so as to provide for the necessary stocks with which to carry on their business, or, alternatively, to go to the Canadian wheat board to buy at wheat board prices.

You must remember that no feed mill can manufacture on day to day needs. For example, when the chicken starter season comes, for the use of chicken starter, then weeks before the feed mill must be manufacturing and getting its stocks ready to ship out. So they must do either one of two things: either the feed plants would be required to go to the wheat board, or they would have to provide additional storage.

Frankly, at the price it costs to build storage now, such a course could not be justified by many of these small mills.

Mr. HORNER (*Acadia*): Do you believe there is enough storage in the prairies at this time—I mean commercial storage?

Mr. BROWNLEE: Well, that is a little difficult to answer. Certainly, with an average crop, with an average handling, I would say there is enough total storage for Canada to take care of such a crop. Mind you, some of it may be poorly distributed. For example, you may have a point—and I mention Eston, where for ten years there has been an average handling of some 760,000 or 770,000 bushels while there was only 702,000 bushel storage.

Or I might cite another point where the ratio of storage to handling might be one to two. And with a big crop—if we could get back into a year of big surplus again at some of these plants where the ratio at the present time is rather high between handlings and storage, it might be considered a waste to build more space.

But generally speaking for the average crop, or the average shipping in an average year, I would say that the total storage in Canada is sufficient.

Mr. HORNER (*Acadia*): On page 5 you suggest that there has been great emphasis—and in your addititional remarks referring to the prices in advertisements in the papers—you suggest there have been two markets and perhaps two prices for grain on the prairies. Do you think that if the feed mills were allowed to operate outside the wheat board for that part of their business, their selling within the province, that it would increase the price in the so called free market, the non-board market? Would it have any tendency to increase that price?

Mr. BROWNLEE: Frankly, my opinion is that it would improve prices rather than hurt prices, and I base that on a very, very simple proposition which, over many years now, I think, has proven to be true: that the more demand you have for a given quantity, the better your price is going to be. And if you have an enlargement—because many of them are large plants like our own—and if they were going into the market against the other non-agreement plants and bidding for producer's grain, my opinion is that the effect would be to elevate the price which the producer would get for his grain, and not to hurt it. Do I answer your question?

Mr. HORNER (*Acadia*): That is fine.

Mr. BRUNSDEN: How would you reconcile the situation of improving at the price level with the disruption to selling of certain farmers?

Mr. BROWNLEE: I think if a farmer is anxious to sell, and if he feels that he must sell, then the more people who come to buy, the better the price he will get.

Mr. BRUNSDEN: I see.

Mr. BROWNLEE: For example, if you have a horse to sell and you have only one buyer you are not likely to get a large price for that horse. But on the other hand, if you should have 20 buyers for the same animal, then you are likely to get a better price. I do not know if economists would agree with me or not, but personally I do accept the main principle that the wider the demand, the higher the price for a given product.

Mr. HORNER (*Acadia*): What effect would it have on the quota, to take away some of the market that is now filled with the quotas, whether it is wheat, oats or barley. Do you understand what I mean? Would it tend to shrink the size of the market?

Mr. BROWNLEE: I do not think it would.

Mr. HORNER (*Acadia*): As the grain moves out to country points across the province, would that market tend to be shrunk if the feed mills were allowed to sell off quota and to buy off quota?

Mr. BROWNLEE: I do not think it would have any effect either way at all. I mean that every time I have considered this whole question of the allocation of quotas to feed mills, I always come back to this: that the total amount of grain involved in relation to the total production in the west would be small and insignificant, to such an extent that really I cannot understand why we should be bothering very much about it one way or another. I do not think it would have any significant effect, such as you have suggested.

Mr. BRUNSDEN: Is that not the nub of the whole controversy? There is a school of thought which thinks that when grain is delivered to a feed mill outside the quota, it would destroy the Canadian wheat board?

Mr. BROWNLEE: Well, there probably is that feeling. But I can only say, speaking for myself—and I think I am speaking for the company—that we do not join in that thought. My reasons are these: after all we have gone through five of the worst years that the Canadian wheat board is likely to face in the accumulation of grain. They have not been able to enforce the quota for the simple reason that cases were going through the courts.

I do not think that anyone can point to a suggestion that during that period there has been any harm done.

Mr. HORNER (*Acadia*): On page ten you deal with purchasing prices. In other words, you set out quite clearly here that it would be possible for a farmer to sell his feed grain today at as good a price as he could get finally from the wheat board, yet it would be lower than the wheat board's selling price to the feed mill. That is possible, is it not?

Mr. BROWNLEE: It is inevitable under the present law, because there is nothing at the present time in the law to make the feed mill buy at any price at all, except our contract; there is nothing in the law, and the result is, and I think this is human nature—it may be there are some farmers who are so very loyal to the Canadian wheat board that they would prefer to take the initial payment and participation certificates rather than to take the cash. But my own opinion is, and particularly under these conditions—my own opinion is that under any circumstances you have a margin of anywhere between 15 to 20 cents a bushel on wheat, and a lower margin on oats and barley. You have a margin there.

A non-agreement plant or feed mill can offer in cash to the farmer to take all that he has, whereas on the other hand that farmer might have to wait for a full year and a half—because it is up to a year and a half now between the time of the initial payment and the final payment. So why should any man, if he has livestock feed, not take his cash and use it in his business rather than wait and take an interest free loan in order to carry on?

Mr. HORNER (*Acadia*): If the non-agreement and the agreement mills were opened and allowed, through some recommendation of this committee, to carry on and purchase grain at their own prices, off-quota, that is grain which they are going to use in intra-provincial trade, is that what the U.G.G. would do? Is that what would happen if the farmer hauled it into the elevator? Or just how are they going to determine whether to register it on his quota, or call it feed grain? He would be hauling it in the same door.

Mr. BROWNLEE: That would depend on the agreement between the company and its customer. I would take it for granted that under present conditions the customer would want to deliver to the elevator company the amount of his quota, because he wants to get rid of his grain.

Mr. HORNER (*Acadia*): Yes.

Mr. BROWNLEE: He would deliver, let us say, to us at Edmonton, and let us say his delivery quota at the time was two or three or four bushels; and then if he had more grain that he was anxious to get rid of, he would notify us and if we needed it, we would take it.

You see, we are a cooperative of producers and our interest is to see that the producer gets the very best price possible. Certainly our influence at all times would be to see that the producer got as much as he could get, as much as we could possibly pay him in competition with other people.

I do feel that the effect of it, generally speaking, would be to give to the producer as much as he will get for it if he should wait, that is, as much as he would ultimately get if he went to the wheat board. Have I answered your question?

Mr. HORNER (*Acadia*): Very well. If I haul my grain to United Grain country elevator, how would you determine whether or not you are going to sell it solely within the province and use it directly there, or how would you determine whether or not it is export grain, which you would have to buy under the wheat board prices?

Mr. BROWNLEE: The answer to that is very simple: the export of grain outside the province, particularly west, must be by rail for the simple reason

that there is, as you know, a freight assistance of $5 per ton. No person ships grain from Edmonton, let us say, to British Columbia in any other way than by train. But we cannot get a car except with the consent of the wheat board. And of course there is another thing you must keep in mind: it is that that $5 per ton is adjusted on the amount of grain content. Suppose the grain content is only 60 per cent. In that case the assistance would be $3 per ton. Therefore when we apply for a grain car, we have to state the amount of the grain content.

Therefore it is the simplest thing in the world for the Canadian wheat board from time to time to say what proportion of grain shall be contained in the feed which is shipped outside the province.

Now, as between western and eastern Canada, of course, there is no movement of processed grain at all. Another thing you must keep in mind is:—if you look into the setup of feed plants in the west you will find that they are built mainly intraprovincially, for intraprovincial trading.

Our feed plant at Edmonton is designed to serve northern Alberta. But it happens that it is convenient for them to ship some feed into parts of British Columbia under the freight assistance, and we do that by train. We sell feeds in Saskatchewan, for example, but we do not attempt to supply our Saskatchewan trade from our Edmonton plant. Instead, we made a contract with a manufacturer in Saskatoon to supply our requirements in Saskatchewan; and we make contracts with people in Manitoba to supply our requirements there. So there is very little attempt anyway to ship outside the province where the plant is built. But so far as that one worry that you have is concerned, we have to keep careful records, and it is very easy at any time for the wheat board to come into our plant and say, "We want your records to show what shipments you made to British Columbia". We show them, and we show them that we have bought that amount of grain, the equivalent amount, from the wheat board.

Mr. RAPP: Mr. Chairman, I must take issue here with one statement that was made by Mr. Brownlee. He said the Canadian wheat board is an instrument of the crown and uses its powers for discrimination.

An Hon. MEMBER: On what page?

Mr. RAPP: That is on page 14. I think the general consensus of members here, and also of the rest of parliament, is quite contrary to what you say here. They know that the Canadian wheat board is trying to do a good job out there, and I think you should withdraw this statement. It is not right for a western farm organization, or a western grain company, to come down here and make this statement in a brief. I object to this.

Mr. BROWNLEE: Mr. Chairman, with the greatest deference and respect, I could not agree with that. What is our exact wording?

Mr. RAPP: It is under the heading, "Justice and impartiality of the crown".

Mr. BROWNLEE: We say that the Canadian wheat board is an instrument of the crown. It is true that the Canadian wheat board was set up for the purpose of marketing western grain to the best advantage of the western producer—there is not the slightest doubt about it. But it is equally true that the government has to come in and be responsible for the operation of that board. At this session in this committee, I imagine that the board will be coming down here and submitting its report to you, showing what it is trying to do. It must be responsive, after all, to any decisions which the government makes, because in the last analysis the government of Canada has to take the responsibility for what that board does or does not do. Therefore, we feel—

Mr. RAPP: The Canadian wheat board works under the regulations that were set out by parliament here in the Canadian Wheat Board Act, and I do not think they are using their powers for discrimination.

Mr. BROWNLEE: May I suggest that that is equally true of any crown corporation, whatever it may be doing. The crown corporation is set up by the crown; its duties are set out in a statute and by regulation, and it is bound by statute and regulation. But the fact that it is bound by statute and regulation as to the scope of its work does not take away the fact that it is still a crown corporation.

Mr. RAPP: I am not objecting to the words "crown corporation"; but I am objecting to the words that it uses its powers for discrimination: those are the words to which I object.

Mr. BROWNLEE: We say it should not do that. And may I say this, sir. Take the present position. Gentlemen, I hope you will pardon me if I emphasize this, because this gets right home to our difficulty.

Here is a situation in Edmonton, where one plant, the United Grain Growers, because it is bound by a contract with a crown corporation, has to operate in a certain way; and not far from it you have another plant doing exactly the same work, and operating in an entirely different way and able to underbid, or, at least, underbuy us to the extent of some $9 a ton, so far as wheat is concerned. I say that if the wheat board were a private corporation, operated by private individuals, it would not be too surprising if there were some discrimination as a result of its operations. But I say that when you get that work done by a crown corporation, then it has to be more careful to see that there is no discrimination resulting from the application of its regulations.

Mr. THOMAS: I have a supplementary question on this, Mr. Chairman. Inasmuch as the wheat board has taken legal action to enforce these quota regulations, would it be fair to say that discrimination may have existed? Could you still say that discrimination now exists, when the reason for this inquiry is due to the actions of the wheat board in enforcing regulations.

Mr. BROWNLEE: I do not think we have got our essential point over to you yet. That is, that there is discrimination in price, and there will continue to be discrimination in price even if the board could enforce its quotas 100 per cent. That is for the simple reason that the one non-agreement plant is not controlled as to price and it can pay to the producer such price as the producer is willing to accept, while the agreement plant, bound by the agreement which I have shown you here, must pay the wheat board's selling price. That includes the share of all its administration, storage and everything else—interest charges —and therefore is bound to be higher than the price which the farmer receives.

So the only way that you can cure that discrimination which exists between agreement plants and non-agreement plants is for the wheat board to do either one of two things: seek additional powers to enable it to say to the non-agreement plant, "You have to buy from us at our price", or, alternatively, relieve us from our obligation to buy, and let us take our place alongside the other plants. And if they enforce quotas, all right, we obey the quotas; but we are still unable to buy at a competitive price, and we cannot do that if you do not do any more than enforce the quotas, because enforcing the quotas is not enough.

Mr. MILLIGAN: On that same point, Mr. Chairman: supposing you had one or the other? If you do not enforce the quotas, is it not discrimination against the other people who are buying grain outside of the western provinces? Supposing you allow the mills to buy out of quota: then you are producing cheaper feed in western Canada than there is in any other part of Canada, and to me that is discrimination.

Mr. BROWNLEE: Mr. Chairman, would you permit Mr. Griffin to answer that question, because I think he has the answer here more clearly than I could give it.

Mr. H. L. GRIFFIN (*Economist, United Grain Growers Limited*): Mr. Chairman, nothing in what has been proposed here would create any disadvantage to a feeder in any other part of Canada that does not already exist. There is, at the present time, a very large surplus of feed grain in western Canada, and it is being sold cheaply there. It is bound to be sold or else fed on the farm where it is being produced.

The western feeder, located in Alberta, say, has an advantage in that he does not have to pay any freight on the feed. The eastern farmer, of course, has to pay freight; but the eastern farmer is relieved of the freight rate cost to a very considerable extent.

The western producer of livestock may get his grain cheaply because the grain happens to be there, and it is bound to be fed somewhere in the west; but he has to pay the full freight rate on the meat, or the animal, which is shipped to the east.

Actually, I think you could infer that the farmer in eastern Canada will find his position improved if the western farmer does adopt the practice so common in the east—which is universal in the east—of feeding balanced rations. By doing so he will put a higher finish on livestock in western Canada; he will be able to market that livestock in the United States, because it is only the top quality of our livestock that can find a market in the United States.

If we do not put the proper finish on that, such as can be put by following the most advanced practices in livestock feeding, then your product is simply not good enough to command a satisfactory market in the United States, and the greater part of it will seek an outlet in the domestic market in eastern Canada.

I would say that it is altogether to the advantage of the eastern producer if the western farmer adopts the best possible practices in feeding his grain and is able to increase the export sale of meat to the United States. At all events, these procedings may have called the attention of the eastern farmer to the fact that there is a good deal of cheap, or distress grain in western Canada that is being fed.

For example, there are many farmers in western Canada, who felt forced into livestock production, not because they were well equipped for it or because they wanted to feed livestock, but because they could find no other outlet for their grain. If they cannot find an outlet for their grain, they start to increase livestock production—and, to that extent, your eastern farmer finds the total competition for the domestic market for meat increases.

Mr. MILLIGAN: Although I agree with part of your statement, as an eastern feeder, and looking at this situation across Canada, I disagree considerably with other parts of it, because I feel that Mr. Brownlee's brief has opened up a wider field of thinking in agriculture than I had ever thought of before. Although this small amount which Mr. Brownlee mentioned, may look small—and he mentioned that it would have no effect—I am wondering what is going to be the reaction if, as you say, there should be no quota regulations enforced. That would mean you could buy your grain for feeding purposes on the open market in western Canada. Our agricultural program is based on the floor price program. Everyone says we do not know the cost of production, because we have so many different prices. Is it any wonder, when you buy barley at 75 cents a bushel and wheat for $1.00 a bushel in western Canada, when those in other parts are forced to buy at wheat board prices.

Mr. GRIFFIN: That has been going on for the past eight years.

Mr. MILLIGAN: Yes, but it has come to the fore now, because it is estimated more livestock is being fed in western Canada than was the case four years ago. If this happens, it will continue.

Mr. GRIFFIN: What we want to do is to see that the grain fed in western Canada is fed more efficiently. If you do not allow this outlet, your western grain will become still cheaper to the man who buys raw grain. And, I assure you, that tens of millions of raw and cheap grain have been bought at various times by the operators of feed lots. There was a time, two or three years ago, when 1 cent a pound was a sort of prevailing price for this surplus grain that was there. As long as it is produced, and as long as we cannot find an export market for it, something is going to be done with it in western Canada—and nothing that has been proposed here would create any additional disadvantage.

Mr. MILLIGAN: But at the present time, this cheap grain in western Canada has not encouraged the farmers to keep their stock in western Canada; they ship it to the states, to be fed on corn there.

Mr. BROWNLEE: No; just high class. What has happened in the past has had a tendency to encourage the production of livestock, and some of that may have gone east.

If you have a greater use of feed, through feeding plants, you get a greater finish and a larger market in the United States. This relieves the market in eastern Canada. That is why we think that what we have proposed in the west would improve the situation of the east, rather than hurting it, because it takes away the threat of meat coming down as a result of the feeding of cheap, raw grain, and encourages the production of high quality stuff, which we could send to the United States.

Mr. MILLIGAN: Do you think we, in the east, can feed at the same floor price, as set down by the government, as you can in the west, with a free market for buying grain?

Mr. FORBES: There is another feature which enters into this. If my observations are correct, it is not necessarily the rancher in western Canada who is feeding the cheap grain; it is nearly always the grain producer who is buying the cattle. The price of cattle will determine whether grain is cheap or expensive. Last fall the price was so close that they bought their cattle, fed them a month, and got rid of them. That is the point that is going to determine to what extent we are going to feed this cheap grain in western Canada.

Mr. BROWNLEE: It comes back to this simple fact. If this were a matter of 20,000,000, 30,000,000 or 40,000,000 bushels of grain, it would be a factor; but I insist that when you deal with only a matter of some 5,000,000 bushels out of a total production, you are dealing with something that is so insignificant that it is not going to have any great effect on the eastern market.

Mr. MILLIGAN: I agree with you, but what is going to be the reaction of the eastern and western feeders to this type of movement?

Mr. BROWNLEE: What would be the reaction to it?

Mr. MILLIGAN: Yes.

Mr. BROWNLEE: The eastern feeder must know that the western feeder is buying grain at the present time for much less than that which they pay.

Mr. MILLIGAN: I quite agree.

Mr. BROWNLEE: If something is done to diminish the amount that is sold at sacrifice prices to feeders, and the feeders are in the position of finishing cattle, which they can sell to the United States and raise the prices all around, surely we are helping the eastern feeder. Surely you have nothing to fear whatever, from what we are proposing.

Mr. MILLIGAN: How are you going to get more cattle into the United States when they have a surplus there already—and this fall we are going to feel that surplus?

The VICE-CHAIRMAN: Dr. Horner, I believe you are next.

Mr. HORNER (*Jasper-Edson*): Mr. Chairman, I just want to ask Mr. Brownlee one or two questions.

As I understand it, this section which deals with the market for feed grain in western Canada—what you call the non-board market—the relaxation of quotas would allow you, as a leader in the farm movement in western Canada, to stabilize that market and increase the return to the actual grain producer.

Mr. BROWNLEE: We honestly believe that would be one effect.

Mr. HORNER (*Jasper-Edson*): I have one other question—and I asked this of Mr. Wesson the other day—and it is with regard to the future of agriculture in Saskatchewan.

I note at page 14, paragraph 7 of your brief, you state:

> The livestock feeding industry is of tremendous importance to the economy of western Canada. Its further development requires increased economical and efficient use of grains through prepared and balanced feeds.

Do you not feel this particularly applies to the future development of agriculture in Saskatchewan.

Mr. BROWNLEE: Mr. Griffin will answer your question.

Mr. GRIFFIN: Not in every area.

I think we would answer that by saying that there are still areas in Saskatchewan which may not be well equipped for livestock production. But we do feel, if western agriculture is to be prosperous, there must be a considerably greater production of livestock in every province than now prevails. In fact, if we have reached the limit of export of grain as such, there is no other outlet for the grain that is produced in the west, unless there is an increased production of meat. In that connection, may I point out that the report of the royal commission on economic prospects—called the Gordon commission—emphasized very much the steadily increasing domestic demand for meat that will exist in Canada, on account of the rising population.

The VICE-CHAIRMAN: Are you through, Dr. Horner?

Mr. HORNER (*Jasper-Edson*): Yes.

The VICE-CHAIRMAN: Mr. Regnier is next.

Mr. REGNIER: Mr. Brownlee, would the relaxation of quota enforcement to all feed mills have a significant effect on the price of grain received by producers who sell solely to the wheat board?

Mr. BROWNLEE: I do not know that I fully understand your question, Mr. Regnier. I cannot see how it affects the wheat board operation at all, because the wheat board sells on the export market and not on the western domestic market.

Mr. REGNIER: What I mean is that if the quota was rigidly enforced, would the final price to the wheat producer be as high as it is now—the producer who sells only to the wheat board? Would his final income be as good, or almost as good?

Mr. BROWNLEE: Well, if the quotas are rigidly enforced, you are still in a position that there is nothing in the world—no statute or law—which says that this price or that price must be paid; it is still a matter of bargaining with the feed mill—no matter how rigidly enforced.

My opinion is, depending somewhat on the distress situation—that is, how much grain there is carried over on the farms—that the price would tend to be a cash price to the producer, equivalent to the initial price, the interim price and the expected final price which is received. I am satisfied that if the larger contract mills were allowed to come in, it would tend to put the price up there—and, possibly, a little bit higher. I am as sure, as I am sure of anything, that if the bigger contract mills were allowed to come in as purchasers, you would have an improvement in prices which the producer would receive.

Mr. REGNIER: I do not think you exactly answered my question.

Mr. BROWNLEE: I am sorry, if I have not.

Mr. REGNIER: I believe you answered a question to the effect that the farmers—the producers, selling their grain for feed, would get probably a higher price.

Mr. BROWNLEE: Yes.

Mr. REGNIER: And my question is this. Would those who did not sell for feed purposes, but sold just to the board, the final price—

Mr. BROWNLEE: Would it affect the price to the man who sells through the wheat board?

Mr. REGNIER: Yes.

Mr. BROWNLEE: In other words, would it affect the wheat board distribution at the end of the year?

Mr. REGNIER: Yes.

Mr. BROWNLEE: Well, I tried to figure that out one day. Although it is a little beyond my mathematics, I came to the conclusion that, at the most, it might affect the price to the extent of 1/20 or 1/30 of a cent a bushel—and I do not think it would do that. I do not think it would have any actual effect because, remember, the wheat board is paying storage at the present time. You relieve the storage when you sell through a feed mill. When you cancel out those things, my opinion is that the net result would be that it would not affect the price at all which the farmer gets through the wheat board. Now, have I caught your question and, answered it?

Mr. REGNIER: Yes.

Mr. FORBES: Mr. Brownlee, you made reference to the fact that "if western farmers would use a higher quality concentrate in getting a better finish"—where do you buy your dehydrated meal and supplements which you add to this grain mixture?

Mr. BROWNLEE: I am awfully sorry, but I cannot answer your question, because I am not in close enough contact with the operation of our plant. Mr. Kirstine, who is the manager of our Edmonton feed plant, came to us, in the first place, as a very highly qualified feed manufacturer. He is in touch with the university in regard to their requirements, and he obtains his material from British Columbia, and I do not know how many other places, because there are so many different items which enter into the manufacture of the concentrates, in order to develop the consistency which is required for different kinds of feeds. It would be different for poultry feed than it would be for hog feed. The requirements for hog feed would be different from cattle feed. Without going to Mr. Kirstine, and asking him the question: where do you get these things; I am sorry I cannot answer.

Mr. FORBES: I was sort of assuming that some of that was imported from Ontario.

Mr. BROWNLEE: Oh, well, yes; I would say so—and from Nova Scotia—fish oil, and things of that kind. I presume they would come from both the east and west coasts.

Mr. FORBES: That would offset some of the advantages to which Mr. Milligan referred.

Mr. BROWNLEE: Yes.

Mr. KINDT: I should like to ask Mr. Brownlee three questions. However, before doing so, I wish to compliment him on the way the brief has been put together. It has been one of the finest briefs presented to this committee.

I should like to ask you, sir, as to what effect this regulation, if carried into effect, to relax the situation with respect to feed mills, would have on integrated farming. Would it stimulate integrated farming or retard it?

Mr. BROWNLEE: First of all, may I thank you for what you said about the brief. I would like to say that our economist, who is sitting on my right, is responsible for the brief.

I do not think it would have any effect at all.

Mr. KINDT: Would it not naturally follow that the price of wheat and feed grains to feed mills would put them in the position where they might carry on their operations of integrated farming to a much greater extent than is practised at the present time?

Mr. BROWNLEE: I am going to ask you if you would be good enough to repeat your question. I think I have it, but I am not quite sure.

Mr. KINDT: Perhaps I could phrase it this way. First of all, I do not need to define the term "integrated farming".

Mr. BROWNLEE: No; I understand.

Mr. KINDT: But if feed mills are able to purchase grain all the way from 22 cents, to use your figure, or 32 cents, to use someone else's figure—if they are able to buy feed grains that cheap, would it not stimulate integrated farming?

Mr. BROWNLEE: Well, it seems to me the answer is this. In the first place, you have at the present time, out of 182 mills in the west, 120 that are now able to buy at very cheap prices—and some of those are contract prices, mind you, like Burns, Canada Packers and Swifts. They are the very largest concerns. And they are buying at the present time, or can buy. I will not say they are buying, but they can buy at cheap prices. If the effect of what we are proposing is to increase prices, does that not detract from the trend toward integrated farming, or the possibility of it, rather than increasing it? Is not the answer very simple?

Mr. KINDT: I think it is a question of the margin of profit.

Mr. BROWNLEE: Well then, I say to you, if you are afraid of that—if you want to have everybody buying at the highest price, which is the wheat board price—and that is more than the farmers get—if you want it bought at that price, you have to go a lot further than has been suggested here. You will recall that when the Canadian wheat board was here, they were asked if they thought they should have more power, and they said they were not asking for it.

As a lawyer—and I suggest you possibly should get the opinion of the Department of Justice to confirm what I say—I would suggest there is nothing anywhere, which gives the Canadian wheat board the right to say to a feed mill "you have to buy at our selling price" except to the extent they can control us under this document which I have tabled.

I cannot see that integrated farming comes into this at all. I do not think it would have any effect whatsoever.

The VICE-CHAIRMAN: Would you pardon me for a moment, Mr. Kindt? Obviously, we are not going to have time to hear Mr. Parker this morning.

I was wondering if we could get a quorum here this afternooon? I hope all the members who have attended this morning will come back at 3.30 to hear Mr. Parker's brief. We want to give him every opportunity to present his brief.

I would like to finish this one by 12 o'clock. There are two more people who have indicated they want to ask questions.

Mr. KINDT: Mr. Chairman, I do not wish to monopolize the time of this committee, but I have not asked any questions during the proceedings. I do have a number of questions which I should like to ask.

The second point on which I should like to obtain clarification, is this. Non-agreement plants are supposed to buy within the quota. Is that not true?

Mr. BROWNLEE: Yes. Section 16, which I quoted, applies to all feed mills; and that is quite right.

Mr. KINDT: They buy directly from the farmer—from the producer? They buy directly from the producer, but they must buy from that same producer and keep within the quota.

Mr. BROWNLEE: No, sir, not at the present time.

Mr. KINDT: According to our information, I think they do.

Mr. BROWNLEE: Not up to a couple of months ago; and it is all a question of whether the wheat board can make them do it. Do you mean to say, non-agreement plants are buying under quota?

Mr. KINDT: They are buying directly from the producer, but within the quota according to evidence given at a previous meeting of this committee.

Mr. BROWNLEE: No, you have had down here representations made to you by the rural mills quite to the contrary, am I not right?

Mr. BRUNSDEN: Absolutely.

Mr. BROWNLEE: Their whole protest is that there is an attempt being made to force them to buy according to quota. That is the whole case of the rural mills.

Mr. KINDT: The chairman of the wheat board indicated non-agreement mills were supposed to buy within the quota.

Mr. BROWNLEE: Yes, "supposed to".

Mr. KINDT: This hinges on that question, "supposed." Are they or are they not? And you say that they are not.

Mr. BROWNLEE: Let me make my position clear; and I want my answer to be clear and definite. All feed mills today come under the quota regulations of the board. Therefore, all feed mills are supposed to observe the quota. But the whole problem, as shown by Mr. McNamara and by the other mills, is that that has not been the case in the last three or four years, while certain litigation has been going to the higher courts. Now the wheat board has served written notice on all mills in which they say they propose to enforce the regulations, and the question is, can they do it?

Mr. KINDT: There is one other question—and I say our time is going.

With respect to the increase of the livestock in western Canada, of which we are all very much in favour—and we are also in favour of any system which would bring about that increase, keeping other things in mind that we would like to achieve in the marketing field—it has been said, and the farmers say it on every hand in the west, that this $22 million which is paid for the assistance of our feed grain to Ontario or to British Columbia, does not benefit the farmer, only in so far as quotas are concerned. If that were taken off, and with the cheap feed in the west, is it your thought those two factors would greatly stimulate the production of livestock in the west?

Mr. BROWNLEE: $22 million, what are you referring to there?

Mr. KINDT: That is the amount which was paid last year on freight for feed grains out of the prairie provinces, to the east. I am not so sure whether there is some in the west. That was freight assistance.

Mr. BROWNLEE: You are asking me if the government discontinued that—

Mr. KINDT: Yes, discontinued the freight subsidy.

Mr. BROWNLEE: That freight assistance—

Mr. KINDT: Yes, and made cheaper feed available in the west to feed mills, would it stimulate livestock production in the west and curtail it in the east?

The VICE-CHAIRMAN: It seems to me the question is hypothetical.

Mr. KINDT: If you stimulate the production of livestock in one place it would have a tendency, since the market is limited, to curtail production in another. The Ontario people are opposed to that; and we had a flick of it here this morning. We could pursue that, and it would bloom into quite a discussion. Nevertheless, it is fundamental.

Mr. GRIFFIN: I think if you take off the freight assistance—and there is no opinion that I am aware of in western Canada in favour of taking that off—if you take off that freight assistance I think you will reduce the production of livestock in eastern Canada. I think you would then create an additional demand for livestock from western Canada. But as far as we can read the future—I do not mean the next six months, or anything like that—there is going to be a steadily increasing demand in Canada for meat, resulting from the increase in population.

Mr. KINDT: That is a long way ahead. That depends on the growth in population and is a long way off it might be as far away as 1980, and a lot of these farmers may starve to death before then.

The VICE-CHAIRMAN: I rather think we are getting a little too far into the future. At the present time we want to deal with the question of feed mills, as applied to the Canadian wheat board. There are two or three other people who want to ask questions, if you are through.

Mr. SMITH (*Lincoln*): Mr. Chairman, my sympathy goes both ways on this question. I have listened to it pretty carefully. Apparently the non-agreement mills have enjoyed this privilege for a good many years and—in fact, 25 years was mentioned. If you required them to conform with the regulations now it would probably create a hardship to them and maybe to the people who are dealing with them. And yet I realize the United Grain Growers are in a position of disadvantage.

Mr. Brownlee, is it your intention the regulations should be waived temporarily, or do you want them changed?

I would like to be quite clear on that.

Mr. BROWNLEE: When you say, "What do we want?"—we try to make it clear that if the wheat board and the government feel that they want to enforce quotas, we will have no objection, because you improve our position quota-wise; but you do not meet our position price-wise—we still have a problem.

My own opinion is—and I can only tell you what I honestly think—that if the wheat board today goes out on a campaign to enforce those quotas, after so many years when they have not been enforced, and when, as shown by these advertisements, people have got into the habit of forgetting all about quotas, I think the board will be met with increasing criticism in the country. I think its influence as a board will be hurt. That is my view. And, in any event, I am of the opinion that some of the feed mills—particularly the smaller

feed mills, rural mills—will go out of business, because I do not think they can continue on a basis of the enforcement of the quotas.

Now I will tell you why; and I base my experience on country elevator operation. Let us forget feed mills for the time being. Where a producer is bound by quota, and has to show his permit book whenever he delivers a bushel of grain, he says, "Where do I take out my permit book? I will take it out at the place where there is the most storage space available, in order that I may be sure of having space for my grain when I want it delivered at the quota." So today there is a tendency to bypass single country points, particularly if there is small storage space there, and to go to larger centres where there is larger space.

My opinion is, if you enforce the quotas, many farmers who at the present time are delivering to some of the small mills, such as those east of Carey, in the eastern part of Manitoba, will take their quotas out at Carey and other large points, and in that way save themselves from delivering to the feed mill. The feed mill will be in the position where he cannot get his grain. That means he has to buy it from the wheat board; and there are places in western Canada where the small feed mills are as much as 40 or 50 miles from the nearest place they could buy board wheat. It is going to cost them money to get it. In any event, you put the price up for them, because they are going to have to pay the wheat board price, and when they have to pay the wheat board price they enter into full competition with larger, better equipped and better financed organizations. My opinion is that the larger, better financed feed mills, plus the difficulty of getting their raw material, will result in a great many—quite a few, I will put it that way—quite a few of the smaller mills being put out of business.

I have not said that without a very great deal of thought and study. I got a list of the different feed plants from the Canadian wheat board, and we went over those plants. I went over them with officials of our country elevator department. Certainly that was the conclusion that we came to after considerable thought—that to enforce the quotas and to enforce them completely will have the inevitable result of putting some of the smaller mills out of business.

Mr. SMITH (*Lincoln*): The main point of my question was: Do you wish to have the regulations waived for your company on a temporary basis or on a permanent basis?

Mr. BROWNLEE: Well, I think my answer to that is that while we have stated that we will abide by whatever decision the board reaches, and we will carry on, in the interests of the Canadian wheat board and in the interest of farmers in western Canada, we think it would be better, for the time being at least, not to enforce the quotas. If they do that, then they can settle our other problem of price, so we can buy at the same price as non-agreement mills.

So, after waiving the quota, you can completely settle our problem as a contract plant and, at the same time, we think that you will be removing a great many difficulties the wheat board will face if it goes on with its attempt to enforce. I would not want to say permanently, but, for example, five years from now.

Mr. SMITH (*Lincoln*): I was thinking of a shorter term than five years.

Mr. BROWNLEE: It could be 3 to 5 years. I was going to say that in five years you might have a completely changed position in western Canada. Our carry-over might very largely disappear, and we might get back into normal operation, where grain is going through our elevators very quickly. With the changing situation the wheat board might reconsider its position, and might find it easier to enforce the quota. At the present time, if you want to enforce quotas, you have to go directly contrary to wishes of the farmers, who want to get rid of their surplus grain.

The VICE-CHAIRMAN: Mr. Gundlock, you have been very patient.

Mr. BRUNSDEN: He has not been here very long.

Mr. GUNDLOCK: There has been one fear expressed, and it has been prevalent in a lot of our hearings, Mr. Chairman. That is, we are talking about some kind of a thin edge being forced into wheat board operations, and even going so far as to hinder export; and the larger mills might get into the export picture. The question in my mind is: Might that be a good thing, if they did? Actually, the wheat board are dealing and operating in a primary product, you might say, and if the feed mills got into this—and, maybe, even at a little cheaper price than the wheat board, non-quota—would we then be encouraging what might be called a secondary industry in Canada? Might they then be in a position to compete in some foreign markets and improve what we would commonly call a secondary industry? Would we be promoting a secondary industry, thereby furthering the grain situation? I mean, not as a competitor to the primary producer, as we might call the wheat board, as an exporter, but almost as a new secondary industry?

I do not wish to take up time right now. If one of these gentlemen would like to answer that this afternoon, that will be fine.

Mr. BROWNLEE: If I may I would like to think this over and possibly answer it later on; but, if by promoting a secondary industry you mean we are going to encourage the development of feed plants for the manufacture of processed feeds which might enter the export market, I do not think that we will ever come to that in western Canada, certainly not in the foreseeable future.

Mr. GUNDLOCK: What is the precise differential there? How much cheaper would you have to buy the product perhaps to do that?

Mr. BROWNLEE: I think if you studied the feed plants both in eastern and western Canada you will see that the development is on a local basis. Down in Ontario the development is more and more a matter of having central plants strategically placed, and around them the smaller plants working with supplements. In western Canada if you look over the list of the feed plants, contract or non-contract, I think you will find mostly that they follow a plan of construction to serve certain areas and that they are not built for the purpose of export or interprovincial trade.

The VICE-CHAIRMAN: Gentlemen, there still are two persons who have indicated they have questions to ask; but we have reached a point where I think we have thoroughly explored this brief. I do not want to cut off anyone; but I wonder if Mr. Brunsden and Mr. Horner might make their questioning very brief.

Mr. HORNER (*Acadia*): I can waive mine.

Mr. BRUNSDEN: I would like to get Mr. Brownlee's observation, as president of an operating feed company, in respect of the part these smaller mills play in the community. Do you feel they render a real service to an appreciable number of people?

Mr. BROWNLEE: Very decidedly; yes. We would very much regret, and we certainly do not want to support any move which would have the effect of detracting from the ability of the small mills to carry on. We think they perform a real social and economic service in their respective communities. The last thing in the world we want would be to be in a position, price-wise or any other way, of putting any of those out of business.

Mr. BRUNSDEN: Thank you.

Mr. HORNER (*Acadia*): Any plants which have agreements with the wheat board would not receive storage when they bought grain for their feed operation.

Mr. BROWNLEE: No.

Mr. HORNER (*Acadia*): Most of their grain and storage facilities would be taken up with wheat board grain?

Mr. BROWNLEE: Yes. We would operate our country elevator system the same as we do today. We have only one plant in Edmonton which is affected. We would operate and get our revenue exactly the way we do now, at the country elevator. In no way at all would we seek to take any of the grain which otherwise would go through the elevator.

Mr. HORNER (*Acadia*): However, buying off quota and not at wheat board prices, you would not qualify for storage?

Mr. BROWNLEE: No.

The ACTING CHAIRMAN: Thank you very much Mr. Brownlee and Mr. Griffin. We have kept you here a long time. The meeting has been a very good one. I also wish to thank you, gentlemen, for your cooperation this morning. We will meet at 3:30 this afternoon or after the orders of the day at which time Mr. Parker will present his brief.

—The committee adjourned—

AFTERNOON SESSION

MONDAY, May 23, 1960.
3.30 p.m.

The VICE-CHAIRMAN: Gentlemen, we have a quorum. We have with us this afternoon Mr. Parker, who will present his brief on behalf of the Manitoba pool elevators.

Mr. W. J. PARKER (*President, Manitoba pool elevators*): Mr. Chairman and gentlemen: before I start to read the brief, if you would not consider it out of order, I would like to congratulate Mr. Brownlee on the presentation he made this morning.

Some HON. MEMBERS: Hear, hear.

Mr. PARKER: I would expect that from one of his mature years, public life, experience and legal training; but there was evidently a lot of work put into the brief.

I would like to point out that—if I am not considered out of order, Mr. Chairman—he spoke from the side of the farm organization and at the same time the operating feed mills. I cannot speak from the operating of the feed mills at all, because we do not have a feed mill in the Manitoba pool. Our name is listed on the feed manufacturers' brief because our manager has been a member of the feed manufacturers association for several years. One was acquired at Portage la Prairie and, because of its headaches, we wound it up and are not now in the feed mill business. So the presentation I make here is on behalf of the farmers whom I represent; and the presentation made represents, I believe, their thinking in terms of resolutions which they have presented to us on many occasions.

Gentlemen: The history of grain marketing in western Canada has been a controversial and involved one. Out of the many difficulties encountered there has gradually evolved a system of orderly marketing which has the support of the vast majority of grain producers in the province of Manitoba.

The experiences of wartime marketing under the board of grain supervisors—1917-1919—followed by the wheat board of 1919-1920 proved to be a system of orderly marketing to which many farmers in Western Canada gave their support. Following the abandonment of the wheat board in 1920, the

farmers experienced widely fluctuating prices. This proved to be the incentive for the organization of the wheat pools, which endeavored to carry out the practice of orderly marketing though a pooled price. However, maketing conditions for grain during the 1930-1934 era resulted in a renewed demand for a wheat board.

The Wheat Board Act was passed in 1935, and it provided for a government floor price and a system of pooling the selling price for wheat by kind and grade. During the period 1935-1939 this wheat board received wheat on a voluntary basis from the farmers, who also had the privilege of selling on the open market. The dual system of marketing presented certain drawbacks to which the farmers objected. The advent of World War II, and price controls in 1940 resulted in the wheat board being named the sole agent for wheat.

After repeated requests from the producers, oats and barley were added to the Canadian wheat board's responsibilities in 1949. Following two years experience in marketing oats and barley through the wheat board, the Manitoba government took a plebiscite on November 21, 1951 to determine whether the grain producers in Manitoba wished to continue to market oats and barley through the wheat board. Out of 53,000 eligible voters, 67% cast their vote and of these, 88.43% voted in favor of board marketing and the pooling principle.

The board of directors of Manitoba pool elevators believes that the same strong support for the Canadian wheat board and the pooling method of marketing wheat, oats and barley exists today. In fact, because of the numerous occasions on which our delegrate body at annual meetings has unanimously endorsed the principle of the Canadian wheat board as presently constituted, we would think even greater support is accorded the wheat board today.

The principle of any marketing board, either producer or government, is based on the premise that (1) all of the product designated for market by the producers must go through the channels of that particular board, or (2)—in the alternative—permission to market through other channels be under the jurisdiction of that particular board.

The duties of the Canadian wheat board, as directed in the Canadian Wheat Board Act of 1935, chapter 44, section 5 (1) are—"Subject to regulations the board shall sell and disposed of grain acquired by it pursuant to its operations under the Act for such prices as it considers reasonable with the object of promoting the sale of grain, produced in Canada, in world markets".

Two of these regulations referred to in that quote, or policies in respect to grain deliveries to feed mills were adopted by the wheat board (1957):

(1) Producers and feeders may deliver to any feed mill within the province in which their land is located, grain to be ground or otherwise processed and subsequently returned to them (custom grinding). No restriction applies in respect to the quantity of grain which may be delivered for the above purpose and no entry need be made in the producer's permit book covering such deliveries, provided that the identity of the grain is preserved while in the feed mill and the entire quantity is returned to the owner immediately after processing. Supplements, of course, may be added to such grain during processing if desired.

(2) Every three months producers may deliver to any feed mill within the province in which their land is located, to be exchanged for prepared feeds at such feed mill, quantities of wheat or oats or barley not exceeding in combination thereof 25,000 lbs. in total weight for all grain so delivered. Such deliveries are not subject to the quota of the producer but are entered in the permit book of

the producer on a supplemental quota page marked "Feeds exchange". Provisions is made whereby producers may apply for permission to exchange quantities of wheat, oats or barley in excess of 25,000 lbs.

As I understand it, Mr. Chairman, the question for consideration and recommendation by this committee is whether the wheat board regulations pertaining to the delivery of grain to feed mills in designated areas, as per the Wheat Board Act, are necessary and reasonable, or whether those regulations should in some manner be modified.

There may be several alternatives to the present regulations, but it would seem to us the following three are obvious:

1. To continue to operate as at present, ignoring the fact that there are alleged to be many violations of the regulation, which requires that the producer delivers only that quantity of grain at any one time permitted by the quota in effect at the moment, and that the mill must record such delivery in the producer's permit book.

2. That the wheat board take effective action to competently police and enforce the regulation requiring that the quota regulation be respected.

3. In two parts, perhaps, (a) Modify the regulation to permit individual producers, on application to the board, authority to deliver a quantity of grain to a feed mill over and above the existing quota, or

(b) Grant permission to all producers to deliver freely and to permit mills—and that is all mills—to accept freely without restriction or use of the permit book any quantity which the producer wishes to sell.

In consideration of these alternatives, Mr. Chairman, I wish to be as objective and constructive as possible. I am sure, sir, that is the attitude of all the members of this very responsible committee.

First I would like to make it very clear to this committee that at the annual meetings of Manitoba pool elevators held in October each year, and at the subsequent annual meetings of 210 separately incorporated co-operative elevator associations, there have been many resolutions supporting the principle of the Canadian wheat board, and in no instance have we had a resolution or request from farmers asking for any relaxation of the quota.

At the same time, gentlemen, I am advised that some farmers have delivered grain in excess of their quota to feed mills, and with the consent of the feed mill operator refrained from recording such delivery in the permit book, which is claimed to be contrary to the Canadian Wheat Board Act and regulations. I, sir, can neither deny nor confirm the accusation.

Perhaps it would be well, first, to determine what is the purpose of the quota. It would appear its purpose is twofold:

1. To ration the available public storage space and available markets amongst all the producers as equitably as possible. Obviously, this is only necessary in times of surplus grain. Or, to put it the other way, if we did not have surplus grain you would not need any quota at all.

2. To permit delivery to the elevator facilities and market of those kinds and quantities of grain that will enable the board to bring forward to deliverable positions the kinds and quantities of grain that the market demands at any particular time.

The fact that the board finds it necessary to impose a quota on the delivery of flax and rye, for which it has no responsibility in marketing, proves it is necessary to keep the "pipeline open" so that the market may be adequately fed as required.

In examining the first alternative suggested, namely that we should permit the continued violation of the Act as now alleged, this would seem to bring into disrepute not only the quota principle but the very law itself. Either the law is a good law, or it is not. If it is a good law, it should be adequately and competently enforced. Now that the courts have determined that the Canadian wheat board has the necessary authority to enforce this regulation, and the wheat board's solicitor has certified that he thinks it to be enforceable, then the regulation as it presently stands should either be enforced or it should be repealed.

If the regulation is enforced, then we suggest that its enforcement will satisfy the second reason for the imposition of the quota, in that it will as equitably as possible divide the total available market amongst the producers, relative to the acreage farmed. This is a principle which, as I have certified above, has the unanimous support of the members of Manitoba pool elevators, as expressed in many resolutions.

We fail to see that these regulations impose any hardship on a feed mill, apart from the trouble of recording the transaction in the permit book and keeping a record of it. I suggest this is no more trouble to the feed mill than it is to the elevator companies, and that the elevator companies do infinitely more work for the Canadian wheat board than the feed mills will ever be required to do.

If the quota were adhered to or observed the mill would have exactly the same access to the available grain as the elevator company, and could buy such grain from the farmers at a mutually satisfactory price. On the other hand, observance of the quota imposes no greater restriction on the farmer who is available to a feed mill than on the farmer who, because of distance, cannot deliver to any feed mill.

No one likes or willingly accepts unnecessary regulations. But quotas are accepted as a necessary part of the machinery of marketing in Western Canada today under existing circumstance of surplus grain.

The use of the Prairie Grain Advance Payments Act (1957), which makes interest-free money available to the individual on his deliverable grain, removes some of the great urgency for immediate delivery of grain to market.

The claim that a great deal more grain will disappear into feed channels if free delivery were permitted to feed mills can not, I maintain, be substantiated. In fact, the claim might well be made that the more grain you put through a commercial feed mill and have it fortified with concentrates and vitamins, the less grain you will use per animal unit or pound of meat production. The use of commercially prepared feed depends on the judgment of the individual producer of livestock as to whether he can more profitably use commercially prepared feed or whether it is more profitable to mix the feed at home, although he might use more grain per animal unit than if he used a scientifically prepared feed. The only way we will use more feed grains is to have more animal units. I would hope that in the future more animal units might be produced and finished in the west where the feed grains are grown, than has been the practice in the past.

In trying to assess the implications of the third suggestion, it would seem obvious that if grains were freely deliverable outside the quota to feed mills, such policy would give considerable advantage to producers with surplus grain within reasonable trucking distance of a feed mill. The producers near the feed mill would have the full protection through the Wheat Board Act of the floor price and the orderly marketing resulting from the wheat board principle of operations. Concurrently this producer could sell to the feed mill his surplus grain in excess of the quota, and to that extent lessen the wheat board's opportunity to sell the quota grain which he delivered to the board. On the other

hand, if the grain is bought by the mill subject to the quota, then in every instance its final sale results in a proportionate depletion of wheat board stocks.

In such purchases of quota grain a "non agreement" feed mill would presumably have some price advantage over the wheat board selling price, proportionate to the negotiated price that might induce the farmer to deliver to such mill. I would assume such price would be less than the wheat board selling price.

At the same time, two farmers within a reasonable trucking distance of the feed mill might through the mill exchange on a farm to farm basis without any trouble whatsoever, and without violating the law, provided the ownership of the grain does not temporarily vest in the mill.

As a complement to this third alternative, namely that the quota may be maintained, I would suggest that if within the practical grain delivery radius of the feed mill the quota was not high enough to provide sufficient grain at any particular time to satisfy the mill's requirements, it would be relatively easy and I think the wheat board might be required to grant an over-delivery quota to individuals upon application, in order to bring forth enough grain to satisfy the said mill's requirements at that time.

If we can assume that the wheat board can competently enforce the present regulations, and is agreeable to permitting over-delivery quotas if necessary at certain times to allow enough grain to be delivered to satisfy the mill's current requirements, Manitoba pool elevators would recommend that the present regulations of the Canadian wheat board in respect to delivery of grain to feed mills be adhered to and enforced.

The VICE-CHAIRMAN: Thank you, Mr. Parker.

Gentlemen, you have heard the presentation. The meeting is now open for questions.

Mr. REGNIER: Mr. Parker, do you agree with the brief given by Mr. Brownlee this morning, that the feed involved would not be any more than 1½ per cent of the amount of grain handled by the board?

Mr. PARKER: I think Mr. Brownlee's answer was that it would not exceed, he thought one half of one per cent of the total grain production in western Canada, which might be 1½ per cent of that delivered to the board. Yes, I will agree with the approximate figures.

Mr. REGNIER: Do you agree also with the statement made by Mr. Brownlee, to the effect that although the producers of grain would receive the same price as the producers selling to the board, they would obtain an advantage of 22 cents a bushel by buying outside the quota.

Mr. PARKER: I do not understand your question. I am not clear on it.

Mr. REGNIER: I believe Mr. Brownlee stated this morning that even though a producer of grain would sell cheaper by selling to a non-licensed feed mill, he would obtain the same amount as if his grain had been sold through the board, thereby making a saving to the feed mills of 22 cents.

Mr. PARKER: I may be wrong, but I do not think that was exactly what Mr. Brownlee said. If I recall correctly, his suggestion was that if this were opened up so it might be bought free of the quota—

Mr. REGNIER: I believe he stated that if a producer was paid, say $1.15½ cents, he would receive as much as if he had sold to the board, which was paying the same producer $1.37 or thereabouts.

Mr. PARKER: Oh. Well, without using exact figures, I agree, in principle, with what he said. However, I do not think he meant them to be exact. He does not know what the final payment will be, what the carrying charges will be, or what the interest will be. What he said—and I think this is right; he will know it better than I, because he is in the competitive feed business—was this:

that were it opened so they might all buy free of restriction, the big mills, such as that of Mr. Brownlee's and others, would, by their competitive factor, raise the price presently being paid by the non-agreement mills. I can subscribe to that. As to how far they could raise it, I will make no prediction.

Mr. REGNIER: He based his figures on the past experience of the final price paid by the board to the farmers.

Mr. PARKER: That is not exactly what he said. I agree in principle with what he was saying. I would not guess how far the competition factor of these agreement mills might sway, were they relieved of the present restrictions. I do not know.

The VICE-CHAIRMAN: Have you completed your line of questioning, Mr. Regnier?

Mr. REGNIER: Yes.

The VICE-CHAIRMAN: Mr. Horner, of Acadia, is next.

Mr. HORNER (*Acadia*): Mr. Brownlee, on page 4 you state that in no instance have you had a resolution or request from farmers asking for any relaxation of the quota. Have you any instances where farmers were asking for a tightening of the quota regulations?

Mr. PARKER: No.

Mr. HORNER (*Acadia*): In other words, they wanted them left as they were in the past year, shall we say?

Mr. PARKER: That is right.

We have had no official request, and I can recall no personal ones made to me or the management directly, that the wheat board should tighten up on the quota where they suspect some of their neighbours may be delivering over quota. I have no information to answer that, except in the negative.

Mr. HORNER (*Acadia*): Then, at the bottom of page 4 you say

> If it is a good law, it should be adequately and competently enforced.

You have stated earlier that you know of some variations from this law. Mr. Brownlee put on record this morning a number of advertisements, both by unlicensed dealers and by farmers, advertising their grain for sale. Can we honestly say it is a good law, if so many people are varying from it?

Mr. PARKER: These ads are not in contravention of the present law. As a farm to farm transaction, it is legal under the act.

Mr. HORNER (*Acadia*): But there has been—and, you stated at page 4, in the second paragraph that you have known of farmers delivering grain in excess of their quota to feed mills. According to the wheat board, that is contrary to the act.

Mr. PARKER: To feed mills, it is.

I merely say that I do not know, because I am not in the feed business; and I am not reporting something which I heard by rumour. I have to give the type of evidence with which I could go to court and say that I knew of somebody who was delivering over his quota. That applies only to feed mills which have been declared to be for the general benefit of Canada; it does not apply to feeding establishments or private individuals within the province—unless the provincial governments want to take action under their act, which I suggest none of them will do.

Mr. HORNER (*Acadia*): Well, we will drop the law part of it. It appears to me there is some question as to whether it is good or not, if there are so many people varying from it, and very little action taken with regard to magistrates' fines, and things of that respect.

Then at page 5, you state:

> We fail to see that these regulations impose any hardship on a feed mill, apart from the trouble of recording the transaction in the permit book and keeping a record of it.

Do you think a feed mill can operate on the quota system, without building a storage capacity to go along with it?

Mr. PARKER: Yes, I do.

Mr. HORNER (*Acadia*): Only if the wheat board gave it special consideration.

Mr. PARKER: At certain times, perhaps, but—and I made provision for that in the recommendation—there could be times within the reasonable radius where the existing quota would not permit enough to be delivered to the feed mill. I suggest they could open it up, because they have done it on other occasions, by special permission, or however they liked.

However, in backing up what is behind your question, these feed mills are a service organization, and should be permitted to operate and not be denied privileges that put them out of business.

Mr. HORNER (*Acadia*): On page 6 you state:

> I would hope that in the future more animal units might be produced and finished in the west where the feed grains are grown, than has been the practice in the past.

If these feed mills were restricted in their application of service, do you not think it would have a tendency to reduce the amount of animal units bought in the west?

Mr. PARKER: I do not think so; not necessarily.

Mr. HORNER (*Acadia*): Not necessarily.

Mr. PARKER: No. You know, and I know, that some of the best finished stuff in the west never saw concentrates, such as oil meal, molasses or salt. I am not talking about the efficiency of feed input, but mass production.

Mr. HORNER (*Acadia*): I know of one feed concern that goes out and analyzes the farmer's own grain, and says: this is low in protein; you need some suitable supplement for your feed grain, and they sell it. This is a service concern which carries on in Calgary, and it seems to be developing to quite an extent. I am referring to this service of building the supplement to suit the farmer's own grain. As a rule, I think that feed mills carry out this same service. They supplement the grain they take in with the proper proteins, to produce a balanced ration.

Mr. PARKER: Any reputable mill will be building on a formula which has been devised by competent nutritionists. I think that is part of their duties. What I am saying is that the individual farmer must then determine whether he wants to fortify his formula with a lot of expensive vitamins or not, because when you build to a formula recommended as the most efficient one, you take away about 30 per cent of the grain that would be used, so that it is about 60 per cent grain and about 30 per cent supplementary items.

Mr. HORNER (*Acadia*): That could be true; but along that same line, with more people in the feeding business, there is all the more reason why the efficient ones will remain in it.

Mr. PARKER: That depends on whether the feeder is growing his own grain or not. If I have grain which I cannot sell, I am not going to buy 30 per cent of supplementary items.

Mr. HORNER (*Acadia*): On the last page of your brief you speak of whether or not the wheat board can competently enforce the present regulations. Do you think they can, or does your organization think that they can?

Mr. PARKER: I cannot speak for the organization, because they do not know anything more about it than I do—and I am not a lawyer. All I know is that the courts have now determined that the wheat board has the necessary authority to police and to make effective the quota at feed mills which have been declared for the general benefit of Canada. Not only in the board but also in the proceedings here it is the opinion that they can be enforced.

I do not go any further than that, because I am not competent. All I can say is that if they cannot do it, then you should amend the act, because I think there is an ambiguity now, particularly with respect to the enforcement.

Mr. HORNER (*Acadia*): All the feed mill would have to do would be to operate a small feed lot to get around it.

Mr. PARKER: Well, if they only have 50 chickens, they cannot use, let us say, a thousand bushels of grain.

Mr. HORNER (*Acadia*): What about the argument of a feed lot operator buying and selling grain? What have you to say to that?

Mr. PARKER: Nothing whatsoever.

Mr. HORNER (*Acadia*): Just so long as they put it through their feed lot books?

Mr. PARKER: Once the feed mill takes over ownership of the grain, then any grain which it does not feed to its own livestock—it would be violating the act to dispose of it otherwise.

Mr. HORNER (*Acadia*): But suppose it operated a feed lot, and then it has a mill and grinds its own grain?

Mr. PARKER: That is perfectly legal.

Mr. HORNER (*Acadia*): Their primary object could be that they are operating a feed lot.

Mr. PARKER: That is true, and it is factual.

Mr. HORNER (*Acadia*): And they could get around the quota enforcement thereby to a large extent.

Mr. PARKER: I am only saying here that if of course it says that they have authority, and if the board can, then they should administer it effectively. Otherwise the law should be amended; because the way it stands it is not creating a very happy situation. But I am not in a position to say whether it could be enforced or not.

Mr. BRUNSDEN: May I refer to page 2 where Mr. Parker says that the primary duty of the Canadian wheat board is to promote in world markets the sale of grain produced in Canada.

Like Mr. Horner, I have a series of questions. Do you feel that this feed mill operation is seriously injuring our selling of grain in the world markets?

Mr. PARKER: No, I do not.

Mr. BRUNSDEN: And on page 3 you say:

> 1. To continue to operate as at present, ignoring the fact that there are alleged to be many violations of the regulation, which requires that the producer deliver only that quantity of grain at any one time . . .

You express the feeling there that we might carry on as at present. Do you say that with recognition of the agreement mill? Do you feel that the agreement mill today is in a clear position?

Mr. PARKER: No. I think it is in an unfair position. I say there are three possible alternatives. Recommendation No. 1 is to continue as at present, because in the first place, ignoring the quota, as it is claimed many non-agreement mills do, tends to bring the quota itself into disrepute and disrespect.

Secondly, there is a distinction to be made between the large feed mills, in the fact that they have to have an agreement, and the average mills, and those which are not under wheat board agreement.

Mr. BRUNSDEN: Would you be in favour of levelling out that situation?

Mr. PARKER: Yes.

Mr. BRUNSDEN: In the last paragraph on page 4 you talk about bringing into disrepute the quota principle. We have the feeling, after several meetings, that perhaps the quota principle has been in disrepute for some time, since the Wheat Board Act was first passed.

Mr. PARKER: No, I do not think that is right.

Mr. BRUNSDEN: I mean that with respect to feed mills.

Mr. PARKER: Perhaps it is. You have had it in Alberta more than we have had it in Manitoba. It has only been in the last three or four years that it has been significant there.

Mr. BRUNSDEN: We have this situation for a long time, and I have said this before at some of those meetings: all of a sudden we become very excited about it and we talk about imperilling the Canadian wheat board and the wheat program by that marketing system. But let me assure you that while we are all Canadian wheat board men, we do feel that this little trickle of grain going to the feed mills has no effect on the sale of grain through the board in western Canada. It certainly has no effect on our over-all picture, and on our overseas markets. But we do feel there is an injury in the present situation, where we have two sets of organizations operating under two sets of regulations.

Now coming back to the last five years, I do not think that any action taken by a non-agreement mill has done anything detrimental to the Canadian wheat board. Would you agree with that?

Mr. PARKER: I do not think that the volume of grain going through these non-agreement feed mills is of any significance as a factor. The percentage is quite small. It is the principle that is involved, of increasing disrespect for the quota which is gradually growing among a greater number of farmers.

Collectively we all say—they all say—you must have a quota. There is no other way to divide the market. Yet we are thinking of individuals, many of whom violate the principle of the quota. What I am saying here is that this thing should be opened up, or else it should be closed down.

Only now the wheat board after two years of litigation—only within the last three months or so have they declared legally that they have the authority to make their regulations effective in respect to non-operating feed mills. They now propose to do it. How effective it will be, I do not know. All I say is that they should either do that in fairness to the non-agreement mills or to the agreement mills, or else the two should be put on the same base.

Mr. BRUNSDEN: Do you not have the same situation in respect to the machinery agent and the furniture agent? They would be outside the quota, would they not?

Mr. PARKER: They are outside the agreement; but the machinery man or the furniture man is taking that grain in payment and selling it to another feeder or farmer. As long as they do not use somebody else's permit, they can operate and it is all right; it is all part of the system.

Mr. BRUNSDEN: It is a matter of conscience on the part of the individual.

Mr. PARKER: What concerns some of us is that if we must have a quota, nobody wants it. Mr. Chairman and Mr. Brunsden, none of our farmers welcome the principle of the quota. But we must abide with it because of the volume of grain on the restricted market. I said in here that the only reason for it is the inability to move the stuff through; and just as in the case of the

wheat board, you have it with the wheat board, on flax and rye, yet the wheat board has no responsibility for it.

Mr. BRUNSDEN: I would like to congratulate Mr. Parker on his brief, because it is the shortest one we have had.

Mr. PARKER: That is why you like it. I have the least to say because I have no feed mill.

Mr. MILLIGAN: I too would like to congratulate Mr. Parker on his brief. I think it has been very well done, and I agree with most of it. But I have a few questions.

Could Mr. Parker tell us whether or not he thinks that the amount of grain going through the non-agreement feed mills is increasing and is likely to increase and become larger in the years to come?

Mr. PARKER: The answer to that is a guess. I do not know. As long as this surplus condition of grain exists, I think the answer would probably be yes, and to some degree at the expense of the agreement mills. I know of a local feed mill that is able to buy feed, process it, and deliver it so far away from its home that they must be buying it much cheaper than the feed mills in Winnipeg.

Mr. MILLIGAN: What is the percentage of feed grain being handled by those 60 agreement mills in comparison to the 120 non-agreement mills?

Mr. PARKER: I could not guess.

Mr. MILLIGAN: You would not know. As there seems to be some dissatisfaction with the act, I was going to ask, if you think it should be enforced, would it be possible to amend the act to include the large feeder—I am thinking of the Burns feed lot, where they would use from 500 to 600 bushels of grain a day. Could there be some way of bringing about that type of operation where it would not affect an individual farmer, because they are buying more grain.

Mr. PARKER: Why would you restrict the large and more efficient feeder?

Mr. MILLIGAN: Well, I think it is unfair competition to the small mill, and I think that is one of the reasons these mills are asking for an opportunity to do the same as the large feeder is doing.

Mr. PARKER: I am suggesting you should make both mills the same; and they are comparable, each with the other. Whether you do it by removing quotas entirely or by administering quotas properly is something for the committee to decide.

Mr. HORNER (*Jasper-Edson*): First of all, Mr. Parker, regarding this feed mill you acquired at Portage la Prairie, did the reason you dropped it involve this very problem we are confronted with? Was it because you were an agreement mill you had your difficulties at Portage la Prairie?

Mr. PARKER: Yes. I would not think of going into the feed business now, or putting the Manitoba pool elevators into the feed business because you would certainly go broke.

Mr. HORNER (*Jasper-Edson*): As an agreement mill?

Mr. PARKER: Yes, you could not operate.

Mr. HORNER (*Jasper-Edson*): But as a non-agreement mill, you could? Let me put it to you this way: If you were put on the same basis as the non-agreement mills would your company feel the feed business might be profitable, as a satisfactory sideline for the Manitoba pool elevators?

Mr. PARKER: Yes, I think if it was on the same basis we could operate as efficiently as anyone else. I am not saying we would go into the feed business though; but that is one of the reasons we stopped. We bought it in wartime, with the processing and shipping on freight subsidy; but here, once we got on this basis, we were not interested.

Mr. HORNER (*Jasper-Edson*): Is the mill now operating?

Mr. PARKER: No, it is not, and we have sold most of the machinery.

Mr. HORNER (*Jasper-Edson*): Do you believe the relaxation of the quota to feed mills would harm the wheat board in any way?

Mr. PARKER: If you mean, harm the operation of the wheat board, no, I cannot see it can harm the operation. I see the board perhaps having considerable difficulty in reconciling the figures given to them by an elevator company buying grain for the board and the feed mill at the same time. We have enough trouble now, keeping our agents straight, without giving them so many outs. There is no reason why it should break down the wheat board operations. It is not. All the stuff that has been flowing through other mills has not made any difference to the wheat board operation; and I do not think it would.

Mr. HORNER (*Jasper-Edson*): You say in your brief, the last page here, you would be happy with some sort of arrangement which would permit an over-delivery quota at certain times, to allow enough grain to be delivered to the mills, to satisfy their requirements. It seems to me you might have quite a lot of difficulty in setting up equitable delivery in these over-delivery quotas.

Mr. PARKER: I do not think so. If it were placed on, say, a two-bushel quota, I would give the people delivering their six bushels, off the bat, if they want to draw it through the mill.

Mr. HORNER (*Jasper-Edson*): On a "first come, first served" basis?

Mr. PARKER: Yes, you cannot police it any further than that. If we accept the quota as being the principle attempting to divide the total market among the total number of producers as equitably as possible, then we think we should try and make it work across the board. If it cannot be administered successfully or cannot be generally accepted in a decent way, by farmers, then I think the quota should be relaxed to all feed mills.

Mr. HORNER (*Jasper-Edson*): One final thing: Do you agree, if quotas were relaxed, and if larger companies such as the U.G.G. were allowed into the non-board market for feed grain, this would stabilize that market and increase the return the farmers would get?

Mr. PARKER: I was impressed with what Mr. Brownlee said regarding such outfits as McCabe, Grain Growers and Searle getting into the market—that they will, to some degree, stabilize that market and control the depressed prices paid to some small ones. That would only be to a degree, because Edmonton is a hell of a long way from Red River, 28 miles down the American border, and we have many feed mills in that part of the country. All these things have a geographical limitation, if you talk about effective competition. It would tend to do what Mr. Brownlee felt it would, when he was speaking here this morning. Does that answer your question?

Mr. HORNER (*Jasper-Edson*): Yes.

Mr. FORBES: Mr. Parker, on page 7 you say:

> At the same time, two farmers within a reasonable trucking distance of the feed mill might through the mill exchange on a farm to farm basis without any trouble whatsoever, and without violating the law, provided the ownership of the grain does not temporarily vest in the mill.

Does this mean that you are opposed to a mill purchasing grain and holding it for sale?

Mr. PARKER: Unless it is bought under quota.

Mr. FORBES: Oh.

Mr. PARKER: All we are suggesting here is that they should observe the quota if other mills are. They should observe the quota.

Mr. FORBES: I have one further question. I know you are associated with the pool elevator seed department. A statement was made here the other day by some of the feed mills to the effect that the cooperators were purchasing this seed grain at the initial price. In other words, they felt that the pool seed department was violating the rules of the wheat board. Have you any comment to make on that?

Mr. PARKER: Yes, I welcome the question because we have a copy of that presentation. I was disturbed by that statement because it took in a little too much territory, to put it mildly.

I asked the manager of our seed department to give me prices at which he had bought seed in each of the last three years—1956-57, 1957-1958, 1958-1959. May I quote it?

The VICE-CHAIRMAN: Yes, do.

Mr. PARKER: This is on a 14-cent freight rate, Winnipeg. In 1956-1957 the initial price for No. 2 northern wheat was $1.22½. We paid $1.45. We paid 10¾ cents, final payment; in other words, $1.64¾.

The next year, 1957-1958, on the same freight rate, the same initial price to the wheat board—and I do not know what the final payments were, but we paid $1.40, with a patronage dividend or final payment of 19¾ cents, making a total of $1.59¾.

In 1958-59, the same freight rate, the same place, with an initial payment of the same amount, $1.23—that is up half a cent. The Manitoba pool paid $1.35, 13½ cents patronage dividend, or a total of $1.48½ cents.

On Montcalm barley, for the same year, 1956-57, 80¾ cents initial payment, $1.45 plus 11⅛ cents, making a total of $1.56⅛. That was on registered. On certified it was $1.35, 11⅛ cents, or a total of $1.46⅛. In every instance this is considerably more than the wheat board, but this is in answer to a charge made before this committee.

In the 1957-58, the same initial payment, 80¾ cents for 3 C.W. barley, we paid $1.35, plus 16½ cents, or a total of $1.51½. These are net to individuals after we take our charges out of them.

In 1958-59, the same initial payment, the figures were $1.25, 6⅝ cents, or a total of $1.31⅝ cents. Oats, on the basis of 2 C.W., the same freight rate, initial payment of 56⅝ cents, we paid 85 cents. That is the year the board got into difficulty and had a deficit and gave to the farmer 85 cents. In the following year it was 51⅝ cents, and a total of 89¼ cents. Then in 1958-59, for 2 C.W., the price was 51⅝ cents, and the figures are 80 cents plus 11⅛ cents, or a total of 91⅛ cents.

So that statement made before this committee was not factual so far as the Manitoba pool was concerned.

The VICE-CHAIRMAN: Thank you, Mr. Parker.

Mr. FORBES: They made one more statement there, in connection with seed companies exporting wheat to such countries as Saudi Arabia, and so on. I do not think your seed plant does any export business. At least, I have tried to sell through you, and they were not even in a position to make an offer on the basis of exporting that grain. However, I have over the years sold quite an amount to the Red River Grain company and the McCabe grain company, and two or three others. At no time was I ever offered $1.55 cents F.O.B. dock for that seed grain that would qualify for this class two shipping. I say that because I want to indicate that the seed companies are not selling below wheat board prices, but the other way around, considerably above. Otherwise the seed growers would not be in this business at all.

Mr. PARKER: We are dealing in a much superior product, generally speaking.

Mr. RAPP: Mr. Chairman, on page 4, in the first paragraph, a reference is made on the second line to the annual meetings of the Manitoba pool elevators. On the next line it says:

> ...and at the subsequent annual meetings of 210 separately incorporated cooperative elevator association,...

Are those two separate organizations? I do not think you have the same thing in Saskatchewan.

Mr. PARKER: Ours is much better than yours in Saskatchewan, sir.

Mr. RAPP: That might be so. I would like you to give me an explanation as to whether or not they are two separate organizations or associations.

Mr. PARKER: No.

Mr. RAPP: Why are they under different names?

Mr. PARKER: The local elevator association is the local regional group or community shipping centre. There were 211 of them. Today there are 225, since we bought the Ogilvie outfit. Together they have entered into an operating and financing agreement with the Manitoba pool elevators, which is only the agent of the locals. At head office we are the agent of the local. Each local irrespective of its size at the annual meeting in October has one delegate. At the local meeting they have their local balance sheets and statements and they may pass other resolutions.

The CHAIRMAN: I hope you do not pursue this line of questioning. It is outside the purview of the committee.

Mr. RAPP: I just wanted to have an explanation.

The CHAIRMAN: I permitted your question and I just ask that you do not pursue it.

Mr. RAPP: Thank you very much.

Mr. THOMAS: I would like to ask Mr. Parker if he foresees any difficulties which might arise through feed mills operating a feed business and at the same time acting as agent for the wheat board if all restrictions on buying grain for feed purposes were removed, as requested by the association of feed mills? I do not know whether or not that is clear. Assuming that all restrictions were removed and the feed mills were permitted to buy grain for their feed mixes just as freely as a feed lot operator with no restrictions at all, would there be a difficulty arise where a feed mill tried to operate a feed business under those circumstances and at the same time acted as agent for the wheat board.

Mr. PARKER: Our suggestion is not that the small non-agreement feed mill be made an agent of the wheat board. All we suggest is that they should be compelled to abide by the quota, in the interests of the individual farmer. I am not interested in what happens to the feed mills. I am not saying they should be made an agent of the board. They may buy at any price so long as they stay within the quota. If they are within the quota they will not buy at less than the initial price. The farmers would demand the initial price. This will tend to raise the price which some of them are paying for the feed grain.

Mr. THOMAS: As I understand it, the reason for this hearing is that the association of feed mills of the prairie provinces wishes to have the quota restrictions removed, and that they be allowed to buy freely just like the feed lots can buy.

Mr. PARKER: Yes.

Mr. THOMAS: We have the agreement mills and the non-agreement mills. The proposal is that the restriction should be removed, and therefore an agreement mill would be in the same position to buy just as freely as a non-agreement mill.

Mr. PARKER: Yes.

Mr. THOMAS: In respect of these feed mills which have elevator space and which are now acting as agent for the board, do you foresee any difficulty in their carrying on their feed mill business without restrictions and at the same time carrying on an orthodox elevator operation on the same premises.

Mr. PARKER: If I had a 250 bushel truck load of grain and my permit book permitted 100 bushels, the other 150 bushels would have to go into non-board business. As I see it, there is no difficulty. You will have to ask the board how much trouble they will have, and also the board of grain commissioners. I am not sure how the board of grain commissioners would look on that. I cannot answer that question specifically because I just do not know.

Mr. KINDT: My questions have been answered, Mr. Chairman. I should like to thank Mr. Parker for his excellent brief.

The CHAIRMAN: Are there any further questions?

I want to thank the committee for its cooperation this afternoon. Also I would like to thank Mr. Parker for appearing here, presenting his brief and answering the questions.

Gentlemen, on Friday, May 27, we will have appearing before the committee the livestock council of the Canadian beef producers association—the western section. We will meet at 9.30 a.m. on Friday morning in this room.

APPENDIX "A"

1959-1960

Class "A"
Elevator Agreement No. .....

MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT made in duplicate this day of

A.D. 19 .

BETWEEN:

hereinafter called the Company,

OF THE FIRST PART,

and

THE CANADIAN WHEAT BOARD
hereinafter called the Board,

OF THE SECOND PART,

WHEREAS the Board is operating under the Canadian Wheat Board Act, and amendments thereto, with powers among others, of purchasing wheat, oats and barley from the producers and marketing the same;

AND WHEREAS, to accomplish the said purpose, it is useful and convenient that the Board should employ the services of individuals and companies owning and operating elevators;

AND WHEREAS, this Agreement is made with the object, in such case, of facilitating delivery to the Board of wheat, oats and barley of producers and the marketing thereof and otherwise carrying out the provisions of the said Act;

AND WHEREAS, it has been agreed, in such case, that the Company will act as the agent of the Board to accept delivery and to carry out the purchase of wheat, oats and barley;

NOW THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto mutually covenant and agree each with the other as follows:

1. Unless it is otherwise provided herein or the context otherwise requires, the words and expressions used in this Agreement shall be given the same meaning as is accorded to such words and expressions when used in the Canadian Wheat Board Act.

2. In this Agreement unless the context otherwise requires,

(*a*) Class "A" wheat, Class "A" oats and Class "A" barley mean respectively wheat, oats or barley shipped in carload quantities for the account of the producer (generally termed consigned and platform cars).

(*b*) Class "B" wheat, Class "B" oats and Class "B" barley mean respectively street wheat, street oats or street barley and include all wheat, oats or barley in store for the Board in country elevators at the date

of this Agreement and the words "street wheat", "street oats" or "street barley" shall be given the meaning generally attached to those words in the grain trade.

(c) "Fixed price" and "fixed carlot price" mean the sum certain on a per bushel basis referred to in Section 25 of the Canadian Wheat Board Act.

(d) "Terminal point" or "terminal points" mean and include terminal elevators at Port Arthur or Fort William and interior government terminal elevators and mills at which Canadian Government weights and grades are available in the Western Division and, in the case of wheat, the said words shall also mean and include terminal elevators at Vancouver and New Westminster.

(e) "Act" means the Canadian Wheat Board Act, and amendments thereto.

3. The Company will, with respect to Class "A" wheat, Class "A" oats and Class "A" barley, if possible, when requested by the producer:

(a) Special bin and preserve the identity of such wheat, oats or barley received from the producer until the wheat, oats or barley is delivered at a terminal point according to Government grades and dockage and will forward such wheat, oats or barley to the terminal point in its proper order as soon as the producer secures a car or cars.

(b) Store such wheat, oats or barley, according to a grade agreed upon by the Company's elevator agent and the producer, and will forward this wheat, oats or barley or wheat, oats or barley of a like grade and quantity to a terminal point as soon as the producer secures a car or cars.

(c) Store such wheat, oats or barley subject to grade and dockage and upon compliance with the requirements of Section 113 of The Canada Grain Act forward this wheat, oats or barley or wheat, oats or barley of a like grade and quantity to a terminal point as soon as the producer secures a car or cars.

(d) Make advances on a reasonable basis to meet the immediate requirements of the producer until such time as his wheat, oats or barley is delivered to the Board at terminal points.

4. (a) The Company will perform and render all services needed by the producer in delivering his Class "A" wheat, Class "A" oats and Class "A" barley to the Board at any terminal point to the end that the same shall be turned over to the Board at such points in such position that it is immediately available to the Board for direct sale or export, and, without limiting the generality of the foregoing, the Company will furnish the producer with regular country elevator services; keep the wheat, oats and barley fully insured against fire; bill out cars; check government inspection; pay railroad freight charges, government inspection and weighing fees and any other proper charges incurred on behalf of the producer; collect from the railroad company for wrecked or leaky cars, secure terminal warehouse receipts for such wheat, oats and barley and deliver the same to the Board within five (5) days from the date of unload; and, unless the Board otherwise directs, promptly remit the balance due the producer according to the fixed price in effect at the time, over and above the advance, if any, that may have been made and interest thereon and all other proper charges.

(b) In the case of cars of Board wheat, oats or barley completely wrecked, in which event no warehouse receipt would be available, the Board

agrees to sell such wheat, oats or barley to the railway company. The elevator company will report promptly such cars and handle the claim and attend to all transactions with the railway company in the usual manner.

5. (*a*) The Company shall be the agent of the Board until the 1st day of October, 1960, to accept delivery and carry out the purchase of Class "A" wheat and Class "B" wheat, Class "A" oats and Class "B" oats and Class "A" barley and Class "B" barley and will purchase wheat, oats and barley exclusively for the Board and except with the permission of the Board, will not buy, or sell wheat, oats or barley either for its own account or for the account of any other person except the Board, and, in handling wheat, oats and barley, will use its own credit and moneys and paying arrangements to the end that advances and payments may be made promptly to producers at the point of delivery.

(*b*) Nothing in paragraph (a) shall be construed to restrict or apply:—

(i) to resales of grain purchased by the Company from the Board.

(ii) to trading by the Company on the futures market and cash grain market of the Winnipeg Grain Exchange or any other grain and commodity exchange.

(iii) to dealing in wheat, oats and barley grown outside of the designated area.

(iv) to dealing in oats and barley within the Province in the designated area in accordance with Provincial legislation governing oats and barley.

(v) to the handling of seed registered and certified in accordance with the Seeds Act.

(*c*) The Board does hereby grant to the Company, until further notice, permission and licence to ship, transport or cause to be transported wheat, oats or barley whether purchased pursuant to this Agreement or handled for the account of any person other than the Board from one province to terminal points or to other destinations designated by the Board in another province, provided that such grain is consigned to any agent of the Board for the Board.

6. The Company will, in the case of Class "A" wheat, Class "A" oats and Class "A" barley make up and forward to the producer his Producer's Certificate.

7. The Company will, until the 1st day of October, 1960, at any elevator owned or controlled by it in the designated area, subject to space in country elevators, accept delivery of wheat, oats and barley on behalf of the Board from any producer on the terms and conditions herein contained and in accordance with the terms of the Act and regulations made thereunder with respect to the quotas in effect at the time of delivery; and limited only by the availability of cars in which to make shipment, will deliver such wheat, oats and barley to the Board at terminal points unless otherwise requested by the Board.

8. Wheat, oats and barley held by the Company for the account of the Board shall be stored by the Company only in premises licensed by the Board of Grain Commissioners for Canada.

9. The Company will, with respect to Class "B" wheat, Class "B" oats and Class "B" barley;

(*a*) (i) During the crop year ending on the 31st day of July, 1960, grade and pay the fixed prices as set out in Schedule "A" hereto, together with such additions for farm storage as may be decided

upon by the Board from time to time by issuing a cash ticket for such prices which the Company will immediately cash upon presentation.

(ii) After the 31st day of July, 1960, and until the 1st day of October, 1960, grade and pay such fixed prices as the Board may prescribe by issuing a cash ticket as aforesaid or at the request of the Board receive such wheat, oats or barley into storage and issue appropriate storage tickets to the producer delivering the same.

(iii) If the prices to be paid to producers hereunder after the 31st day of July, 1960, are changed from the prices set forth in Schedule "A", payments to the Companies by the Board in respect of grain purchased after that date will be in accordance with such changed prices.

(b) Deliver to the producer at the time of issuing cash tickets a Producer's Certificate in a form determined by the Board.

(c) Carry said wheat, oats and barley at the rate and under the conditions hereinafter provided until it is delivered to the Board at terminal points.

(d) The carlot prices shown in Schedule "A" are the prices fixed in accordance with the provisions of the Act.

(i) The street prices shown relating to wheat have been computed by deducting from the fixed carlot prices the Vancouver or Fort William freight charges whichever rate is the more advantageous to the producer, and a sum not to exceed four and one-half cents (4½¢) per bushel on all grades and types of wheat plus any fraction of a cent less than one-quarter of a cent (¼¢) per bushel which may arise when deducting the freight rate per bushel from the cash payment as determined.

(ii) The street prices shown relating to oats have been computed by deducting from the fixed carlot prices the Fort William freight charges and a sum not to exceed three and one-half cents (3½¢) per bushel on all grades and types of oats plus any fraction of a cent less than one-eighth of a cent (⅛¢) per bushel which may arise when deducting the freight rate per bushel from the cash payment as determined.

(iii) The street prices shown relating to barley have been computed by deducting from the fixed carlot prices the Fort William freight charges and a sum not to exceed four and one-half cents (4½¢) per bushel on all grades and types of barley plus any fraction of a cent less than one-eighth of a cent (⅛¢) per bushel which may arise when deducting the freight rate per bushel from the cash payment as determined.

(e) In addition to the prices shown in Schedule "A", the Board may, under authority of the Act, increase such prices from time to time to provide for payment of farm storage and the Company will increase the price paid to the producer as from the dates when such changes shall become effective, and the Board will reimburse the Company for such moneys paid in accordance with the Board's instructions.

(f) If the sum certain to be paid to producers pursuant to section 25(1)(b) of the Act is changed, the Company will change the sum certain paid to the producer as from the date when such change becomes effective and payment to the Company by the Board hereunder will be adjusted accordingly.

10. The Company will, in accordance with the conditions of The Canada Grain Act, secure cars for all Class "B" wheat, Class "B" oats and Class "B" barley delivered to it for the Board and ship such wheat, oats and barley to terminal points or other destinations in accordance with the instructions of the Board.

11. The Company will, until the 1st day of October, 1960, provide the Board with:

(*a*) A daily report of the grade and quantity of Class "B" wheat, Class "B" oats and Class "B" barley received at each of its elevators for the Board as soon as such information is available at the head office of the Company.

(*b*) As soon as possible after shipment, a list showing the cars of Class "A" wheat and Class "B" wheat, Class "A" oats and Class "B" oats and Class "A" barley and Class "B" barley shipped and the terminal destination of each such car which the Company has billed out for the Board.

12. Unless otherwise directed by the Board, during the months of September, October and November, all wheat, oats and barley in carload lots shall be forwarded to terminal points as soon as possible after its delivery at the Company's elevator.

13. The Company will deliver to the Board at terminal points the full amount of bushels of Class "B" wheat, Class "B" oats and Class "B" barley received from producers pursuant to this Agreement and is responsible for and assumes the risk of grade on such wheat, oats and barley and will deliver to the Board at terminal points wheat, oats and barley equal to the quantities received as aforesaid, subject only to the next succeeding paragraph.

14. The Company will ship from each country elevator and deliver to the Board as nearly as possible the same quantities and grades of Class "B" wheat, Class "B" oats and Class "B" barley as were received from producers at such country elevator.

15. The Company will, whenever it is reasonably possible, store and carry Class "B" wheat, Class "B" oats and Class "B" barley in its elevators if so desired by the Board.

16. The Company will insure against fire and keep insured against fire at its own expense all Board wheat, oats and barley on the basis of values to be fixed by the Board from time to time, and will promptly report to the Board fire losses in the Company's elevators.

17. (*a*) All wheat, oats and/or barley whether Class "A" or Class "B" delivered to the Company for the account of the Board shall be at the Company's risk until warehouse receipts therefore are delivered to the Board, or settlement is made to the Board for such grain provided that the Company shall not be liable for

(i) loss or damage to the said wheat, oats or barley, which is caused solely by cyclone, tornado, flood, riot, civil commotion, acts of God or the Queen's enemies if any damage occasioned to premises in which such wheat, oats or barley is stored by such cyclone, tornado, flood, riot, civil commotion or acts of God or the Queen's enemies is repaired with reasonable diligence; or

(ii) loss or damage to said wheat, oats or barley (except losses from leaking cars) which occur from causes beyond the control of the Company, without negligence on the part of the Company while

such wheat, oats or barley is in the custody of a common carrier and for which loss or damage there is no liability upon such carrier; and in such cases the Board will repay to the Company the net amount of such loss or damage.

(*b*) If loss or damage occurs to wheat, oats or barley purchased by the Company pursuant to this Agreement while in the custody of a common carrier and the carrier disclaims liability to the Company and

(*a*) the Company claims it is not liable to the Board for such loss or damage pursuant to subparagraph (*a*) (ii) of this section,

(*b*) the Company considers that issues of general importance are involved in the claim, and the Board agrees,

then the Company shall

(i) maintain its claim against such carrier and co-operate with the Board in respect of the collection of its claim;

(ii) forward to the Board the written opinion of its solicitors relating to such claim, including all documents, reports or judgments relating thereto, and appropriate authority, authorizing the Board to prosecute or continue an action against such carrier to enforce such claim in the name of the Company or the Board, and

(iii) the Board may bring action against the carrier to enforce such claims either in the name of the Board or the Company, and will indemnify the Company against payment of costs, expenses or loss incurred in such action.

(c) Notwithstanding the provisions of Paragraph 17 (*a*), and without affecting any rights which the Company may have thereunder, if loss or damage is sustained by the Company from extraordinary and epidemic causes or conditions which, in the opinion of the Board, were completely beyond the control of the Company and did not result from negligence of the Company, the Company may apply to the Board for compensation for such loss and the Board may in its discretion award the Company such compensation as the Board deems proper.

18. The Company shall keep or cause to be kept such records and shall make or cause to be made such returns from time to time as may be directed or required by the Board pertaining to Board wheat, oats and barley, or for the purposes of determining the proper carrying out of the terms of this contract. All such records and returns shall accurately and faithfully represent the facts of the transactions to which they respectively purport to relate, and shall be subject at any time to examination by any authorized officer, agent or employee of the Board.

19. For handling Class "A" wheat, Class "A" oats and Class "A" barley the Company will be entitled by way of remuneration to the usual elevator handling, storage, service and other charges. The Board will repay the Company the fixed price on a Fort William or Port Arthur basis in respect to oats and barley and on a Fort William/Port Arthur or Vancouver basis in respect to wheat upon delivery by the Company to the Board of unload documents for wheat, oats and barley forwarded by the Company to the Board, subject to the provisions contained in paragraphs 22, 23 and 30 of this Agreement.

20. (*a*) During the crop year ending on the 31st day of July, 1960, the Board will pay to the Company in respect of storage and interest in relation to each bushel of Class "B" wheat, Class "B" oats and Class "B" barley purchased pursuant to the Agreement during such crop year or purchased by the Company during previous crop years for the Board and

in country elevators of the Company on the 1st day of August, 1959, carrying charges which shall be the total of

(i) In respect of storage—1/30th of a cent per bushel per day from the charges commencement date until such grain is delivered out of the country elevator in which it is stored; and

(ii) In respect of interest—an amount equal to interest at the bank rate on the average per bushel cost of wheat, oats or barley as the case may be from the charges commencement date until the delivery to the Board of documents of title relating to such wheat, oats or barley.

(*b*) On and after the 1st day of August, 1960, and until the 1st day of October, 1960, the Board will pay to the Company in relation to Class "B" wheat, Class "B" oats and Class "B" barley purchased by the Company for the Board and in store in country elevators of the Company on the 1st day of August, 1960, or purchased pursuant to this Agreement on or after the 1st day of August, 1960, such carrying charges as may be provided in relation to similar grain by the agreements between the Board and grain handling companies relating to the handling of grain for the Board in respect of the crop year 1960-1961.

(*c*) In addition to all charges hereinbefore referred to the Board will pay to the Company in respect of each bushel of Class "B" wheat, Class "B" oats and Class "B" barley purchased during the 1959-1960 crop year 4/30ths of a cent plus interest at the bank rate on the average per bushel cost for a period of four days in payment of storage and interest for the period which elapses between the receipt of such grain into a country elevator and the receipt of the report thereof by the Board, which period is deemed to average four days and in respect of Class "B" wheat, Class "B" oats and Class "B" Barley purchased between August 1st, 1960, and October 1st, 1960, that percentage of a cent per bushel provided by the agreement between the Board and the grain handling companies relating to the handling of grain for the Board with respect to the crop year 1960-1961 plus interest at the bank rate on the average per bushel cost for a period of four days in payment of storage and interest for the period which elapses between the receipt of such grain into a country elevator and the receipt of the report thereof by the Board which period is deemed to average four days.

(*d*) The carrying charges accruing and due to the Company will be paid as at the last day of each month within five (5) days of receipt of a correct statement from the Company.

(*e*) The Board will pay for such wheat, oats and barley on date of invoice at Board fixed carlot price as set forth in Schedule "A" hereto, subject to the provisions contained in Paragraphs 22, 23 and 30 of this Agreement.

(*f*) In this Agreement:

(i) "Average per bushel cost" means an amount which is equal to the total of the moneys paid by the Company to producers for the purchase of all wheat, oats or barley as the case may be at the street prices set forth in Schedule "A" hereto purchased by the Company at its country elevators pursuant to this Agreement, divided by the number of bushels of that kind of grain so purchased.

(ii) "Bank rate" means the rate of interest from time to time charged by the chartered banks on loans to the Company secured by Class "B" wheat, Class "B" oats or Class "B" barley.

(iii) "Charges commencement date" means the 1st day of August, 1959, in respect of wheat, oats or barley in store in country elevators of the Company on that date and means in respect of wheat, oats or barley purchased pursuant to this Agreement, the date of mailing or delivering to the Board the regular daily report form reporting the purchase of such grain at a country elevator.

21. The Board will pay regular tariff storage charges established under The Canada Grain Act on wheat, oats and barley stored in terminal elevators at Fort William or Port Arthur or at Pacific terminals and will pay accrued storage at the end of the Company's fiscal year.

22. Subject to the right of the producer to direct that his wheat, oats and barley in carload lots shall be billed to any terminal elevator selected by him, at Board delivery points, which right is admitted by the Company, all Board wheat, oats and barley of whatever class forwarded to terminal points shall be handled through any terminal elevator the Company may desire provided such terminal elevator selected by the Company is licensed under the provisions of The Canada Grain Act in the then current year to accept wheat, oats and barley other than wheat, oats and barley belonging to the manager or operator of such elevator. The Board shall have the right to direct the shipment or diversion of wheat, oats or barley to interior mills, maltsters and other destinations within the Western Division, Churchill, Prince Rupert, or to points other than terminal points within Canada or the United States, and to interior government terminal elevators. If the Board does direct shipment or diversion of wheat, oats or barley to interior mills, maltsters or other destinations within the Western Division, to Churchill, Prince Rupert or to interior government terminal elevators, it shall pay to the Company the following diversion charges:

(a) (i) On wheat shipped or diverted to interior mills, two and one-half cents (2½¢) per bushel on grades Number One Hard, Numbers One, Two, Three and Four Northern and Four Special, Numbers One, Two and Three C.W. Garnet, Number One Alberta Red Winter, Numbers Two and Three Alberta Winter, Numbers One, Two and Three C.W. Amber Durum, Numbers One, Two and Three C.W. Soft White Spring, including the Rejected Sprouted of these grades, and three cents (3¢) per bushel on all other grades; with an additional one cent (1¢) per bushel on wheat grading Tough Number Four Northern and Tough Number Four Special, and one-half cent (½¢) per bushel on all other grades of Tough wheat in accordance with arrangements between the companies and the mills.

(ii) On all wheat shipped or diverted to Churchill and Prince Rupert one and one-half cents (1½¢) per bushel.

(iii) On wheat shipped or diverted to interior government terminal elevators one and one-half cents (1½¢) per bushel on all tough and damp grades; one and one-half cents (1½¢) per bushel on all wheat carrying sufficient dockage to incur cleaning charges; one and one-half cents (1½¢) per bushel on all wheat that is not later forwarded to terminal elevators at Fort William, Port Arthur, Vancouver or New Westminster, provided that a premium has not already been paid as herein set forth. (It is understood that the premiums to be paid in respect of Clause (a) (iii) shall not exceed one and one-half cents (1½¢) per bushel on any or all wheat so ordered, shipped or diverted to these interior terminals.)

(b) (i) On oats shipped or diverted to interior mills three cents (3¢) per bushel on all grades in accordance with arrangements between the companies and the mills, and exclusive of quality premiums as provided in Paragraph 35 of this Agreement.

(ii) On all oats shipped or diverted to Churchill and Prince Rupert one and one-half cents (1½¢) per bushel.

(iii) On oats shipped or diverted to interior government terminal elevators three cents (3¢) per bushel on all tough and damp grades; three cents (3¢) per bushel on all oats carrying sufficient dockage to incur cleaning charges; three cents (3¢) per bushel on all oats that is not later forwarded to terminal elevators at Fort William or Port Arthur, provided that a premium has not already been paid as herein set forth. (It is understood that the premiums to be paid in respect to Clause (*b*) (iii) shall not exceed three cents (3¢) per bushel on any or all oats so ordered, shipped or diverted to these interior terminals.)

(c) (i) On barley shipped or diverted to interior mills three cents (3¢) per bushel on all grades in accordance with arrangements between the companies and the mills, and exclusive of quality premiums as provided in Paragraph 35 of this Agreement.

(ii) On barley shipped or diverted to maltsters or for export two and one-half cents (2½¢) per bushel on all grades.

(iii) On all barley shipped or diverted to Churchill and Prince Rupert one and one-half cents (1½¢) per bushel.

(iv) On barley shipped or diverted to interior government terminal elevators three cents (3¢) per bushel on all tough and damp grades; three cents (3¢) per bushel on all barley carrying sufficient dockage to incur cleaning charges; three cents (3¢) per bushel on all barley that is not later forwarded to terminal elevators at Fort William or Port Arthur, provided that a premium has not already been paid as herein set forth. (It is understood that the premiums to be paid in respect of Clause (c) (iv) shall not exceed three cents (3¢) per bushel on any or all barley so ordered, shipped or diverted to these interior terminals.)

(*d*) If stocks are not reshipped by July 31st, 1960, the Agreement in effect shall remain in force until reshipment is made.

(*e*) The Company shall be entitled to control the destination of a proportionate share of so much of the wheat, oats and barley shipped and diverted at the request of the Board by the Company and others to an interior government elevator as is subsequently forwarded to terminal elevators at Fort William, Port Arthur, Vancouver or New Westminster. Such share shall be the percentage arrived at by dividing the number of bushels shipped and diverted by the Company at the request of the Board to such interior government elevator, by the total number of bushels shipped and diverted at the request of the Board to such interior elevator.

(*f*) Unless otherwise provided for, in the case of wheat, oats and barley being shipped to a destination where Canadian government weights are not applicable, the shipping weights shall be final and an affidavit of such shipping weights shall be furnished upon request.

23. (*a*) If the Board requires shipment to be made to a terminal point or elsewhere where the freight rate is greater than the rate taken care of in the price set out in Schedule "A" the Board will reimburse the Company for any difference in freight rates. In the event of the freight rate being less than the rate taken care of in the price set out in Schedule "A," the Company will reimburse the Board of any difference, basis gross weights in each case.

(b) If during the currency of this Agreement, the basic freight rate applicable to wheat, oats or barley in the designated area is varied, then it is understood and agreed that the street prices referred to in Schedule "A" and herein will be varied accordingly on and after the effective date of the variation in the said rate and

(i) In the event of an increase in the freight rate aforesaid, the Board will reimburse the Company for the difference in freight rates in respect of wheat, oats and barley purchased for the Board and in store in country elevators on the effective date of the variation in the said rate; or

(ii) In the event of a decrease in the said rate, the Company will pay to the Board an amount equal to the reduction in the freight rate per bushel in respect of each bushel of wheat, oats or barley purchased for the Board and in store in country elevators on the effective date of the variation in the said rate.

24. If the Board during the crop year changes the basic price or the spreads between grades as set out in Schedule "A," the Board will accept delivery from the Company of all street wheat, oats and barley received by the Company at the price and spreads on which the Company has based its cash payment.

25. If at any time it needs space in its elevators, the Company, upon giving forty-eight (48) hours written notice to the Board and the producer, shall have the right to ship forward to terminal points any Class "A" wheat, Class "A" oats and Class "A" barley and to demand that the producer shall secure a car or cars according to his turn on the car order book at the Company's discretion.

26. In order to facilitate immediate payment or advance to producers in respect of their wheat, oats and barley deliveries to and received by the Company and designated for the Board, the Company may borrow from its bank on the security of all wheat, oats and barley whether of Class "A" or Class "B" so received by the Company and may give security on such wheat, oats and barley in accordance with the bank's usual requirements, such security in respect of such wheat, oats and barley to be effective only to the extent of the advances actually made in respect of such wheat, oats and barley not exceeding Board prices therefor as fixed by or under the Act, and now set out in the carlot and street price list in Schedule "A" to this agreement, and subject to paragraph 31 hereof, plus transportation charges actually paid out and other charges and allowances authorized by the Board; and the Company shall be and is deemed and declared to be the owner of such wheat, oats and barley for all such purposes and to such extent, and in the case of default by the Company the bank shall sell or dispose of such wheat, oats and barley to the Board only, and the Board agrees to take delivery on the terms of this Agreement from the bank in lieu of the Company, and to pay to the bank the Board's fixed carlot prices for such classes and grades of wheat, oats and barley delivered at Fort William/Port Arthur or Vancouver or such other delivery point as may be authorized by the Board, plus charges and allowances authorized by the Board, and the security shall thereupon cease and the Board shall have clear title to such wheat, oats and barley. Such payment shall be a complete fulfilment of the Board's obligations to the Company in respect thereof as if such payment were made to the Company.

27. (a) The Company will post and keep posted in prominent places in its elevators, in order that they may be readily read by all persons concerned, such notices as the Board may require to facilitate the handling of Board wheat, oats and barley in such elevators.

(b) The Company will post and keep posted in prominent places in its elevators, such notices as may be supplied by the Board for the purpose of notifying producers of delivery quotas in existence from time to time at the delivery point at which an elevator of the Company is situated.

28. The Board will supply all special stationery and forms not usually used in Company's business but necessary for use by the Company in carrying out this Agreement.

29. If the interests of the Company so require, upon two (2) weeks notice in writing to the Board the Company may close any of its said elevators and this Agreement shall not apply to such elevator during such time as it shall remain closed. Before closing date all stocks of Board wheat, oats and barley shall be shipped, unless otherwise arranged with the Board.

30. As part of the Company's remuneration is for carrying wheat, oats and barley in its elevators until transportation is available unless otherwise agreed, and as it is difficult to estimate the damage caused by the Company's default if the Company does not ship Board Class "B" wheat, Class "B" Oats and Class "B" barley in accordance with conditions set out in Paragraphs 10 and 11 of this Agreement, the Company shall not be entitled to payment of the carrying charges accrued and unpaid on this or any other Board Class "B" wheat, Class "B" oats and Class "B" barley the Company may then have in the elevator from which the Company has failed to make such shipment in accordance with the instructions of the Board. This provision is in the nature of liquidated damages and not a penalty but shall not be construed to prevent the Board from obtaining an injunction or any other appropriate remedy in the event of the Company's refusal or neglect to ship wheat, oats and barley in accordance with the instructions of the Board.

31. As prices for grades other than those set out in Schedule "A" are fixed from time to time, the Board will give notice in writing thereof to the Company and thereafter the purchases of wheat, oats and barley of said grades will be carried out in accordance with the said prices and to the same effect as if originally included in Schedule "A". If wheat, oats and barley of a grade not set out in Schedule "A," or in the written notices given from time to time as aforesaid, is offered by a producer to the Company, the Board will upon application of the Company fix a price therefor.

32. The failure on the part of the Company to carry out in unimportant respects the terms of this Agreement, resulting from occasional inadvertence on the part of the Company's employees, shall not be considered a breach of this Agreement.

33. The Board is required by the Act to purchase wheat, oats and barley from producers and to issue to producers certificates authorizing the producer to share in the surplus, if any, distributable by the Board from its wheat, oats and barley operations pursuant to the terms of the said Act, and in order to guard against a violation of the said Act the Company will instruct its agents not to knowingly sell wheat, oats and barley of any grade to farmers or others in wagon or truck loads for re-delivery to the Company's elevator or to some other elevator as the wheat, oats and barley of a producer in order to obtain a Producer's Certificate.

34. The adjusting of grades owned by the Board and in store in terminal elevators shall be arrived at by mutual agreement.

35. The Company may pay or receive a premium for the account of persons other than the Board for a special selection for quality within a grade of oats or barley purchased or sold for the Board.

36. The Company shall instruct its agents not to knowingly receive for the Board's account deliveries of wheat, oats, barley, flaxseed and rye in excess of the delivery quota in effect at the time of delivery, and in every case to record in the permit book of the producer the quantity or quantities so delivered.

37. The Agreement executed by the Company and the Board authorizing the Company to purchase and handle grain for the Board during the crop year 1958-1959, except Paragraphs 9 (*a*) and 20 (*a*) thereof, shall remain in effect in relation to grain purchased pursuant to such Agreement until all such grain has been delivered to the Board.

38. It is understood and agreed by all parties hereto that nothing in this Agreement contained shall be deemed to be a waiver, modification or abandonment of any powers granted to the Board by the Act.

39. This Agreement shall inure respectively to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

IN WITNESS WHEREOF the parties hereto have hereunto caused their corporate seals to be affixed, attested by the hands of their proper officers in that behalf.

DATED at in the Province of

this day of A.D. 19 .

SIGNED, SEALED AND DELIVERED
in the presence of

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Respecting

DELIVERY OF GRAIN BY PRODUCERS TO FEED MILLS

FRIDAY, MAY 27, 1960

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WITNESS:

Mr. D. J. McKinnon, President, Council of Canadian Beef Producers (Western Section)

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OTTAWA, 1960

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AGRICULTURE and COLONIZATION

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Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

CORRIGENDUM

(*English Edition only*)

Minutes of Proceedings and Evidence No. 7, May 23, 1960.

Page 265, 7th line from bottom: delete "$1.55 cents F.O.B. dock" and substitute "less than $1.65 f.o.b. Dauphin".

MINUTES OF PROCEEDINGS

FRIDAY, May 27, 1960.
(13)

The Standing Committee on Agriculture and Colonization met at 9.50 a.m. with Mr. Stanton, the Chairman, presiding.

Members present: Messrs. Belzile, Campbell (*Lambton-Kent*), Doucett, Fane, Forbes, Gundlock, Horner (*Acadia*), Horner (*Jasper-Edson*), Jorgenson, Kindt, McBain, Milligan, Peters, Rapp, Smallwood, Stanton, Tucker and Villeneuve—(18).

In attendance: Mr. D. J. McKinnon, President, Council of Canadian Beef Producers (Western Section).

On behalf of his council which is the co-ordinating body representing all the beef cattle organizations, Mr. McKinnon presented a brief on grain delivery by producers to feed mills.

The Committee questioned Mr. McKinnon on his brief.

The Committee thanked Mr. McKinnon for his presentation.

At 11.00 a.m. the Committee adjourned to the call of the Chair.

Clyde Lyons,
Clerk of the Committee.

23223-1—2

EVIDENCE

FRIDAY, May 27, 1960.

The CHAIRMAN: Gentlemen, kindly come to order. I believe we have a quorum now.

As you know, the house meets today at 11:00, so we shall try to get along as quickly as possible.

I shall ask you to please refrain from asking any questions of Mr. McKinnon until he has finished presenting his brief.

We have with us today Mr. D. J. McKinnon, of the council of Canadian beef producers (western section). He represents all the beef cattle organizations. Without further comment I now ask Mr. McKinnon to present his brief.

Mr. D. J. McKINNON (*Council of Canadian Beef Producers (Western Section)*): Mr. Chairman, and members of the standing committee on agriculture and colonization:

I want to thank you for this opportunity to place before the honourable members of this committee the views of the Canadian council of beef producers in respect of the marketing and movement of feed grain, and the regulations imposed by the wheat board, on the delivery of feed grains by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act.

The council of Canadian beef producers is a national affiliation of regional and provincial beef cattle producer's organizations across Canada. For economy in administration and because of some variance in community of interest, it is divided into eastern and western sections. The eastern section comprising beef cattle producer organizations in Ontario, Quebec and the Maritime provinces, and a parallell western section including the prairie provinces and British Columbia.

For reasons of brevity in this submission we will use the short term "Beef Council" and all reference will be in relation to the Western Section.

The beef council was formed in 1932 and since that time has acted as a coordinating agency on matters confronting the beef cattle industry, common to all the affiliate organizations, or having implications broader than regional or provincial boundaries.

Beef cattle feeding has made tremendous progress during the past thirty years and is now one of our major industries. Supplying the continuous year round demand for quality grain fed beef has become a highly specialized business, and a reliable estimate is that the conversion of feed grains to beef adds 100 million dollars annually to our western economy.

The beef council has remained an intregal part of that development and all regulations affecting the progress of the cattle industry are of vital concern to us. Our primary function is looking after the welfare of beef cattle producers, but we are conscious as well of responsibilities to agriculture generally, and recognize the interlocking of interest between livestock and grain producers.

The subject matter of your inquiry has been of growing concern to our organization ever since the wheat board became the regulatory body in respect to feed grain movement in western Canada, and recently of more concern because of the broader use of feed mills in feedlot operation and the restrictions placed upon them in the purchase of feed grains for processing.

23223-1—2½

We feel that with livestock playing an ever increasing part in our agricultural economy, an inquiry of this nature should also appraise the implications of feed grain regulations on cattle feeding, as cattlemen are faced with the challenge of improving efficiencies and lowering costs to remain competitive in the meat industry.

Recent developments and technological advances in balanced livestock rations require more specialized equipment for processing, blending, mixing and handling of feeds than is practical or economical for small feeders to own, and such outlay is only justified in large feedlots or in feed mills processing for numerous feeder accounts. Various proven feed additives are available only through licensed dealers and mixed in complete feeds by specific formula putting them out of reach of the average feeder except through feed mills.

In eastern Canada feed mills play an important part in livestock feeding operations. The use of complete feeds by the livestock industry in Western Canada remains at a low level compared with the rapid growth as indicated in other livestock producing areas. A report of the Dominion Bureau of Statistics entitled, "The Feeds Industry 1957" bears this out. It shows that the output of all Canadian feed plants in that year 1957 was in excess of two millions tons of which the prairie provinces produced only 107,000 tons or just somewhat over 5%.

The wider use of feed mills in the West has been retarded because of regulations imposed by the Canadian wheat board on all grains marketed in the designated area. Although more local feed mills have been built and brought into operation since the above report—being a time when there was some question of the board's legal authority to regulate quotas on grain delivered to feed mills—this matter has recently been clarified in the courts and the board is now proceeding to exercise its authority, which may result in closure of some mills. Feed mills in eastern Canada are not regulated as to price of feed grain for processing nor restricted by quotas.

As has been pointed out in evidence already heard by this committee there are two types of feed mill operations, one type of operation having an agreement with the wheat board and are required to buy their feed grain supply at board selling prices and issue producer's certificates, all within the quota.

The other type of operation is by local feed mills without agreement with the board, and may acquire feed grain direct from producers at negotiated prices, but are however supposed to keep within producer's authorized quotas and enter the purchase in producer's permit book.

According to the records of the Board there are 182 feed plants operating in the prairie provinces 60 having agreements with the Board and 122 which do not have agreements.

The mills with agreements with the board have petitioned repeatedly for relief from the disadvantage of paying board prices for the grain they process, and all branches of the feed manufactures association have requested that existing regulations be amended so as to permit feed processors to buy feed grain directly from producers free of quota restrictions, and at prevailing prices based on supply and demand, for processing and resale within the province in which it is grown.

Figures are not available as to the volume or price of non board market for feed grain, but tens of millions of bushels have been sold by producers for feeding within their respective provinces. It is known however that only about 3 to 4 million bushels per year are utilized by agreement mills, proving that feeders will not pay the board price of grain even in complete feeds. It also proves that producers seek their own markets for large quantities of feed grain outside authorized quotas.

In order for the board to police and enforce the regulations would necessitate forcing all feed grain through the wheat board and would be very unpopular and uneconomic with producers and feeders alike.

With all grain at board prices there can be no doubt that fewer cattle would be fed in western Canada, resulting in greater volume of feeder cattle exported to the United States to be fattened on United States corn, and western producers would lose a market for a large volume of feed grain annually.

To channel all grain through the wheat board as is presently done with "agreement mills" would raise the cost of processed feeds beyond the economic use in beef cattle feeding operations. This can be readily illustrated using board prices and "going prices" for feed grains and applying them to cost figures obtained from major western feeders.

Table 1

	Oats No. 1 feed	Barley No. 1 feed	Wheat No. 5
Wheat board initial payment to farmer	42¼¢	69½¢	90¼¢
Average price paid to producers by feeder or mill	55¢	75¢	$1.00
Wheat board's selling price	69½¢	87¼¢	$1.37⅝

You will see by the first table the prices that prevail; first of all, the wheat board initial payment to the farmer in the case of oats, 42¼ cents. These figures were as of about the middle of March last. And the average price paid to producers by feeder or mill was 55 cents; while the wheat board's selling price was 69½ cents.

This table indicates a fair relationship between "going prices" received by producers compared to the initial price paid by the board. Producers marketing their grain through cattle have not realized more than board initial price for the grain fed.

Table 2

Profit and loss feeding a 600 lb. steer to 900 lbs., basis spring 1959.

Free Trade		*Wheat Board Basis*	
Cost of steer		Cost of steer	
600 lbs. @ 20c	$120.00	600 lbs. @ 20c	$120.00
*Feed costs 17 × 300	51.00	Feed costs 22 × 300	66.00
Other costs 3 × 300	9.00	Other costs 3 × 300	9.00
	$180.00		$195.00
Selling price		Selling price	
900 lbs. @ 20c	$180.00	900 lbs. @ 20c	$180.00
**(Assuming no margin)		(Assuming no margin)	
Profit	$000.00	Loss	$ 15.00

* Explanation—From calculations made by large feedlot operators, the average cost of 1 lb. of gain is 17¢ for feed, bought at 1.5¢ per lb. Under wheat board prices this cost would be 2¢ per lb., or 22¢ per lb. gain.

**Explanation—Feeders this year have been paying as much or more per pound for feeder cattle as the per pound price of fat cattle, sometimes they have paid more, sometimes less.

Table No. 2 shows profit and loss on feeding a 600 pound steer to 900 pounds, basis spring, 1959. The cost of steer in both cases was 600 pounds times 20 cents, making $120; and the feed cost, at prevailing going prices would come to 17 cents per pound, and with a 300 pound gain, that would be 17 times 300, or $51. The toal cost of the animal at the time of sale is $180; and with

wheat board selling prices on grain at 22 cents a pound, it would come to $66, so your cost for the steer at market rate is $195. The selling price is the same in both cases, and there is no profit.

This was in the spring of 1959, and there was no profit; even at the going prices for grain, that is, at 22 cents per pound on grain which prevailed, there would have been a loss of $15 per animal. You will note that we did not take into consideration any spread in the cost of the steer between the buying and the selling price. It is general experience that only when there is a spread between those two prices is it profitable to feed cattle. Normally there is no profit made on the grain itself.

From the foregoing tables these conclusions may be reached:

1. Board prices may result in a collapse of the beef cattle feeding industry in western Canada and feeder cattle would move in export to the United States to be fed on U.S. feed grains.
2. Grain producers would lose a cash market for an estimated 30 million bushels of feed grain.
3. Prices paid in direct purchase from producers is a fair price obtained on an open market for a product in surplus and does not warrant the charge of feed mills buying at distressed prices.
4. Direct purchase does not interfere with wheat board operations as it would all be drawn from stocks above quota allotments, from storage on farms.

Feed grain trade within the province of production transacted entirely outside control of the wheat board would:

1. Create a wide local market for feed grains.
2. Stabilize feedlot operations and the prices paid to producers for feed grains.
3. Release all storage space for grain moving into interprovincial and export trade.
4. Relieve the wheat board of administrative and inspection expense.

The Gordon report forecasts the need for a 40 per cent increase in Canadian meat requirements in the next twenty years; which means with most pasture land now stocked to capacity any increase in beef supplies will have to be produced from conversion of feed grains into beef, or conversion of grain land into forage production. A wider unrestricted market for feed grains thus developed would appear to be a logical solution to the problems facing producers in the years ahead.

We do not want to be accused of trying to undermine the Canadian wheat board. It is certainly not our intent to do so, however, the actions of many western grain producers in selling grain outside of the board's account proves that they are not wholly in accord with the board becoming the sole selling agency. Statements of farm organizations leaders to the contrary.

Our only concern with the feed mills is that they be privileged to process complete feeds so that little feeders can take full advantage of new and modern techniques in feeding, only possible with the use of modern equipment and knowledge.

We believe the board can best serve prairie grain producers by continuing its control over interprovincial and export trade, exerting all its efforts in seeking new or expanded outlets and let the local feed grain trade seek its own level without interference. Since quota and other regulations are impossible of complete enforcement, as ways and means of circumvention are quite obvious, it would seem logical to abandon them entirely.

The time this commitee has set aside for these hearings testifies to the importance you attach to these problems. We have felt that in making this submission we should cover facts relevant to the beef cattle business and we trust you will find our comments useful in arriving at your conclusions.

Thank you, Mr. Chairman.

The CHAIRMAN: Gentlemen, you have heard the brief by Mr. McKinnon. Are there any questions?

Mr. HORNER (*Acadia*): I notice, Mr. McKinnon, that on the last page you make it quite clear that it is your belief that these quota regulations that the wheat board now intends to enforce—it is your belief that they are going to have a pretty difficult time to enforce them, and it is practically impossible; am I right in that?

Mr. MCKINNON: Yes, I maintain that there are so many means of getting around these regulations, which shows how impracticable they are and how apparently impossible it would be to enforce them completely. And when a regulation is as impracticable as that, and there are so many means of circumvention, I think it generates an attitude towards disrespect for regulations and disregard for them. I think it is an ill-founded premise that regulations of that impracticable nature should be enforced.

Mr. HORNER (*Acadia*): Along that same line: have you any knowledge of what reports the wheat board has? I understand the wheat board gets a more or less daily report of the amount of grain in storage and bought by elevators. What reports does it get from non-agreement mills, for instance?

Mr. MCKINNON: I do not think it gets any. As far as I know, the only way they can determine that is by making inspections periodically of the feed mills and taking from their records what grain they have handled.

Mr. HORNER (*Acadia*): In other words, they would have to make periodical checks on 122 feed mills—on their books—to keep an eye on it?

Mr. MCKINNON: Yes, I would presume they would.

Mr. HORNER (*Acadia*): What effect would sales to feed mills—when I say "feed mills", I mean non-agreement feed mills—have if a producer could make application to the wheat board to sell grain to a feed mill over and above his quota? Would you think that would be satisfactory enough to keep the feed mill in operation?

Mr. MCKINNON: That is rather doubtful, I would think. He would not have any knowledge of continuity of supply, to have the stocks available for orders coming to him.

Mr. HORNER (*Acadia*): That was suggested by Mr. Parker, I think, at a previous meeting of this committee, that a producer could apply, by application to the wheat board, to sell over and above quota to feed mills. He thought that might solve the problem. You do not think it would?

Mr. MCKINNON: I do not think it would be practical. I do not think it would be satisfactory for the feed mill operator, because he would not know at any time how much was available to him.

I cannot see that it would be acceptable to the producer, because on every occasion he wanted to dispose of something over and above the authorized quota, he would have to make application for it.

Mr. HORNER (*Acadia*): It has been suggested by two or three groups who have appeared before the committee, the suggestion for making all mills take out an agreement with the wheat board. Do you think that this would be agreeable at all?

Mr. MCKINNON: In the first instance, that would put all grain producers directly on quota, and they would have to keep within their quota and within their delivery point district; and it would raise the cost of feed grains to livestock feeders by from $5 to $15 per ton. That is the difference in what they can purchase it for.

Mr. HORNER (*Acadia*): You think that, through this, we western producers would lose a market estimated at 30,000,000 bushels a year?

Mr. MCKINNON: I base that on the average export of feeder cattle to the United States over the past five years, which has been somewhat over 400,000 head.

If the cost of feed got beyond the economic use by feeders, then there is another 400,000 or 500,000 head that could possibly be exported; and 400,000 head, each animal utilizing 40 bushels to finish it to proper slaughter condition, would require something in the neighbourhood of 30,000,000 bushels.

Mr. HORNER (*Acadia*): You state on the last page that you have no intention whatsoever of trying to undermine the Canadian wheat board. You say that is certainly not your intent.

Do you think that if the quotas were set free, say for grain moving within the province, this would have any effect of undermining the wheat board?

Mr. MCKINNON: I do not think it would. In fact, I was personally involved in petitioning and organizing groups to petition for the original set-up of the wheat board in the 1930's, and the purpose and intent of utilizing a wheat board at that time was to regulate the sales of export grain particularly. There was no thought at that time of the wheat board becoming involved in trade within a locale. There were not even discussions on trade within a province.

Their original duty was to assist in finding markets for wheat, particularly, at a time when grain sales were through the grain exchange and there was speculation in grain, and so on. That was the use intended for the wheat board, to control and handle export for the producers, basically.

Mr. HORNER (*Acadia*): Just to follow that up: then you have always been an ardent supporter of the Canadian wheat board and want to see it continue in the interprovincial and export trade?

Mr. MCKINNON: I am a supporter, in principle, of the wheat board. I am not in complete accord with all the regulations that they impose.

Mr. HORNER (*Acadia*): But you have always been a believer in the wheat board, ever since its inception?

Mr. MCKINNON: Yes.

Mr. JORGENSON: I have a supplementary question to that, Mr. Chairman. Do you not think you could go even a step further than that—that relaxing regulations to the feed mills would, in effect, facilitate the operations of the wheat board, rather than hinder them?

Mr. MCKINNON: I can see where it would. The administrative cost of regulating all these feed mills would be expensive, and would take up a considerable amount of their time. I think that leaving them free to promote and look for wider markets would probably be to advantage.

Mr. MILLIGAN: Mr. Chairman, I was just wondering if the beef producers feel that the initial price that is paid the farmers for grain in western Canada is too high, in comparison with livestock prices.

Mr. MCKINNON: The initial payment?

Mr. MILLIGAN: Yes.

Mr. MCKINNON: No, not normally. That is about what producers have been paying for grain, and even before the time of these tremendous surpluses livestock men were buying from the producers at the initial price; and in some instances agreeing to pay above that any interim payments that might accrue to the producer. But that was such an involved procedure that it settled down to where the initial payment is the basis, normally, of negotiating with the producer for his grain.

Mr. MILLIGAN: You gave in your brief the wheat board initial payment for barley as 69½ cents; and then you say that the feeders will not pay the board price of grain even in complete feeds.

Mr. MCKINNON: That is referring to the board's selling price. I might go one step further with that. These feed mills that have agreements with the wheat board have not at any time since their existence been a factor in supplying even complete feeds to beef cattle feeders, because of the higher cost involved in the grain supplies that they have put in their feeds.

Mr. MILLIGAN: You do mention that feed mills in eastern Canada are not regulated as to price of feed grain for processing, nor restricted by quotas. I think the board has a wrong impression of the feed mills in eastern Canada, because we are buying most of our grain through the wheat board, and are compelled to buy most of our grain through the wheat board. We cannot buy it from anyone else, because the wheat board has control of imports, and all our mixed feeds that are prepared in eastern Canada are made from western feed grains. We do not use any of our own feeds. I am just wondering how you get that statement.

Mr. MCKINNON: My understanding is that the local feed grains produced in Ontario go through the feed mills and there is no restriction as to price for processing or quotas.

Mr. MILLIGAN: But there is such a small amount of our feed grains produced; much more is produced from western feed grains, and we are tied down to western prices. All it does is, that if you want to go to the feed mill to buy that grain, a middle-man steps in there, which will increase your prices.

Mr. MCKINNON: Mainly because of the planning and organization required to properly process this feed.

Mr. MILLIGAN: Can he not take his grain in and have it mixed?

Mr. MCKINNON: Yes, but that involves a greater expense, normally, than having the charges of what you call the middle-man, the feed mill, in between; because the feed mill already has the grain there and the feeder does not have to go any further than the feed mill. If he has to go and find the feed and arrange to have it hauled to the mill, that is two operations he has to pay for.

Mr. MILLIGAN: I am thinking of us in the east. We all do the same thing. We take it to the mill, buy our concentrates, and pay so much for mixing.

Mr. MCKINNON: Which is not general practice; that is, for the majority of feeders to process their own grain and pay for it. But to completely enforce these regulations to feed mills would involve enforcing the same regulations over the movement of all feed grain.

Mr. MILLIGAN: Certainly it is in support of the wheat board: you think we should control all grains through the wheat board. But if you had this privilege—and agriculture is an industry right across Canada—would there be producers in western Canada support the eastern feed mills with the same privileges that you are asking now of the government, that the eastern feed mills could go to the west, buy and ship the grain down here outside the wheat board?

Mr. MCKINNON: No, that is interprovincial trade. It would involve difficulties, and real difficulties, if this went beyond within provincial boundaries.

Mr. KINDT: Ordinarily, feeders such as those who operate within the board at High River have for a number of years bought directly from the producer. As I understand it, the intent of the wheat board is not to disturb that feeder-farmer relationship in the least, and so our question simmers down to giving that same privilege to the feed mill; that is the point?

Mr. McKINNON: Yes.

Mr. KINDT: Coming back to your question No. 1 on page 4: did you have in mind there just the entire market within a province for feeding purposes, or did you mean just the feed mills?

Mr. McKINNON: The entire feed operation within provinces, in western Canada. As I say, I believe that the wheat board, to really effectively enforce the regulations that they have imposed against feed mills, must control the movement of feed grain from one farm to a feed lot, or from one farm to another, because there is one means of circumvention which is obvious.

Mr. KINDT: You feel that the system should not go on as it is now, where the feeder deals directly with the farmer and leaves the feed mill out?

Mr. McKINNON: I do not just get your question.

Mr. KINDT: As it operates now—

Mr. McKINNON: I might ask this question. You say, as conditions are now.

Mr. KINDT: Yes.

Mr. McKINNON: Do you mean that there is free exchange between the producer and the feed mill?

Mr. KINDT: No, between the producer and the feeder.

Mr. McKINNON: It could go on, yes.

Mr. KINDT: You would agree that under no circumstances do we want to interfere with that arrangement?

Mr. McKINNON: No.

Mr. KINDT: But it is just a question of cutting the feed mills in and lifting board regulations, to permit them to buy outside of quotas?

Mr. McKINNON: Yes. There are two sets of regulations, affecting the two different types of feed mill operation. That is untenable, in so far as the feed mill is concerned. But we are not particularly concerned with them, any more than to curtail the operation of feed mills denies feeders the privilege, the complete privilege, of having their feeds processed and utilizing the feed mill equipment, which is impossible—uneconomical, for each feeder to have on his own accord.

Mr. GUNDLOCK: Mr. McKinnon, you mentioned previously circumvention of the wheat board by feed mills. I presume you meant the small feed mills. As we understand it, larger ones are not able to circumvent the board in any way at the present time; is that correct?

Mr. McKINNON: That is right.

Mr. GUNDLOCK: Listening to the brief of the feed mill association, which are commonly called here the large mills, and so on, they did maintain at that time that the price paid to producers for grain would increase with the competition afforded by their entry into the business, so to speak. And in some cases I think they indicated that it might be more than their initial payment; maybe even as much as the wheat board price.

That seems to be a little ambiguous. According to your figures here, the average price paid for barley was 75 cents, and the wheat board selling price was 87¼ cents. Do you agree that if the large mills enter this field, it will increase the price, not only paid to the producer, but the cost to the feeder, shall we say?

Mr. McKINNON: I think it would equalize. I do not think, in any instance, that the feed grain producers would be subjected to the necessity of selling at distressed prices. There would be wide openings; there would be various outlets.

Mr. GUNDLOCK: You think, then, that the price would be increased to the producer?

Mr. MCKINNON: I think the price would be increased to the producer; and I doubt very much, unless in a period of shortage of feed grains, that the price paid by the feeder for his feed grains would reach the limit of wheat board selling prices.

Mr. GUNDLOCK: Finally—carrying this a little bit further—if the larger mills came into this picture, and the competition increases and the price increases—looking at the figures in this table No. 1—in your own mind, how much of an increase would there be to the grain producer by this added competition? Can you foresee what that would be?

Mr. MCKINNON: I think these prices set out here, the average price paid to producers, the going prices, would be about what it would stabilize at.

Mr. GUNDLOCK: In other words, there would be no increase in these prices set out here?

Mr. MCKINNON: I doubt that there would. It is above the initial payment price. There is another point I should make here, that a further advantage to the producer in accepting these going prices is that normally dockage is not taken into consideration. In any event, the dockage imposed is not as stringent, by feed mills, as it is through elevator companies.

Mr. VILLENEUVE: Mr. Chairman, I am not against the principle of competition: after all, competition is the life of trade. But since the wheat board has jurisdiction over the control, affecting the eastern feeder—I am not taking a selfish attitude, because the figures will bear me out; 65 per cent of the beef sold in Canada last year was produced in the west.

If we have to buy the feed through the wheat board—they have a stated price—and you are allowed to supply your farmers, you say—I am not disproving what you say; I think what you say is factual. But, on the other hand, if the dice are loaded against the fellow in the east, in competition—and it is dwindling that way all the time, as far as this having a reasonable margin on his operations.—I do not know what we are going to do, as far as we are concerned.

Either the law applies to all, or it applies to none. In principle, I say I am in agreement, because I believe competition is the life of trade, without restrictions. But the fact is this, that the three provinces have accepted that as the law. We in the east are not as familiar with it; but, after all, we are directly affected by that law, because we have to abide by the regulations of the wheat board, which channels all that feed. And if it is a higher cost to the feeder out west, certainly it is a higher cost to the feeder in the east.

The situation does not add up. It has got to balance itself; either we abide by the regulations, or we throw them to one side. I have farmers in my community that have land in the west, and they cannot take that grain. And they could profitably take it home to the east and feed it to livestock here; but it has still got to be funnelled through the wheat board—and it is their own grain. So, on the basis of the over-all picture, the regulations as they apply, it is pretty hard to change what the majority of people have accepted as the law.

I do not like mandatory legislation at any time, and I think perhaps the small feed mill has been administered in that manner. But, on the other hand, as it is said, it affects all of Canada. I cannot see where there is much change that can be made.

Mr. MCKINNON: I agree in principle with your premise there. You must also take into consideration, however, that this feed grain movement from

western to eastern Canada is subsidized out of general revenue to the extent of some $24 million a year—so we are helping to finance your feed operations to that extent.

You mentioned that some producers have properties in the west and would like very much to ship their own feed grain down here for their own operations. They would be confronted then with the total freight charges on that feed; there would be no subsidy on it. So it probably would not be to their advantage. Further to the competitive relationship between the livestock man in the east as against the man in the west, the western cattle, of course, have a freight differential between western Canada and eastern Canada to contend with.

We feel it is not going to be a problem for the eastern feeder to continue to be confronted with so great a competition from western cattle, because the outlet for the western cattle is strengthening in the other direction. There will be more moving there. I am mentioning this, not in argument—

Mr. VILLENEUVE: The cycle has been that way for the last three or four years; but that could very easily change in the next two or three.

Mr. PETERS: Mr. Chairman, I was just wondering if the witness is referring, when he said that these irregularities that took place in the wheat board sale of grain in the west now should continue, to where stores, for instance, are selling something to the farmer and in return for that they get grain, and that grain is being channelled by the store itself into the feed market. Is this the type of transaction you are suggesting should continue?

Mr. MCKINNON: I think it is reasonable that a grain producer who wants to dispose of his grain should have the privilege of finding a market for it. I will put it this way: I think they find it imperative that they find some outlet for part of their grain, at least, beyond their quota authorization.

Look at the situation this way. At harvest time the unit quota alloted to all producers, regardless of size of operation, is, practically speaking, 300 bushels—$300 income to a producer at harvest time to defray his harvesting expenses. I do not know whether this is average, but I know in our particular delivery point it is uncommon if we have any further quota before Christmas. That means that from harvesting time until after Christmas, $300 is the grain income from that farm. I think it is quite reasonable to give the opportunity to the producer to dispose of part of his surplus somewhere other than waiting for another quota.

Mr. PETERS: It seems to me that, if this is the attitude, what we are saying is that if we are going to open the door on one aspect, why should we not take the grains other than export grain out from under the wheat board and allow these to find a market. And then probably everybody would be able to take advantage of it.

But it would seem rather unfair, if what you are suggesting is that within a province, in a particular area in the west, grain can be bought outside the wheat board, and that the other producers across the country are going to have to buy through the wheat board. This immediately eliminates any value, I would think, that there would be in the wheat board.

As I see it, the need for having the wheat board originally was so that the producer could maintain a uniform price and that there could be control from price-cutting and the other faults that had developed in the grain exchange.

I would seem to me that if you allow it for beef producers, or feed mills, you should have some equality and allow the same advantages to other people.

If this is what you are suggesting, I think it should be stated much more definitely, because what it is is this; it is giving an advantage to one group of people, where it cannot possibly be given to the other people.

Mr. McKINNON: I can see your point on the unfairness which is apparent between the situation in western Canada and that in eastern Canada. But I am at a loss to determine how it could be equitably distributed if we allowed for inter-provincial movement of grain.

Mr. PETERS: Is it not possible that there would still be competition in feeds in western Canada, if the basic price of the ingredients, particularly the grain ingredients, are the same?

Mr. HORNER (*Acadia*): They are not.

Mr. McKINNON: That is what we are hoping for.

Mr. PETER: If the grains themselves—there are other additives to the finished feed, no doubt—but if the grain itself is bought at unit prices, will there still not be competition within the feed industry itself?

Mr. McKINNON: That would be at uniform prices, as set out by the wheat board, that fixes the cost of the feed.

Mr. PETERS: Of the grain?

Mr. McKINNON: If utilized on another agricultural commodity that is very flexible in price.

Mr. HORNER (*Jasper-Edson*): Mr. Chairman, Mr. McKinnon, there seems to be some misapprehension by some of our eastern colleagues in this regard. Do you not agree, Mr. McKinnon, that over the past 25 years, when we did not have any regulation on these feed mills, that there has been a lot of cheap grain fed in the west, and that an open market within a province—and I think we should stress that, because the people of the east have an open market within their provinces for grain that they grow locally, and there are no regulations at all in Ontario concerning the grain you grow in Ontario, and you grow a considerable amount of grain. In the west, during that 25 years, there has been no regulation, and the thing has been confused and mixed up, and we have had a lot of distress selling in the west previously.

I suggest to you, Mr. McKinnon, the producer will receive from the feed mills a comparable price to that which he would receive from the wheat board, on an open market within a province, and that this would stabilize prices, not only in the east, but within the province itself, and prices would be more equalized across the country. I cannot see it would do anything else.

Mr. McKINNON: That is what I tried to set out here a while ago.

Mr. DOUCETT: Mr. Chairman, at the outset I might say I am all for what is the best for the agriculturalist; and I realize some of the problems, both in the west and the east. But as I understand this, at the present time, a feeder out there can buy his feed, such as you have mentioned, is that right?

Mr. McKINNON: That is right.

Mr. BOURGET: Is there any danger of that condition changing?

Mr. McKINNON: What I say is this, that if they are going to enforce the regulations in respect to feed mills—if they are going to enforce them, then they have got to enforce them on the movement of grain from feeder to feed lot, or from producer to feed lot.

Mr. DOUCETT: In other words, they have already some regulations that are not being enforced?

Mr. McKINNON: Yes.

Mr. DOUCETT: And if they are enforced it is going to jeopardize the feeder?

Mr. McKINNON: Yes, if they make the regulations stringent enough to enforce them.

Mr. DOUCETT: Could you give me an approximate figure of the amount of feed; or is there such a thing as a quality of feed within the province that is not fit or is not profitable to market outside, such as you have sent to the east for feeding?

Mr. MCKINNON: I have no figures on that.

Mr. DOUCETT: There is a quantity of that?

Mr. MCKINNON: Yes.

Mr. DOUCETT: That should be on free exchange; that could be purchased without regulations, I would think.

Mr. VILLENEUVE: You could have a condition in grain, where you either grind it up and feed it in a hurry, or it is not going to have much value. That is like the situation in the local mill. I know that happens in the east, where grain that is normally thrashed is not in a good enough condition to thrash it; and, as a result, if it is put through and fed you get some value out of it, whereas, if you leave it there, it will mould and everything else. Certainly, you perhaps have more pronounced conditions of that in the west than in the east?

Mr. MCKINNON: Yes, but I do not know to what extent that is so. I could not put a figure to the volume of it.

Mr. DOUCETT: Just one more question: If the farmer could not dispose of his grain such as you have requested, or if the feeder could not buy it, or the mills, it is quite likely there would be quite a loss to the producer?

Mr. MCKINNON: Yes, I think that is right.

Mr. GUNDLOCK: I would like to point out to the committee—and this concerns my constituency, being an irrigated constituency—there are many, what we might call, smaller farmers growing specialized crops, such as sugar beets, canning crops, and so on; and it is not economically feasible for them to grow the grain they need for the winter operation of feeding livestock. So, really, that small mill, in particular, lends a great service to the irrigated community and those small farmers who cannot economically grow their own feed and have the suitable equipment. It really is a service to them.

Mr. HORNER (*Acadia*): If I understand Mr. McKinnon right, the wheat board has now sent out notice to the non-agreement feed mills stating that they will have to comply with the quotas—

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): —and it is your belief that if the wheat board expects to enforce this quota regulation on the non-agreement mills, it will also have, by one way or another, through filing suit with the provincial acts, to curtail the marketing of grain to machine dealers and implement dealers?

Mr. MCKINNON: Yes, to completely enforce the regulations, because of the means left over for circumvention. They will have to enforce it completely.

Mr. HORNER (*Acadia*): They will have to go all the way?

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): And if they did not stop this provincial trade to machine dealers, there would be no advantage gained. Like presently in western Canada, even outside the feed mill, a feeder can buy grain from a machine dealer at below wheat board cost?

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): To some extent, he might have an advantage over an eastern feeder, by doing this?

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): But if the wheat board turned this market wide open and said, "The feed mills will now compete with the machine dealer" it would have the tendency to make prices competitive?

Mr. MCKINNON: Yes, it would stabilize the price paid to the producer.

Mr. HORNER (*Acadia*): In other words, it would tend to put the feeder in western Canada at a more disadvantageous position than the eastern?

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): And not enhance his position?

Mr. MCKINNON: Yes, his feeds could cost him more.

Mr. HORNER (*Acadia*): His feeds could cost him more than they do now on some occasions?

Mr. MCKINNON: Yes, they could do. There is a statement I should make in respect to the position of the eastern situation. You say there is not very much locally grown grain that is diverted through the feed mills. My information is, and representations have been made to us in western Canada by the cattlemen in Ontario to help them in continuing the availability of western grain for eastern feeding, because the grain producers in Ontario are concerned about competition of western grains, their coming down here to take their market.

The Ontario grain producers have petitioned or made representations to have curtailed the movement of western grain to eastern feeders, because it is interfering with their business.

Mr. HORNER (*Acadia*): Mr. McKinnon, on page 2 you stated:

> Various proven feed additives are available only through licensed dealers and mixed in complete feeds by specific formula, putting them out of reach of the average feeder, except through feed mills.

You believe this will be taken away, this advantage to purchase these balanced rations will be taken away from the small farmer because the quotas will eventually close down some feed mills?

Mr. MCKINNON: Yes, that is the intent of that statement.

Mr. HORNER (*Acadia*): You feel that if the quotas are enforced, they will eventually drive some small feed mills out of business?

Mr. MCKINNON: Yes, I think they would.

Mr. HORNER (*Acadia*): On that same page you make it quite clear that this matter of quotas on the small feed mills has recently been clarified in the courts?

Mr. MCKINNON: Yes.

Mr. HORNER (*Acadia*): And now, only this spring, the board is going to set out to change the quotas. Up to this time they have not made an effort to enforce them.

Mr. MCKINNON: During the last three years, I think—in fact, the operation of the smaller feed mills has just come into common use during the last five or six years—there was some debate, a difference of opinion as to whether or not these regulations applied to these feed mills at a time they were operating without adhering to these quota regulations. Only about three years ago there were two mills brought before the courts, as trial cases, to determine whether the board had legal authority to enforce these regulations; and the courts have recently determined it is within the jurisdiction of the wheat board, within their province, to enforce these regulations. Now they have given notice that they are going to enforce them, pertaining to these feed mills. Basically, the feed mills have been operating outside these regulations for three or four years.

Mr. PETERS: What has happened as a result of that? First, what has the producer received in relation to the wheat board price for grain that he sold to a feed mill; and, secondly, did the feed producer get some advantage out of this lower cost of grain? In Ontario you can buy from one feed mill or another, and at a standard price for concentrated feed.

Mr. MCKINNON: If the regulations had been enforced there would still be a difference—the regulations, as they are set out. If they were enforced, there would still be a difference in the price of the product, as between agreement mills and non-agreement mills. One is regulated as to price and quota; and the other, only as to quota, so there could be some difference.

Mr. PETERS: Could you give an indication how much it has been?

Mr. MCKINNON: It could have been the difference between the going price paid and the set price of the board.

Mr. PETERS: I am just wondering what it has been. Has there been any advantage gained out of this? You are in the feed producing business. Does it pay you to buy feed? Have you had an advantage in buying feed from a mill which was buying without the quota basis? You said you buy concentrated feeds?

Mr. MCKINNON: There is an advantage in buying from the mills that are not regulated as to price of the grain, because they can buy at negotiated prices, whereas the other mills have to pay the board price, so it has been an advantage to buy from local feed mills. The other advantage to me—other than direct purchase by me—as a feeder is that I do not have to go and look for that grain, but just go to the feed mill, without making a search to see where it is obtainable.

Mr. JORGENSON: Several points that I intended to raise have been partly covered by Mr. Horner. There seems to be a feeling among some of the members—particularly those from the east—that what is going to happen, if the regulations are to be relaxed, is that immediately there will be provided an opportunity for western feeders to buy grain at much lower prices than they are now receiving. I think the reverse is quite true, is it not?

Mr. MCKINNON: Yes.

Mr. JORGENSON: Rather than prices going down, it is likely that they are going to go up; and, in fact, it is almost a certainty?

Mr. MCKINNON: Yes.

Mr. JORGENSON: That will place the western feeder at a disadvantage?

Mr. MCKINNON: It will narrow the conditions between the feeder in the east and the feeder in the west.

Mr. JORGENSON: That will be the effect—

Mr. PETERS: What makes you say that; why would they go up?

Mr. JORGENSON: Mr. Peters, who has a capacity for interjecting, happens to be here for the first time today. This is his first time at one of these meetings, and we have been following the rules and everybody has been asking questions in order.

I would just like to say that if he had been here when Mr. Brownlee presented his brief, he would have had the answer to that question. It is only natural, if you have more buyers in the field, prices have a tendency to go up.

The point I want to make is—and I want to know if you will agree with this, Mr. McKinnon: By allowing the feed manufacturers who are now buying through the wheat board to buy an open quota, such as the feed mills, they would have a tendency to increase the price. Most of the distress buying in my opinion, is being done by appliance dealers, implement dealers and even car dealers, who are in the advantageous position of dealing with the farmer,

because the farmer invariably comes to him, and they pretty well determine the price. By increasing the competition, and permitting feed manufacturers to come into this field, would not there be a tendency that a lot of this distress buying being done by T.V. appliance dealers, etc., will be removed?

Mr. McKINNON: I think it would open the outlet available to feed producers to dispose of the amount they want to, particularly at times when there was no quota available to them, while they were waiting for a quota. They could sell it for cash to a feed mill, whereas to an implement dealer they have to trade it.

The distress prices are not where feed mills or implement dealers or feed lot operators have gone out and hammered down the price. The distress selling has been where feed producers find themselves in difficult circumstances, and have to raise some cash. They go here and there, and wherever they can find somebody to buy it; that is, they have to sell it where they can get that cash. If there are no restrictions and they can go to feed mill, if he will not give them the price, a comparable price to what another one will give them, or a feeder, he has the privilege of shopping around to see who will pay him the best price.

Mr. JORGENSON: Is it not also true, to make sure we have this clear on the record, that the regulations that exist today, as they apply to the rural custom feed mills, that is the non-agreement mills, have no bearing whatsoever on the price? That is, there is no wheat board price established?

Mr. McKINNON: That is right.

Mr. JORGENSON: The only regulation is that which applies to quota, and feed mills are free today—and have been ever since the wheat board was put into effect—to negotiate price with the producer of grain?

Mr. McKINNON: Yes.

Mr. SMALLWOOD: Mr. McKinnon, in the brief, all you are asking is that the farmer will pay the same price as the wheat board pays; but he will pay the selling price of the wheat board?

Mr. McKINNON: I would not go so far as to say it would be regulated that way, that he would pay the initial price the wheat board paid; but the price that will become common will have a fair relationship to that. I think, in general, supply and demand will establish a price that bears a fair relationship to that.

Mr. SMALLWOOD: The mills have been operating for the last five years, might we say, illegally according to the wheat board, and we have seen no great effect on the feeders in eastern Canada or in western Canada. However, if we do not do something to make this legal, I think these 122 feed mills which have an investment of $50,000 or $60,000 will not go out of business. They will go out and buy an acreage and become feeders.

Mr. McKINNON: That is quite possible.

Mr. SMALLWOOD: They will feed cattle by the thousands. I know one which is doing it today, and another is just about to do it. That will have a good effect on the small farmer in western Canada, as well as eastern Canada.

Mr. McKINNON: I think it would. As you say, they have an investment and they are going to take steps, by one means or another, to circumvent these regulations which apply to them. The means of circumvention are so obvious that it is almost impossible to enforce the regulations. He can either go into the feed lot business himself and buy grain for his own feed lot, or he can also take in outside cattle not belonging to him; and in effect it would mean he would be buying the grain and selling it to someone else.

The CHAIRMAN: Gentlemen, it has been drawn to my attention that we do not have a quorum. We will have to adjourn.

Mr. MILLIGAN: There are just one or two questions I would like to ask.

The CHAIRMAN: Would you like to continue on this afternoon?

Mr. JORGENSON: I think this subject has been covered pretty well.

Mr. MILLIGAN: There has been quite a lot of argument here about increasing the sales. As I understand it, the feed mills and farmers have been buying this grain for a number of years and the reason for this protection is because the wheat board is shutting down on it. It has been going on. How is it going to increase it?

The CHAIRMAN: Gentlemen, we will have to close the meeting. Do you want to have a meeting this afternoon?

Mr. HORNER (*Acadia*): I think we have thrashed this out enough.

The CHAIRMAN: All right. We will adjourn.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

Including Second Report to the House
respecting
Delivery of Grain by Producers to Feed Mills

Report of the Canadian Wheat Board for the Crop Year 1958-59

THURSDAY, JUNE 30, 1960

RECEIVED
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WITNESSES:

From *the Canadian Wheat Board:* Mr. W. C. McNamara, Chief Commissioner; Mr. W. E. Robertson, Commissioner; Mr. J. T. Dallas, Commissioner; Mr. C. E. G. Earl, Comptroller and Mr. D. H. Treleaven, Secretary.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23221-5—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

Argue,
Badanai,
Barrington,
Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Clancy,
Cooper,
Danforth,
Doucett,
Dubois,
Dupuis,
Fane,
Forbes,
Forgie,
Godin,
Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
Kindt,
Knowles,
Korchinski,
Lahaye,
Leduc,
Létourneau,
McBain,
McIntosh,
Michaud,
Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rogers,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, June 23, 1960.

Ordered,—That the Annual Report of the Canadian Wheat Board for the crop year ended July 31, 1959, which was tabled on February 10, 1960, and the Report of the Board of Grain Commissioners for 1959, which was tabled on May 2, 1960, and the Supplementary Report of the Canadian Wheat Board on the 1958-59 Pool Accounts for Wheat, Oats and Barley, tabled today, be referred to the Standing Committee on Agriculture and Colonization.

THURSDAY, June 30, 1960.

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

THURSDAY, June 30, 1960.

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

Attest

L. J. RAYMOND,
Clerk of the House.

23221-5—1½

REPORT TO THE HOUSE

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

Second Report

On March 29, 1960, the Committee was empowered to examine and enquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act, and to report to the House observations and proposals thereon.

During the consideration of the above-mentioned Order of Reference, this Committee has held 14 sittings and heard evidence on the subject from the following:

1. The Canadian What Board
2. The Board of Grain Commissioners
3. Alberta Wheat Pool
4. Rural Custom Feed Mills
5. Interprovincial Farm Union Council
6. Canadian Feed Manufacturers' Association
7. Saskatchewan Wheat Pool
8. United Grain Growers
9. Council of Canadian Beef Producers (Western Section)

Your Committee wishes to express its appreciation for the information and assistance tendered by the various witnesses.

The Committee finds that:—

1. The feeds industry is an integral and essential part of the livestock industry and feed mills perform necessary social and economic services, expansion of which in the Prairie Provinces is desirable in the interests of economical and efficient production of livestock and poultry and the products thereof.
2. The feeds industry has grown, and aided the general prosperity of local regions under a system of flexibility and the Committee finds that too much inflexibility in the allocation of quotas to feed mills is not in the best interest of either the producer or consumer of grains for feed. We, therefore, recommend that the former practice be continued.
3. Evidence was presented to the Committee that apparent discrimination exists between agreement and non-agreement mills and the Committee recommends that this situation be studied in order to maintain a fair position between these two types of mills.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, June 24, 1960.
(14)

The Standing Committee on Agriculture and Colonization met, *in camera,* at 9.40 a.m. this day. The Chairman, Mr. Stanton, presided.

Members present: Messrs. Brunsden, Cadieu, Campbell (*Lambton-Kent*), Doucett, Fane, Forbes, Forgie, Henderson, Hicks, Horner (*Acadia*), Horner (*Jasper-Edson*), Korchinski, McIntosh, Pascoe, Rapp, Regnier, Smallwood, Southam, Stanton and Tucker.—20

The sub-committee on agenda and procedure presented a draft report on the Order of Reference: Grain delivery by producers to feed mills.

The Committee made a few amendments in the wording of the draft report.

The report, as amended, was adopted unanimously.

The Chairman was ordered to present it to the house as its second report.

The Chairman announced that the Annual Reports of the Canadian Wheat Board and the Board of Grain Commissioners would be before the Committee on Thursday, June 30th aond Friday, July 1st.

At 10.10 a.m. the Committee adjourned until Thursday, June 30th at 9.30 a.m.

Clyde Lyons,
Clerk of the Committee.

THURSDAY, June 30, 1960.
(15)

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boulanger, Campbell (*Lambton-Kent*), Cooper, Doucett, Fane, Forbes, Gundlock, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Knowles, Korchinski, McIntosh, Milligan, Nasserden, Noble, Pascoe, Rapp, Smallwood, Smith (*Lincoln*), Southam and Stanton.—25

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

Mr. Argue brought up the subject of advising all farm organizations regarding the appearance of the Canadian Wheat Board and the Board of Grain Commissioners before the Committee so that, if they desired, they could present briefs.

After a lengthy discussion as to whether the Order of Reference covered this.

The Chairman advised the Committee that he would give his decision at the next meeting.

The Chairman asked the co-operation of the members in concluding the Order of Reference before the week-end. The Committee agreed.

The members received a copy of

1. the Report of the Canadian Wheat Board—Crop year 1958-1959;
2. Supplementary Report of The Canadian Wheat Board on the 1958-1959 Wheat Account, 1958-1959 Oats Account, and 1958-1959 Barley Account.

The Clerk of the Committee read the Order of Reference.

The Chairman then called on Mr. McNamara to introduce his delegation.

Mr. Earl proceeded to read parts of the Report of the Canadian Wheat Board—Crop Year 1958-1959 and Mr. McNamara and Mr. Dallas answered questions thereon.

At 11.00 a.m. the Committee adjourned, until 3.00 p.m.

AFTERNOON SITTING
(16)

The Committee resumed at 3.05 p.m. Mr. Hayden Stanton, the Chairman, presided.

Members present: Messrs. Argue, Boulanger, Brunsden, Dubois, Clancy, Cooper, Danforth, Fane, Forbes, Gundlock, Korchinski, Howe, McBain, Milligan, Nasserden, Pascoe, Peters, Phillips, Racine, Rapp, Southam, Stanton and Villeneuve.—23

In attendance: Same as at the morning sitting.

The Chairman expressed his decision on the question raised by Mr. Argue at the morning meeting.

Whereupon Mr. Argue moved, seconded by Mr. Peters,

"That the western farm organizations be invited to give evidence before this Committee on the question of grain marketing and related problems."

The motion being put, Mr. Argue requested a recorded vote.

The motion was negatived, 12 to 5, on the following division: YEAS: Messrs. Argue, Boulanger, Nasserden, Peters and Racine (5); NAYS: Messrs. Brunsden, Dubois, Fane, Forbes, Gundlock, Howe, Korchinski, McBain, Milligan, Pascoe, Rapp, Southam and Villeneuve. (12)

The Committee continued the examination of the officials of the Canadian Wheat Board.

The following sections, Part I of the Report of the Canadian Wheat Board were approved:

1. General Comment—Crop Year 1958-59
2. Crop Development and Supplies
3. Legislation
4. Transportation
5. Delivery Quotas.

Agreed,—That the following be made appendices to the Minutes of Proceedings and Evidence:

1. Canadian Wheat Board regulation re allocation of railway cars. (*Appendix "A"*)
2. Canadian Wheat Board Instructions to the Trade. (*Appendix "B"*)
3. Canadian Wheat Board Instructions to the Trade, No. 3. (*Appendix "C"*)

On Section Six of Part I of the Report Mr. Clancy requested the individual amounts paid to elevators for storage. The Committee was told this was privileged information. The Committee felt however the information should be revealed and the Canadian Wheat Board agreed to supply it in time to be made an appendix to the proceedings. (*See Appendix "D"* Issue No. 10.)

At 4.30 o'clock, absence of a quorum being observed by Mr. Argue, the Chairman adjourned the meeting until 8.00 o'clock in the evening.

EVENING SITTING
(17)

The Committee resumed at 8.00 p.m. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Barrington, Clancy, Cooper, Doucett, Fane, Forbes, Gundlock, Hales, Henderson, Hicks, Howe, Korchinski, Nasserden, Noble, Pascoe, Peters, Racine, Rapp, Rogers, Smith (*Lincoln*), Southam, Stanton and Villeneuve.—24

In attendance: Same as at the morning sitting.

Mr. Korchinski read into the evidence Citation 288 of Annotations, Comments and Precedents from Beauchesne's Parliamentary Rules and Forms, Fourth Edition, to show the action which could be taken when the number of members present fell below a quorum.

The examination of the officials of the Canadian Wheat Board still continuing, Section 6, Handling Agreement, of Part I of the Report of the Canadian Wheat Board—Crop Year 1958-59 was approved.

At 10.00 p.m. the Committee adjourned until Friday, July 1st at 9.30 a.m. Friday, July 1, 1960.

Clyde Lyons,
Clerk of the Committee.

EVIDENCE

THURSDAY, June 30, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, if you will please come to order. I believe we have a quorum now. If you like we will have the clerk read the order of reference, or should we take it as read?

Mr. ARGUE: Let us take it as read.

Mr. HORNER (*Acadia*): What was your question?

The CHAIRMAN: Would you like me to have the clerk read the order of reference or will we accept it as read?

Some Hon. MEMBERS: Accepted as read.

The CHAIRMAN: I might say that we are very pleased to have Mr. McNamara and the other gentlemen from the wheat board with us today.

Mr. ARGUE: Mr. Chairman, before we proceed—this will be in the way of an inquiry as to what you have in mind, or what you may have already arranged—I would like to say that, at the time the wheat board report is put before this committee by the House of Commons, on previous occasions it has been customary to invite or to inform the farm organizations that this is being presented. It has been made clear to them that they have the right, if they care to, to come here and state their positions as far as the grain situation is concerned. I do not know if any such invitation or any such notice has yet gone out to these farm organizations, but I would like to suggest at this time—I do not wish to make it in the form of a formal motion because I do not think that is necessary—that if you have not already done so, you immediately contact the farm organizations in western Canada, and particularly, I suggest you contact the liaison committee, as it is now known, to see whether or not they wish to present their proposals to this committee in respect of alternative acreage payments, or something else in that line.

Since this precedent has already been established over many years in respect to these organizations having the indisputable right to appear before this committee at this time and present their ideas in respect of the general grain situation, I think this procedure should be followed. I think this is even more necessary now than it has ever been because of the mess we are in and the blockage that has resulted in negotiations in respect of some further increase in the income of the western grain producers.

I think this committee at this time, by hearing the representations of the farm organizations, would perform a very useful function both to the administration and to the farm organizations. I suggest that it is very much in order that they make such representations, if they care to. I have no personal idea whether they want to come or not, but I think they should come, and I think it is their duty to come, and I would express the hope that they will come. I think it is very much in order that we invite them, because we are dealing with the wheat board's annual report for the year just concluded. We know precisely what the farmers are getting by way of return for that crop year, and I think that this points up, once again, the grain situation in this country, and that there must be a supplement to the farmers' income.

My question is, has this been done; and if it has not been done, I would make the request that you immediately inform the heads of the Canadian federation of agriculture, the wheat pools, and the farmers union extending

the invitation to them to come and appear before this committee to present their representations in respect of the grain situation.

The CHAIRMAN: Gentlemen, before we proceed I would like to continue with my opening remarks and then we will proceed.

We have booked three meetings for today. We know now that the house will rise at 1 p.m. tomorrow. Therefore, we will have four meetings before the weekend. The wheat board has been before us previously this session. I would ask for your earnest cooperation. I would like to clean up our order of reference in the time we have in order that these busy men can return to their own duties. I know you will agree with me it may be necessary for me to interrupt members at times just so that we can get this important work completed. I thank you and ask you for your cooperation during these meetings.

Mr. HORNER (*Acadia*): I suggest, before any action be taken along the lines suggested by Mr. Argue, that it might be better for you to go ahead and read the terms of reference rather than move on any such suggestion. I remember that at this time last year the president of the interprovincial farm union was here while we were examining the wheat board and the board of grain commissioners. At that time he presented no brief. He sat in and witnessed the presentation of these financial statements and yearly statements of these two organizations. I think it all boils down to this, that if we are going to call the farm unions here to make representations concerning the yearly statements we have before us, then the members from western Canada might just as well throw in the towel and suggest that the farm unions take over our work.

Mr. ARGUE: That is fine.

Mr. HORNER (*Acadia*): Mr. Argue suggests that maybe we should do that. Maybe at the next election the farmers will decide whether they want the farm union people or us to represent them.

Mr. ARGUE: You are not representing the western farmers down here.

Mr. HORNER (*Acadia*): That is a downright lie. You sold the farmers down the river by joining up with labour.

Mr. ARGUE: Mr. Chairman, I rise on a point of order.

Mr. SMALLWOOD: You do not have a point of order. You started all this.

Mr. ARGUE: Mr. Chairman, I rise on a point of order. My point of order is that Mr. Horner said that a statement of mine was a downright lie. Mr. Chairman, that clearly is out of order and is unbecoming to a member of parliament. It is a well known fact that one cannot in a committee say something that is unparliamentary in the house. In other words the rules in the committee are the same as those in the house. I would ask you to ask the hon. member to withdraw that most unparliamentary statement which I think, on reflection, he will agree should not have been made.

Mr. HORNER (*Acadia*): I rise on a point of privilege. The hon. member for Assiniboia suggested that I, along with other western members, was not representing the western farmers down here. I said that was an outright lie and under no rule of this house will I withdraw that statement until he withdraws his first statement that I was not representing my farmers down here. I make that quite clear to you, as chairman of this committee, that under no circumstances will I withdraw the statement I made until he first withdraws the one he made.

The CHAIRMAN: I think if the hon. member for Acadia called another hon. member a liar I shall have to ask that it be withdrawn.

Mr. SMALLWOOD: He is.

Mr. HORNER (*Acadia*): I said the statement was an outright lie and I will not withdraw that. He claimed I was not representing my people down here.

The CHAIRMAN: I think it has been cleared up now.

Mr. ARGUE: I am asking if it is in order for a member to call another member a liar.

The CHAIRMAN: He withdraws it.

Mr. HORNER (*Acadia*): I have not withdrawn anything.

An Hon. MEMBER: He did not call you a liar.

Mr. ARGUE: He said the statement I made was a downright lie and I ask you Mr. Chairman to enforce the rules of procedure.

Mr. Chairman, I do not think that this government and the members of it have yet become so arrogant that a member can flout the long standing rules of this house. I think it is a disgrace to the members of parliament and this government, and to the Prime Minister, and to you as chairman, that a member—

The CHAIRMAN: Order.

Mr. ARGUE: —should make a statement such as this and that you have not immediately asked for a withdrawal. Once again I ask you to ask the hon. member to withdraw a most unbecoming and clearly an unparliamentary statement.

Mr. SMALLWOOD: What about some of the statements your members make in the house?

The CHAIRMAN: Gentlemen, if Mr. Horner states he did not call the hon. member a liar, I think that is a withdrawal.

Mr. ARGUE: No, Mr. Chairman, he said a statement I made was a downright lie.

Mr. HORNER (*Acadia*): It was.

Mr. SMALLWOOD: It was.

Mr. ARGUE: He said he is not prepared to withdraw that statement. I say that clearly is an unparliamentary statement and that you, in your position as chairman, should ask him to withdraw it. I think as a member of this committee and this house that this statement should be withdrawn.

Mr. FORBES: You deliberately misrepresented the facts.

Mr. ARGUE: There it is again.

Mr. FORBES: You said we did not represent the farmers of western Canada. That is a misrepresentation of the facts.

The CHAIRMAN: Order, gentlemen. I would make the suggestion that both hon. members, Mr. Argue and Mr. Horner, withdraw the two statements.

Mr. ARGUE: All right. I am waiting for two withdrawals now.

Mr. HORNER (*Acadia*): I am waiting for one withdrawal, from you.

The CHAIRMAN: Is it satisfactory to the two hon. members if they both withdraw their statements—Mr. Argue and Mr. Horner.

An Hon. MEMBER: Call the cops.

Mr. ARGUE: Mr. Chairman, the statement I made is, in my view, in no way unparliamentary whatsoever.

Mr. HORNER (*Acadia*): Mr. Chairman, he reflected upon the duties of hon. members of this committee. He stated, in effect, that we were not doing our duty.

Mr. ARGUE: To the farmers.

Mr. HORNER (*Acadia*): And on our honesty.

Mr. ARGUE: Mr. Chairman, I did not reflect on the honesty of the hon. gentleman.

Mr. MCINTOSH: Mr. Chairman, you have asked the two members of the committee to withdraw their statements. If they are not going to do it, there is no need of our sitting here. You did ask them to withdraw.

The CHAIRMAN: Yes.

Mr. RAPP: On a point of privilege, the gentlemen of the Canadian wheat board have been asked to come here and we have started off on the wrong foot. I would like you, Mr. Chairman, to strike out whatever has been said up to this point and not put it on the record and that we go on with our job.

Mr. ARGUE: That also is out of order, to delete the record. I do not believe the member for Humboldt-Melfort would want the record mutilated. I hope you will not entertain the suggestion that the records of this committee be mutilated.

Mr. RAPP: Up until this point.

The CHAIRMAN: We are getting off to a bad start. I would suggest that Mr. Argue and Mr. Horner withdraw their two remarks.

Mr. ARGUE: I would like to know what statement which, in your view, is unparliamentary, because I feel quite frankly nothing I said in any way was unparliamentary whatsoever. I am now waiting for you to tell me what was unparliamentary.

The CHAIRMAN: More or less insinuating that the members were not doing their duty down here.

Mr. ARGUE: If that is the remark, I will withdraw it.

Mr. HORNER (*Acadia*): You stated I was not representing my farmers.

The CHAIRMAN: Mr. Argue has withdrawn his remark.

Mr. HORNER (*Acadia*): I want to be absolutely clear that he withdraws what I want him to, before I withdraw what I said. I want him to admit to you that he withdraws wholly his statement of reflection upon myself and other members from western Canada not representing their farmers.

Mr. ARGUE: Mr. Chairman, on a point of order, you indicated to me the part of the statement I had made that you felt might be better withdrawn. I said that if that is the interpretation of the remark I made, or what you say I made, I am quite prepared to withdraw it; but, Mr. Chairman, I resent this ultimatum from Mr. Horner. He cannot browbeat me around.

Mr. HORNER (*Acadia*): You cannot browbeat me either.

Mr. ARGUE: Even with all the hordes he has behind him and the tremendous majority—

Mr. HORNER (*Acadia*): I do not need any hordes behind me.

Mr. ARGUE: —of hon. members. This is an example of the supreme arrogance of this government, and is a reason they are losing the confidence of the country.

The CHAIRMAN: Mr. Argue has withdrawn his statement.

An Hon. MEMBER: No.

An Hon. MEMBER: He has not.

Mr. MCINTOSH: He has all the headlines he wants now.

An Hon. MEMBER: This member has done nothing this morning but get headlines in the paper.

Mr. SMALLWOOD: You expect the farmers union to look after you now. I represent the farmers in my community. You started this ball rolling this morning.

The CHAIRMAN: If we cannot get going I will have to adjourn the meeting.

Mr. GUNDLOCK: I think that is a good idea.

Mr. ARGUE: Will the Conservative members who have made these unparliamentary statements now have the same ruling applied to them which has been applied to the opposition members.

The CHAIRMAN: I am quite sure all the members will withdraw all the unparliamentary statements they have made, and we will get on with our business.

Mr. ARGUE: But Mr. Horner has not withdrawn his.

The CHAIRMAN: Order, gentlemen; order. I think Mr. Horner will, and Mr. Argue has. I have asked him to withdraw his statement, that members were not representing their constituents. He has withdrawn that. I feel Mr. Horner should withdraw his now, and then we can get on with our business.

Mr. HORNER (*Acadia*): I am not going to withdraw it.

Mr. ARGUE: You will have to be reported to the house. If the members who are in the vast majority here want to disregard—

Mr. HORNER (*Acadia*): You came in here with a chip on your shoulder.

Mr. ARGUE: Even with the tremendous, powerful majority you have, you need these other members here to back you up.

Mr. HORNER (*Acadia*): If they feel they want to support me, then maybe they think I am right. I am not asking anybody to support me. We have this man coming in here this morning with a chip on his shoulder and suggesting that somebody else come down here and represent the farmers.

Mr. ARGUE: Is this the way this committee is going to be conducted?

Mr. HORNER (*Acadia*): I certainly think you came here with a chip on your shoulder, and got it knocked off.

The CHAIRMAN: Could we get on with the meeting?

Mr. ARGUE: When you start enforcing the rules we will get going. The chairman is not enforcing the rules.

Mr. HORNER (*Acadia*): You have taken up more time here this morning than anybody else.

Mr. PASCOE: On a point of privilege, I think anyone who addresses the chair should stand up on his feet, and I am suggesting this in respect of the member for Assiniboia.

Mr. ARGUE: Mr. Chairman, are you going to enforce the rules?

The CHAIRMAN: I will ask all members who have made unparliamentary statements to withdraw them, so that we can get going. Gentlemen, I will ask Mr. Horner to withdraw his statement. Mr. Argue has withdrawn his.

Mr. HORNER (*Acadia*): Has he withdrawn his?

The CHAIRMAN: Yes.

Mr. ARGUE: Mr. Chairman, I do not have to be pilloried by these people. They are trying to put me through an inquisition. The chairman and I have come to a settlement on the point of order and that is more than the members of the Conservative party have the courtesy to do.

The CHAIRMAN: Order, order.

Mr. HORNER (*Acadia*): Mr. Chairman, if the member for Assiniboia is willing to get on with the business before us, in other words take up the yearly statement of the Canadian wheat board, I would certainly cooperate with the committee and withdraw a statement I made, that his statement was a lie, or something like that; but I still believe it was not true.

Mr. ARGUE: Mr. Chairman, I do not accept that as a withdrawal. I do not accept it. It is on condition.

Mr. HORNER (*Acadia*): It is not up to you to judge this.

Mr. ARGUE: In my opinion, Mr. Chairman, it is not a withdrawal, because it cannot hinge on the basis I am doing something or not doing something. It is a qualified statement by him, which is no withdrawal at all.

The CHAIRMAN: I think he has withdrawn the remark about liar and substituted "untruth" which, I believe, is within the parliamentary realm.

Mr. ARGUE: What about the statement of Mr. Forbes that I had been deliberately misrepresenting the facts?

I am not thin-skinned. If it is in order to use this sort of language, we shall use it. However, it has not been my practice, over the years, to use unparliamentary language. Whenever the chairman has suggested that any phrase that I have used is out of order, I have withdrawn it. It is clearly out of order, in the house, for a member to accuse any other member of deliberately mispresenting the facts. But, if it is in order to do this in this committee, I am perfectly willing.

The CHAIRMAN: I will ask Mr. Forbes to withdraw the statement.

Mr. FORBES: Mr. Chairman, I was asking for an interpretation of Mr. Argue's statement and if, by withdrawing the word "deliberately", will pacify this situation, I will do so. However, the rest will still stay.

Mr. ARGUE: The hon. member has shown Mr. Horner how to conduct himself.

Mr. HORNER (*Acadia*): Who are you to judge? It is not up to you to judge the situation. Leave it up to the chairman.

The CHAIRMAN: I think the member for Assiniboia is aggravating the members of this committee.

Mr. ARGUE: That, too, is unparliamentary.

Mr. HORNER (*Acadia*): You have been sitting there yapping and yapping continuously, and that is very unparliamentary conduct.

Mr. ARGUE: I still have the right to speak here—

Mr. HORNER (*Acadia*): Well, speak to the chair.

Mr. ARGUE: —in spite of this Tory-Diefenbaker overwhelming majority.

The CHAIRMAN: Gentlemen, would you please come to order.

I will ask the Clerk to read the terms of reference.

The CLERK OF THE COMMITTEE: That the annual report of the Canadian wheat board for the crop year ended July 31, 1959, which was tabled on February 10, 1960, and the report of the board of grain commissioners for 1959, which was tabled on May 2, 1960, and the supplementary report of Canadian wheat board on the 1958-59 pool accounts for wheat, oats and barley, tabled today, be referred to the standing committee on agriculture and colonization.

Mr. ARGUE: Mr. Chairman, if we can revert to where we were before this point of order was brought in, could you say whether or not you are prepared to send out wires, as has been the custom of the chairman of this committee for many years, informing the representatives of the main farming organizations in Canada that we are meeting at this time to discuss the annual report of the Canadian wheat board, and if they have any submissions to make, as far as the grain situation is concerned, they would be welcomed to appear before this committee? Mr. Chairman, I think it is a common courtesy, and very much in order.

I would hope, as I said earlier—farm organizations, particularly with farm income and the need to supplement it, are very much to the fore as a public issue in this country— that they would make themselves available to this committee, and present briefs.

I am asking, if you have not done it, if you would care to do it, as I think it is the proper thing to do.

The CHAIRMAN: In answer to that question, Mr. Argue, I would like to have some time to study the terms of reference.

I will give my decision when the committee meets this afternoon.

At this time, I would ask Mr. McNamara, the chairman, to introduce the members of his committee.

Mr. W. C. MCNAMARA (*Chief Commissioner, Canadian Wheat Board*): Mr. Chairman and gentlemen; once again it is a privilege for our board to have the opportunity of meeting with you to present our annual reports for consideration.

All of our board, with the exception of Mr. Riddel are here today. Mr. Riddel is in London, attending a meeting of the international wheat council, after which he is going to visit some of our important European markets.

Mr. Robertson, one of the commissioners, is with me, as well as Mr. Dallas, another commissioner.

Also, our secretary, Mr. Treleaven, and our comptroller, Mr. Earl, are here.

We have a lot of information with us, and would be pleased to try to give you the answers, if we have them. If we have not the information you request, we will try to get it for you.

In the past, it has been customary to go over our report part by part. If you wish some of it read, we will be glad to do that. If you would like to take parts of it as read, and then discuss it as we go along, we would be happy to do that. We are in the hands of the committee, and I hope that we will have the information you will require.

The CHAIRMAN: I have noticed in past years some of the parts are read and some taken as read.

Is it the desire of the committee to follow the same practice we have been following for a number of years?

Agreed.

Mr. ARGUE: I think, Mr. Chairman, that the pertinent paragraphs should be read. We should do them item by item, and have the comments after they have been read.

The CHAIRMAN: That is what has been suggested.

Mr. MCNAMARA: I will ask Mr. Earl, our comptroller, to read the first item.

Gentlemen, I would like to say that this is the regular report and not the supplementary one.

Mr. C. E. G. EARL (*Comptroller, Canadian Wheat Board*):

1. *General Comment—Crop Year 1958-59*

World wheat production in 1958 was of record proportions and exceeded production in 1957 by about 1,000 million bushels. The increase was due primarily to phenomenal wheat harvests in the United States and the U.S.S.R. Wheat production in the United States was estimated at 1,462 million bushels as compared with 951 million bushels in 1957. Wheat production in the U.S.S.R. was estimated at 2,300 million bushels as compared with 1,800 million bushels in 1957. The United States and the U.S.S.R. together accounted for over 40% of 1958 world wheat production.

In contrast, wheat production in importing countries remained at about 1957 levels, thus setting the stage for the maintenance of the level of international trade in wheat during the crop year 1958-59.

In Western Europe total wheat production was about the same as in 1957, with France and Spain harvesting smaller crops and Italy producing a record yield.

The level of production in Asia showed little change as compared with 1957. Departures from the general trend occurred in Iraq and Syria

where smaller wheat crops were harvested, and in India where wheat production increased moderately. In South America increased production in the Argentine more than offset lower yields in Brazil, Chile and Uruguay. Above average yields were harvested in Australia following the crop disaster of 1957.

United States exports amounted to 443 million bushels as compared with 402 million bushels in the previous crop year. About two-thirds of United States exports were under government disposal programmes. Australian exports were 75 million bushels as compared with 61 million bushels in 1957-58. Argentine exports increased from 78 million bushels in 1957-58 to 103 million bushels. Canadian exports were 289 million bushels as compared with 316 million bushels in 1957-58. Year-end wheat stocks in Canada declined by about 100 million bushels, while carryovers in the other major exporting countries increased, particularly in the United States.

A feature of the crop year was the increase in wheat exports from the U.S.S.R. Total wheat exports from the U.S.S.R. were approximately 178 million bushels, of which about 40 million bushels were directed to importing countries in Western Europe. Reflecting an unfavourable season in 1957, exports from France were considerably reduced.

The CHAIRMAN: Gentlemen, are there any comments on item 1?

Mr. KORCHINSKI: Mr. Chairman, I have one comment. I note that the Australian and Argentine exports have increased, as well as the Russian exports. Has this been at a loss to the Canadian export market to all the other countries?

Mr. MCNAMARA: To a degree, yes. However, you must remember that in the previous crop year Australia harvested a very, very poor crop and, therefore, their exports during that season were somewhat curtailed. Exports during the crop year 1958-59 of 103 million was a reflection back to normal, when she was servicing her more traditional markets.

In so far as the U.S.S.R. exports are concerned they were substantially increased—some of these exports being at the expense of Canada, United States, Australia and the Argentina, in traditional commercial markets. However, as pointed out, the vast proportion of the Russian exports were to the satellite countries behind the iron curtain, or Middle East countries such as Egypt, on a barter basis, and did not materially affect our own position.

I would say that the Russian export of wheat has hurt us most in the Netherlands where, for the last two years, they have replaced the wheat that was previously exported by Canada.

They have exported a limited quantity into the United Kingdom but, in a general way, particularly in this crop year, they did not unduly affect our commercial markets.

Mr. KORCHINSKI: Does the apparent trend of the Russian encroachment on some of our markets appear to be consistent, or does it appear as if it is continuing in that direction?

Mr. MCNAMARA: It is very difficult for anyone in my position, who is not acquainted with all the political implications, to give a definite answer to that. However, speaking personally, I think there are two problems in so far as Russian wheat exports are concerned. The first, I would refer to as political wheat. They may decide for international reasons, to put wheat into competition with the western world, and I cannot forecast that. But, in a commercial sense, where they are merchandising their wheat in our western markets, they are showing restraint, and their prices are related to ours, with regard to quality. To date, they have given no indication they are trying to completely disrupt our commercial market.

The situation last year was somewhat similar. However, what the new year will bring, I do not know. We know there has been a severe drought in eastern Europe, and our information is that, to a degree, it has affected Russian production. This may be wishful thinking, but my view is that the competition from Russia during the next season will not be as severe as the last two years.

Mr. KORCHINSKI: Has there been any indication at all of Russia attempting wholesale dumping of grain into the country?

Mr. MCNAMARA: No.

The CHAIRMAN: Mr. Horner.

Mr. HORNER (*Acadia*): First of all, I would like to apologize to Mr. McNamara and the rest of the board members for, perhaps, the rowdy way in which this committee started and, maybe, for my part in that rowdiness. I meant no reflection upon the importance of their trip here to Ottawa, and meant no reflection upon the seriousness of their report to this committee.

I notice that the Australian trade has increased in 1958-59 from 61 million to 75 million bushels, and I am under the impression it also has increased again this year. Is that right, Mr. McNamara?

Mr. MCNAMARA: That is right.

Mr. HORNER (*Acadia*): From where are they getting their biggest increase?

Mr. McNamara: Their major export has been into the Indian market. They have supplied some wheat under an assistance plan which is somewhat like our Colombo plan, but also under commercial purchases which India has been making. The substantial quantity of that has been from Australia. You must remember, on a geographical basis, Australia is in a much more favoured position to supply India than we are. Another factor which assists Australia is their quality of wheat. It does not compare to our hard red spring wheat, which is not largely in demand, except in the Bombay area. However, we are short of the kind of wheat they want. They are using the wheat for chappatie, and the Australian soft wheat is more suitable than the Canadian hard spring wheat.

Another factor is that it is difficult, for foreign exchange reasons, because of the shortage of dollars as compared with sterling. We have difficulty in competing with them in India, Ceylon, and these other countries which are in their backyard.

Mr. HORNER (*Acadia*): Is it the price they beat us on?

Mr. MCNAMARA: No. In fairness to the Australians, I think they have been showing considerable restraint in so far as price is concerned. At one time we were worried about the Australian wheat board, as they were giving indications of getting panicky, in view of the world surplus. They are not endeavouring to compete with us on a cut-price basis.

Mr. HORNER (*Acadia*): You mentioned that because of the position of Australia, they were in a position to draw on the Indian market, because of the quality of their wheat. Is the deal that the United States made with India recently, along the same line—that of soft wheat?

Mr. MCNAMARA: The majority of the wheat the United States will be supplying to India will be of the red winter variety, and some of the softer varieties; it will not be the quality wheat that they use to compete with us. Under the provisions of the arrangement they made with the United States, India will purchase, on a commercial basis, 400,000 tons of wheat a year. That is outside of the arrangements they have with them. This year we picked up 20,000 tons of that commercial wheat, and the Australians secured the balance.

Mr. HORNER (*Acadia*): 20,000 tons out of how much?

Mr. MCNAMARA: 400,000 tons.

Mr. HORNER (*Acadia*): And Australia got all the rest.

Mr. MCNAMARA: It all has not been purchased. 350,000 tons have been secured, and all, except 20,000 tons, have been from Australia.

Mr. HORNER (*Acadia*): This deal with India has to take place over a period of five years?

Mr. MCNAMARA: Four years.

Mr. HORNER (*Acadia*): Do you foresee Canada being able to trade, or to meet the market, in India, even though they are purchasing this large amount from the United States?

Mr. MCNAMARA: We must appreciate the fact that India is not a traditional commercial market for Canada. However, that does not mean we are not interested in the market. But, I do think that with the financial position of India, coupled with the fact that they have secured these large commitment arrangements with the Americans that we cannot look forward with any real hope to increasing our commercial market in India during the period. We may obtain 50,000 to 100,000 tons, but there will be no substantial sales.

I am hoping the government will continue its policy of making further supplies available to India under the terms of the Colombo plan, but we do not regard it, for the immediate future, as being a potential commercial cash market for our wheat.

Mr. HORNER (*Acadia*): I have one other question. With regard to the English or the Great Britain market, is it true that the millers in Great Britain are limited to the amount of Canadian wheat they can mix with their own wheat, in making flour?

Mr. MCNAMARA: No, there is no real restriction. There is an understanding with the British government and milling industry there that they will look after the local indigenous crop. In some of the countries they legislate as to the amount. However, in the United Kingdom, it is more of a gentlemen's understanding that they will look after the local production. In addition, the Australians have an understanding with Her Majesty's government in regard to certain quantities of Australian wheat being imported. There is no restriction that limits us in so far as the quantity of Canadian wheat she can purchase.

Mr. HORNER (*Acadia*): But, Great Britain, under the agreement with Australia, must buy so much Australian wheat.

Mr. MCNAMARA: I should not say "must"; if the price and other competitive factors are equal, they agree to take it. Two years ago, when Australia did not have the supply, the quantity they supplied was well below the quantity mentioned in the agreement. To date, this year, they have not filled the full quantity.

Mr. HORNER (*Acadia*): Has the Canadian government a similar agreement?

Mr. MCNAMARA: No; we have an empire preference.

Mr. HORNER (*Acadia*): It is strictly competitive?

Mr. MCNAMARA: Yes.

Mr. SOUTHAM: Mr. Chairman, I was going to remark that Mr. McIntosh, who is a member of this committee, had to leave by plane a few moments ago.

Mr. MCINTOSH: I had asked the chairman's permission to allow Mr. Southam to ask these questions for me. I am just waiting, and will be leaving shortly.

Mr. SOUTHAM: Well, you go ahead. I see Mr. McIntosh is back now.

Mr. MCINTOSH: No; you proceed.

Mr. SOUTHAM: Mr. McIntosh, as well as myself and the other members of this committee, are interested in the sale of Canadian wheat, as it affects western Canada, because, coming from Saskatchewan, we produce large amounts of wheat.

Mr. McIntosh referred to the grain trade year book, and it indicates some of the same figures that we have before us this morning. I would like to make reference to the fact that it is noted that the Canadian wheat sales to the Netherlands dropped from 21 million bushels in 1957-58 to 7 million bushels in 1958-59 and during the same period, Russia sold to the Netherlands almost 10 million bushels. How does the wheat board account for this situation?

Mr. MCNAMARA: Would you like me to deal with each of these questions as they are asked?

Mr. SOUTHAM: Yes.

Mr. MCNAMARA: Dealing with the Netherlands situation, Mr. McIntosh's information is correct. However, in the previous year, when we were successful in selling the Netherlands 22 million bushels, I believe these were the largest sales Canada ever made to Holland—and that year we had a considerable quantity of No. 5 wheat. This was heavy frosted number five wheat. It was quite suitable for milling purposes. The Dutch millers have probably the most modernized mills in the world because their previous mills were all destroyed during the war. They indicated a real preference for this particular quality, and are quite successful in blending this low grade wheat with their indigenous wheat and other filler wheats that they are importing, with the result that we were very successful in selling them 22 million bushels, resulting in a very successful year.

As the members from western Canada will realize, during the last two years the quality of our crop has been much better. We have had more of the high grades and less volume of number 5 wheat. We have not been in a position to supply the Dutch millers with the quantities of number five wheat that they have taken in previous years, with the result that the Dutch are looking to alternative sources of supply of this low grade cheap wheat. Russia was in the position to supply them with wheat of a quality very similar to our number five wheat.

I am very pleased to report to this committee—although we are getting away from the 1958-59 situation—that there is an indication that that trend is reversing as a result of the unfortunate harvest last year and the spring threshing. We have some number five wheat again available. It has been encouraging to the board to note that the Dutch are again procuring number five wheat supplies from Canada. I am not happy that we are producing low grade wheat, but I am happy that we are getting back into this market. Although I am not optimistic enough to think that we will get back to the 22 million bushel level, I do hope we get back to the normal position with Holland.

We are very conscious, Mr. Argue, that these wheat markets were lost to the Russians, and we are certainly going to fight to maintain our position in the market.

An Hon. MEMBER: Mr. Chairman, on that same point, does Mr. McNamara feel that we will have 22 million bushels of number five wheat?

Mr. MCNAMARA: We have not got that much, no, but there is quite a lot of number five wheat in Alberta. In Saskatchewan the possibilities of having number five wheat as a result of the spring threshing is not too good. They have some, but it is light number five wheat, and is not being looked upon with as much favour as the heavy frosted number five wheat that is available in Alberta. I would think if the current supplies, as they come off the farms, remain as they are, it indicates that some of this wheat will be light, but we will have ample supplies of number five wheat to take care of this market. They will prefer the low quality again this year.

Mr. SOUTHAM: Thank you, Mr. McNamara, for that explanation.

Following that up, it is noted that Sweden purchased over 2 million bushels of wheat from Russia in 1958-59 and practically nothing from Canada during

that same period. Is there an explanation or reason as to why we have not got into this Swedish market?

Mr. McNAMARA: Sweden is traditionally an exporter of wheat. In fact Sweden is a member of the International Wheat Agreement as an exporter. Sweden itself exports quite a volume of low grade wheat into Germany and some other western European countries where it is mainly used for feed. They barter with the U.S.S.R. Some of the wheat they have imported from Russia has been under terms of barter for Swedish capital goods. Sweden has re-exported some of the wheat into the western European market. Sweden has never been a traditional importer of wheat. Dr. Anderson has made visits on several occasions, and as I understand he has been there recently. We are trying to expand our exportation of hard Canadian wheat to be blended with their indigenous wheat. This is not a big market.

Mr. SOUTHAM: It is noted that France, a former customer of Canada, did not buy wheat from us in 1957-58 as she was an exporter at that time. How was Russia able to sell to France in 1958-59, eight million bushels to our one million when France again became an importer?

Mr. McNAMARA: The French problem is quite a difficult problem. I think for social reasons more than anything else, the French government is encouraging artificial expansion of wheat acreage and the production of wheat. They are subsidizing their wheat production and they are subsidizing their exports. Their exports are mainly of very low grade wheat that does not compete with ours. Their wheat is used as a filler wheat by the United Kingdom, Germany and the low countries, but they do not export a quality wheat; so that the wheat they do export really competes with our feed grains.

On the other hand, as you know, the French do not import good quality wheat at all now because, with the method of baking that they are using, with the small individual bakeries all over the country, they bring these beautiful French rolls out every two or three hours. They are lovely at that time but they go stale. They are not using a modern machine type of baking system which requires the strength of the Canadian wheat. Consequently, I do not think there is much hope that we can look for a market in France for our good quality wheats unless they change their system of baking.

On the other hand there is a great potential for a Durum wheat market in France. We have been very successful this year in selling France a quantity of our amber Durum, and we hope next year that trend will continue. We have influenced them to take our best Durum. They have been importing our 2 C.W. amber Durum this year and we are very hopeful that we will build up a substantial market for this wheat in France.

This brings me to a further problem, that of the Common Market. I have read in press reports statements that have been made by the government that our government is very interested in this potential development. We are somewhat concerned, as exporters of wheat, because there is no doubt that France is going to use all the influence she can on the other member countries to utilize larger quantities of French low grade wheat. I do not think this will affect the Canadian exports into this area as much as it will effect the export of American, Argentine or Australian wheats which are mostly filler wheats. We feel that to the extent they use this French wheat they will need a larger supply of our wheat to build up a grist for themselves. There is the potential danger that France will be exerting pressure on the member countries to utilize more of their wheat, so that France presents not only a problem in respect of merchandizing, but will probably be competing with us in the western European market.

Mr. SOUTHAM: Thank you, Mr. McNamara. I have just one more question following up on this particular subject. It has been noted that the sales by

Canada to the UK dropped in the past year by 4 million bushels. I was wondering if the increase in the tariff on British wollens would be a contributing factor, or is something else behind that?

Mr. McNAMARA: No, I do not think so, gentlemen. I think the reason that our exports to the United Kingdom fluctuate from year to year is largely related to the quality of their own production. In years when the British crop is large and their domestic production is good there is a tendency to import a larger percentage of hard wheat because, to the extent that they use their own low quality wheat they need a strong wheat for blending. If you take this current year, as an example—that is last year—, Britain's harvest was excellent. As a result Great Britain has imported considerably less wheat from the rest of the world than she did the previous year, but percentagewise our sales are higher than they were the year before. In other words, when they use more of their indigenous wheat there is a tendency to import more Canadian wheat to carry it. When the quality of their crop is good they bring in filler wheat from other countries, and our percentage goes down. I have been very pleased to note that our percentage of commercial sales to the United Kingdom market has increased in the last two years.

Mr. SOUTHAM: Would Russia be getting very much of this additional market at the same time?

Mr. McNAMARA: No, Russia's movement into the United Kingdom market has been very limited. Most of their trade has been as a result of barter transactions between the coop wholesalers in both Scotland and England for textiles which are bartered with the Russians. The advice we have received from the officials of the coops would indicate that they are far from satisfied with the quality of the Russian wheat that they have been receiving. Although it has improved this year they indicate to us, at least, that on a quality basis we do not need to fear competition in that market.

Mr. SOUTHAM: Thank you, Mr. McNamara.

Mr. Chairman, I think that includes this part of my questioning. I will want to enter into discussions in regard to the cost of handling grain at a later time. I did not think this was the proper time to pursue that subject.

Mr. PASCOE: Mr. Chairman, my questions pretty well concern the Soviet Union wheat export. They have been pretty well answered, but just to make it a little clearer, would Mr. McNamara say that the price of Russian wheat is pretty well on the level of the I.W.A. prices?

Mr. McNAMARA: No, the I.W.A. prices, of course, are only at the maximum and minimum. The Russians would indicate that they watch our prices very closely and they try to sell their wheat, on a quality basis as compared to ours, at competitive prices. They seem to be pricing their best wheats that they are making available for export just below the value of our four northern wheat.

In the Dutch market where, as I say, they took quite a lot of business from us, they priced their wheat at about, or below our number five wheat prices. The Russians are going to try to maintain as much as they can of the Dutch market. Now that we have number five wheat coming out we are going to try to get as much of that market back as we possibly can. It will be a price factor.

Mr. ARGUE: Mr. Chairman, as I see the statistics that are outlined here, together with some others that are available to the members of this committee, it seems to me that there is at least a substantial amount of evidence that Canada may be heading into great trouble in regard to the wheat markets of the world. I do not mean by that that we are not able to maintain exports of the normal quantity of wheat from Canada, but rather, that in recent

years, the last couple of years, and this year to date, we are falling back in the export markets. Our quantities of exports are going down and the percentage of the market accruing to Canada to date this year has dropped from 31 per cent to 29 per cent. The Americans are forging ahead and the Russians are going ahead.

I have read recently some economic forecasts and I want you to comment on this, Mr. McNamara. The Russians have a great expansion drive by way of acreage, production at home, and in the export field abroad, and from a non-entity export business they have now come up to third position. It is forecast that within five years there is a possibility, unless there is something done about the present trend, that the U.S.S.R. may take over Canada's position as the second exporter of wheat in the world. Do you think that is a danger? Are the Russians striving for a vastly extended market?

I have asked this question, before, and if my memory serves me correctly, there was not an opinion available. The Russians were able to expand their own acreage by an amount in the order of 70 million in the last few years. Is there a possibility that Canada will be elbowed out of second position as exporter, and will Russia take over second place in the next few years?

Mr. McNAMARA: Mr. Chairman, just before I deal with this question—and I do not want to get out of order myself here, but we are getting away from the 1958-59 situation. My remarks are confined, as I think Mr. Argue intended them to be, to the general situation.

My view of the Russian situation is briefly this: it certainly is a threat to Canada and all exporters, because they have got the potential to grow wheat, and they seem to be expanding their agricultural production. As I indicated earlier, they have not yet indicated that they are prepared to dump and demoralize our market, but we certainly cannot disregard them. We must certainly watch them.

Keeping away from the political aspect, which I am not competent to discuss, my own view is that we should try to work with them in the commercial field, if they will continue to work with us. I visited Russia, and other representatives of the board have visited Russia. We have found that they seem to be—the grain people—realistic, and they do not give us any indication that they are prepared to dump wheat indiscriminately around the world. They do tell us, however, that they are expanding their production.

As far as elbowing Canada out, I would think this is at least in the distant future. They have problems in grain handling, transportation and segregation of the crops. We went through this problem a number of years ago. I do not think that they are adept yet in exporting quality wheat. They have no board of grain commissioners. They have no inspection certificates by which they can guarantee a major movement such as we can do in Canada. I personally do not anticipate, unless it is used as a political weapon, that Russia is going to push Canada out of the wheat markets of the world. They have some quality wheat, but I do not think they can satisfy the customers that require the hard wheat that Canada has available. I am naturally concerned, Mr. Argue, but I am not pessimistic about it. I still think that if we produce quality wheat and use sound merchandizing methods we can maintain our position in our commercial markets.

Mr. ARGUE: You think we can maintain our position as second exporter? I think there is a possibility that if this trend continues, that the Russian exports, which are now 178 million bushels, having relation to their total production, are within striking distance of our exports, and perhaps they could exceed ours. I do not think they are going to prevent us from being an exporting nation in the world. I am wondering whether we can maintain our second position in light of this threat.

Mr. McNAMARA: Mr. Chairman, and Mr. Argue, you will pardon me if I resent this phrase "second exporter". I think Canada is number one exporter in the world. I do not regard the American disposal program as part of the volume of (commercial) exports.

I would like to make some information available. I have it written out for me here. I think the members of this committee would like to have this information.

Mr. ARGUE: I do not want it to be inferred that the statistics are not correct. The United States does a much greater volume of exporting of wheat than Canada. Perhaps it is a somewhat different type of wheat.

Mr. McNAMARA: The point I am trying to make is that Canada on a commercial basis is exporting more wheat than the United States. It is true that our government is not trying to match the United States give-away programs, but on a commercial basis Canada's sales are in excess of American sales.

Mr. ARGUE: Canada's export of wheat is much lower than the United States exports in total?

Mr. McNAMARA: That is right, sir.

I think maybe the members of this committee would like to have this information which I have had prepared for me. I will just read it, if you like.

Total world export of wheat and flour during the inter-war period (1920-21 to 1938-39) averaged 775 million bushels a year. From 1948-49 to 1955-56, average world exports of wheat and flour averaged 957 million bushels. In the past three crop years world exports have been approximately 1,100 million bushels a year.

A phenomenon of the post-war period in the world wheat export picture is the emergence of a "non-commercial market" for wheat and flour. The United States government, through the Marshall plan and public law 480, has given away and sold for local currencies vast amounts of surplus wheat and flour. Canada, to a lesser extent has provided wheat and flour to Colombo Plan countries as part of the overall aid program to help foster economic development.

When these non-commercial exports are subtracted from the total world trade to arrive at the commercial exports, we find that there has been very little, if any, increase in the commercial markets for wheat in the past 40 years. The average commercial wheat and flour exports for the 1920 to 1939 period was 775 million bushels. In the 1948-49 to 1955-56 period they averaged 769 million bushels and in the past three years have averaged 793 million bushels. In addition to the programs engaged in by the United States and Canada, other "ex-market" arrangements exist between exporting and importing countries. For example, bilateral trade agreements between countries are quite common in which the surplus of one country is exchanged for the surplus wheat in another. Russia has been recently exporting around 100 million bushels of wheat to Eastern European countries which are not open to sales from the big four exporters. In other words, the commercial market for wheat and flour is probably smaller today than it was in the inter-war period.

Canada's commercial exports of wheat and flour have increased since the inter-war period from 234 million bushels to 278 million bushels for the 1948-49 to 1955-56 period and an average of 281 million bushels in the last three years. Canada's share of the world's commercial exports has increased from 30.2 per cent in the inter-war period to 35.4 per cent in the last three years.

American exports have been at a very high level in the past three years, but the percentage exported under government assistance programs is increasing. In 1957, for example, 61.1 per cent of their total exports were under government programs; in 1958, 68.3 per cent, and indications are that in the current crop year this percentage may be even higher. So I suggest in so far

as commercial markets for wheat are concerned, where we are trying to secure dollars to enable us to pay our producers we are not losing out but are increasing. I do not think the reputation of Canadian wheat ever has been as high as it is today in the main commercial markets. On this question of government assistance we appreciate all the government can do and are anxious to do our part in making supplies available; but this is a question for the government.

Mr. ARGUE: I thank Mr. McNamara for the information. I always have been and I am a great supporter of the method of marketing grain, and I think the wheat board is doing a good job. A lot of the wheat is being exported in non-commercial markets. Could we have some figures and percentages on the non-commercial markets in respect of certain countries of the world. If you want to give that later, I have another question or two in the meantime?

Mr. MCNAMARA: We will come back to it in a minute then.

Mr. ARGUE: That is fine. I am exceedingly interested in the wheat deals made by the United States with India. I believe that Canada has lost a wonderful opportunity of obtaining a share of this very large market. This is no reflection on the wheat board. I am trying to get these things in perspective. You said that India had agreed to try to buy 400,000 tons of commercial wheat a year. Would you tell the committee how many bushels that is.

Mr. MCNAMARA: It would be 14 or 15 million bushels.

Mr. ARGUE: In the Alberta wheat pool bulletin I saw a statement from the Indian government agent that they may be forced to reduce the 400,000 figure to 250,000. I am not asking Mr. McNamara to state the Indian policy, but it seems that there may be some reduction in the amount. You said that Canda has obtained 20,000 tons of this market. I did not understand whether this was in the present crop year.

Mr. MCNAMARA: In the current crop year. We sold that immediately prior to the Indian minister visiting Ottawa.

Mr. ARGUE: I wish he would come back again. From my quick calculation that is less than three-quarter million bushels of wheat and in the Indian market it is a very token amount in relation to the Americans. I would like to know if the Canadian wheat board played a role in the discussions which led to the tremendous American transaction with India. We were informed in the house that Canada as a nation was in on some of these discussions. I am wondering if the wheat board was in on any discussions with any of the grain experts who work for the American government?

Mr. MCNAMARA: To answer Mr. Argue's last question first, we were advised fully by the department in Ottawa of the information being made available to them by the United States authorities. I believe the minister announced in the House of Commons that the Americans had kept Canada fully informed of these developments between the Americans and the Indians. The wheat board was not strictly involved in this arrangement, although the department kept us fully informed of the developments day by day.

Mr. ARGUE: You did not have any discussions with the American people?

Mr. MCNAMARA: No.

Mr. ARGUE: You did not have any discussion on the possibility of developing this on a joint or cooperative, or agreed basis?

Mr. MCNAMARA: Not in relation to this particular American deal, no, although our secretary, Mr. Treleaven, was a representative on the Wheat Utilization Mission to India.

Mr. ARGUE: I do not know whether or not you have information on this. Could you very briefly give us the details of the agreement?

Mr. McNAMARA: Yes. I have it here. I will read it. This is the United States-India surplus disposal deal.

On May 4, 1960, the government of the United States completed with the government of India an agreement under the provisions of title 1 public law 480 whereby the United States would supply the following surplus commodities.

(*a*) three million tons of wheat annually for a period of four years for current consumption requirements;

(*b*) one million tons of wheat annually for a period of four years for reserves;

(*c*) two hundred and fifty thousand tons of rice annually for a period of four years for reserves.

Payment is to be made in Indian rupees totalling approximately $1,276 million.

Under the agreement India undertakes to purchase commercially a minimum of 400 thousand metric tons of wheat annually. This commercial quota is, however, subject to annual review and may be adjusted or reduced on the basis of a review of India's food grain supply, financial position, and other relevant factors, to be made by the two governments prior to the beginning of each fiscal year. The first annual review will be undertaken in June, 1960.

Of the rupees to be acquired by the U.S.A. in payment for these commodities $1,076 million will be made available to the government of India for economic development projects—half as loans and half as grants. The remaining $200 million will be used to pay U.S.A. expenses abroad to finance other U.S.A. agency programs, including the development of foreign markets for agricultural products.

This is the first agreement entered into by the United States under the provisions of public law 480 which is designed to assist in the establishment of a substantial food reserve. No details are yet available of the terms and conditions under which such a reserve will be set up.

The quantity of wheat indicated for annual consumption in India closely approximates that which the United States supplied under public law 480 in the last crop year.

This provision of 4 million tons yearly includes provision for 1 million reserve, which I doubt will be used for reserve because the best assessment of the Indian requirements we can get would indicate that for the next period they will require in the neighbourhood of 5 million tons of wheat and rice on an annual basis. So we are inclined to think that, although provision is made for this reserve, in actual fact it will not materialize and will be ground up and used as fast as it is delivered to the Indians.

Mr. ARGUE: Thank you. That is a clear indication that the American government under this policy is on the rampage again. I would ask Mr. McNamara what difference there would have been to the Canadian wheat surplus position if Canada had been able to obtain 50 per cent of this deal? In other words if the Americans took half and we took half we would be selling to India 73 million bushels of wheat a year over the next four years. I suggest and ask, would this not have gone a long way towards reducing Canada's net surplus of wheat?

Mr. McNAMARA: I think the answer is very evident; it would have.

Mr. ARGUE: I think we need just about this much more added to our annual exports in order to give us some real likelihood of reduction of our absolute surplus.

Mr. HORNER (*Acadia*): I have a supplementary question. I think Mr. McNamara suggested, in answer to an earlier question, that a great deal of the wheat being sent to India under this agreement is soft wheat, which Canada was not in a position to supply anyway.

Mr. McNAMARA: Yes. They could use our hard wheat but prefer the white soft wheat. I do not think the financial situation in India is such that they could pay for this grain in this volume.

So far as Mr. Argue's question is concerned, naturally if we could increase our exports 73 million bushels a year it would substantially cut into our surplus; but speaking personally and not representing all my colleagues I would say that the Canadian wheat board is set up to merchandise on a commercial basis. My own view is I am looking to commercial markets. If wheat is to be given away on concessional terms to other countries, that is the responsibility of parliament. We welcome any assistance we can get, but our thoughts are directed towards the commercial markets. As I stated earlier there is a terrific potential in India for wheat consumption. We do not think it is a market which in the immediate future offers too much attraction to Canada on account of the Indian financial position.

Mr. ARGUE: As a commercial market.

Mr. McNAMARA: Yes.

Mr. ARGUE: I take a very strong position that Canada is losing out in the non-commercial markets and that we are foolish to close our eyes, let the farmers keep the wheat at home and let the federal treasury pay a large part of the carrying charges and keep on doing this for years when people are hungry. I do not expect Mr. McNamara to discuss the politics of this. I think the wheat board is doing a tremendous and good job in the commercial field, but in my view there is not enough of a commercial market left in the world for the export of our wheat now in western Canada or which the farmers are likely to produce.

Mr. McNAMARA: I have this other information now, Mr. Argue about the assistance programs. In Canada during the crop year 1957-58 we exported under the provisions of these aid programs a total of 31.1 million bushels of wheat equivalent; in 1958-59, 18.3 million bushels; and so far this crop year, 1959-60, arrangements have been made for 8.6 million bushels. Dealing with the United States program for the similar period, in the crop year 1957-58, they exported under the special aid programs a total of 245.4 million bushels, in the crop year 1958-59, 301.8 million bushels. They have not yet released their figures for the current crop year, but we estimate their exports will be in the neighbourhood of 335 or 350 million bushels.

Mr. ARGUE: Do you put the Soviet Union in this category or in the commercial category.

Mr. McNAMARA: In the commercial category, with the reservation that to the extent they export to the satellite countries of which we can get very little information, it is really not competitive.

Mr. FORBES: Regarding the sales to India, would the price be a determining factor as to whether or not the Indian government buys soft wheat.

Mr. McNAMARA: To a degree. I think it is fair to state that the Indian government were most reluctant to pay anything for the wheat. They were hoping they would get all their requirements under the provisions of this public law 480. It was only on the insistence of the American government in accordance with the principles agreed to with the officials of the Canadian government, in order to protect commercial markets, that the Indians agreed to pay for this.

Mr. FORBES: Have you any idea what price they paid?

Mr. McNAMARA: They paid the regular commercial market price, but in rupees.

Mr. KORCHINSKI: Mr. Chairman, I have a question relative to those which already have been asked. Since the deal has been signed and agreed between

India and the United States, I think Mr. McNamara indicated he does not think we would have too many commercial markets in India. I wonder if he also thought we could give further assistance to India under the Colombo Plan in the form of grain?

Mr. McNAMARA: I do not know what the government has in mind, but I do know our minister is very interested in this problem and has been doing what he can to increase the nature of these Colombo plan shipments because they are most helpful to us. Personally, I would think that the government will be inclined to continue this aid. Whether or not it should be concentrated solely in the Indian market, I am not sure.

Mr. KORCHINSKI: I was not asking whether you thought we should continue these shipments under the Colombo plan assistance, but rather whether we could possibly continue shipments in view of the agreement which has been signed.

Mr. McNAMARA: I think so. There still is room for substantial quantities of wheat.

Mr. KORCHINSKI: Can we expand the shipments?

Mr. McNAMARA: I would hope so. I would also hope the committee is not interpreting my remarks about Indian as being too pessimistic. We have arranged for Indian officials and millers to visit Canada and we are trying to sell them on the value of quality wheat. The mills are looking for exports and they need some strong wheat. We cannot give up India, but I do not think it is a solution of the Canadian problem.

Mr. PASCOE: I think this particular part has been pretty well exhausted. May I ask one more elementary question. When you speak about commercial sales, these are cash sales paid in American funds.

Mr. McNAMARA: We get Canadian dollars. The Canadian wheat board only sells for cash, even when the government is good enough to make wheat available they pay us dollars for it.

The CHAIRMAN: Gentlemen, the house will be meeting in two or three minutes. We will meet again in this room at 3 o'clock.

AFTERNOON SESSION

THURSDAY, June 30, 1960.
3 p.m.

The CHAIRMAN: Gentlemen we have a quorum. We will proceed with the deliberations of this committee.

I told you this morning that I would look over the terms of reference, and give them very careful scrutiny during the luncheon recess. This I have done. I will read the terms of reference again.

> *Ordered*,—that the annual report of the Canadian wheat board for the crop year ended July 31, 1959, which was tabled on February 10, 1960, and the report of the board of grain commissioners for 1959, which was tabled on May 2, 1960, and the supplementary report of the Canadian wheat board on the 1958-59 pool accounts for wheat, oats and barley, tabled today, be referred to the standing committee on agriculture and colonization.

I feel that it is the report of the wheat board which has been tabled here, and that these gentlemen have come down to discuss that report and just that report alone. Therefore my ruling is as follows: I have considered the point

raised by Mr. Argue regarding the matter of advising the farm organizations of the appearance of the Canadian wheat board and the board of grain commissioners before this committee in connection with their annual reports.

I feel that these organizations are so well organized that if they had wanted to appear, they would have advised either the minister or myself. They have not done so.

I do not feel that, after hearing most of these organizations on feed mills, this committee would be able to hear representations at this time. After all, we have another very important order of reference, namely, farm machinery prices, which we hope to start next week.

Therefore I do not feel that it comes within the terms of reference to call in these organizations at this time.

We have heard from them in the past and we will hear from them in the future, I am sure, especially in regard to machine prices.

That is my ruling at the present time.

Mr. ARGUE: Mr. Chairman, if I might I would like to make some comments on the question of procedure of this committee.

I contend that it has been a constant practice of this committee over the years, when the Canadian wheat board reports and the board of grain commissioners report have been referred to this committee, not only to make the representatives of farm organizations welcome, but to in fact invite them to come here.

I have had a good deal of experience on this committee for many, many years, and I was just as obnoxious when your predecessor was in the Chair as I have been, in the minds of some people, in recent hours. But, I can say, in all fairness to the people who occupied this chair in former years, that there was seldom—I use the word "seldom"—any hesitation in inviting the farm organizations to appear to give evidence in respect of the report of the board of grain commissioners and the report of the Canadian wheat board.

I have before me the minutes of the annual meetings of the committee of agriculture, going back for many years, in fact to 1950. I am not going to bore the committee with extensive references to these reports.

I have the report in front of me now for 1954 which show that the farmers' union people gave evidence at that time when the board of grain commissioners report was before this committee. In 1955 they were invited to appear, and appeared, and in 1952 they appeared before this committee, and in other years.

I might say for the record that when they have been invited to appear they have given comprehensive briefs dealing with agriculture and the economic situation on the prairies. I feel that it is a long established right that has been developed in Canada that farm organizations appear, if they desire, and that in keeping with the traditions of free discussion, it is the right of these organizations to be heard by the House of Commons standing committee on agriculture. I feel that they should be heard, and should be invited to appear.

If the chairman does not wish to send out invitations to them, then I would be satisfied if he would merely say that they have the right to appear at this time on this question, and if they wish, to give evidence.

Over the years, the Chairman of this committee, has sent out telegrams informing the farm organizations that the committee would be meeting at such and such a time, discussing such and such a subject, and asking them if they wished to be heard.

If I may, Mr. Chairman, to put the question before this committee, I would move that the western farm organizations be invited to give evidence before this committee on the question of grain marketing and related problems.

The CHAIRMAN: Are there any comments any members wish to make?

Mr. KORCHINSKI: Mr. Chairman, if I may be permitted to comment on this motion, I would say that this committee was permitted the privilege of investigating the operations of the Canadian wheat board. The motion was moved in the House of Commons that we do so. If, in the course of this committee's deliberations, it is felt that other evidence could be submitted by these farm organizations which would perhaps throw light on certain matters I think that the committee can in due course so decide, but at the moment I see no reason for this because the order of reference that was presented in the House of Commons merely deals with the report of the Canadian wheat board, and the annual report of the board of grain commissioners. I submit that the motion is somewhat out of order.

Mr. BOULANGER: I think that the representative of the CCF party is right in asking the farmers in the western provinces to come down and present their briefs. I approve of this motion. I am pretty sure that the farmers will have some things to tell us regarding the situation. I approve of this motion.

Mr. SOUTHAM: Mr. Chairman, you have read the terms of reference this afternoon. I would suggest that no one is being denied the right or the privilege of coming before this committee. The western farm organizations have on previous occasions attended, as the honourable member for Assiniboia has pointed out, but as the Chairman has outlined, they are well aware that this committee is sitting, and they have not intimated or requested that they be allowed to appear. As a result of that, I think that Mr. Argue is out of order in contesting the Chairman's ruling at the present time.

The CHAIRMAN: Has any other member a comment to make? I want to give everyone a chance to say what they wish to in this regard.

Mr. FORBES: Speaking as a member who has attended a great many meetings of farm organizations, I would say that the majority of farmers in western Canada either attend the UGG meetings or the wheat pool meetings. At these meetings the activities of the wheat board are fairly fully discussed. You will find, if you go back over the records, that the farmers, if they have any recommendations to make to the wheat board, make them at these meetings. I feel that if the farmers had anything to contribute to this committee they would have been represented here. I think this motion is entirely out of order. I think we are here for the purpose of discussing this wheat board report.

Mr. FANE: Mr. Chairman, I would like to say a few words on the point of order too.

I think that while the farm organizations know perfectly well that they are welcome to come to this meeting at any time and to make their wishes known, this motion is out of order because we are here to receive the report from the Canadian wheat board. While representatives of the farm organizations might have the authority to sit in at these meetings, and while they might be welcome to sit in, they would not have the authority to discuss at this time the wheat board report. Therefore I think that the motion is entirely out of order. We are here, under the terms of reference, to receive this report from the Canadian wheat board, to discuss it with them, and that is as far as the terms of reference go. The farm organization representatives know perfectly well, as I said before, that they are welcome to come to this meeting at any time and present their briefs. However, this is not the day for them to do so.

Mr. RAPP: Mr. Chairman, I just want to make it clear in my mind whether the farm organizations were invited last year to our meetings. As I recall, there were perhaps one or two representatives of the farm union here. Is that right? Perhaps somebody could enlighten me.

The CHAIRMAN: I could not say. I am quite sure they received no invitation, but they knew the meetings were being held and that they were welcome to come.

Mr. RAPP: Were any farm organizations represented here last year when the Canadian wheat board report was considered?

The CHAIRMAN: I could not say.

Mr. RAPP: Certainly there were no invitations sent out to them last year.

The CHAIRMAN: No.

Mr. RAPP: It appears funny to me that this year there is an objection raised, when last year there was no reference made to the farm organization representatives being invited.

The CHAIRMAN: Has any other member a comment he wishes to make?

Mr. BRUNSDEN: Mr. Chairman, I was not here this morning, unfortunately, because there were other committee meetings, but I heard this morning what the situation was. I feel, sir, it is time that we take the wraps off this particular situation and recognize it for what it is. There is a deliberate attempt on the part of certain members of the House of Commons to create the impression in western Canada that the welfare of the farmer rests in a very few hands, and speaking for western Canada, perhaps in one pair of hands. I would like to say, sir, that I object to this motion. I object to the motion most strongly. The western Canadian farmers have never had a more devoted group of representatives in Ottawa than they have at the present time.

Some Hon. MEMBERS: Hear, hear.

Mr. BRUNSDEN: I say, sir, that the time wasting energy that is involved in the dealings of this committee's proceedings is most deplorable.

Mr. ARGUE: Mr. Chairman, since apparently a point of order has been raised as to the propriety of this motion I would like to say again that when the reports of the Canadian wheat board and the board of grain commissioners have been before this committee in the past we have heard witnesses from farm organizations. I refer specifically, if I may, to the minutes of this committee of June 28, 1956, and the terms of reference were: that the following reports be referred to the said committee:

(1) Report of the Canadian wheat board for the crop year ended July 31, 1955, tabled in the house January 24, 1956.

(2) Report of the board of grain commissioners for Canada for 1955, tabled in the house February 21, 1956.

(3) Supplementary report of the Canadian wheat board on the 1945-55 pool account—wheat, tabled in the house June 12, 1956.

So that it is clearly within the jurisdiction of this committee to hear evidence from representatives of farm organizations.

There is only one reason that these organizations apparently will not be invited and that is because there is a wide disagreement between the policies that are supported by the farm organizations and the policies that are being followed by the government. I do not think that—

Mr. FANE: On a point of order.

Mr. ARGUE: Mr. Chairman, I am speaking on a point of order.

Mr. FANE: All right, on a point of privilege then. I think that outbids you.

The CHAIRMAN: Mr. Argue is speaking on a point of order. We will hear him and then we will hear Mr. Fane.

Mr. FANE: I am speaking on a point of privilege.

Mr. ARGUE: Thank you, Mr. Chairman, I think we will move along a little faster if we proceed in an orderly fashion. When I have concluded my remarks other members will undoubtedly wish to speak.

Mr. Chairman, I said that there was only one reason that I knew of that these organizations are not being invited to come before this committee now, because if they came here now they would take the gloves off—you do not have to be advised by the clerk, who says it is not in order.

The CHAIRMAN: Order, Mr. Argue.

Mr. ARGUE: I used the expression "take the gloves off", which is not an unparliamentary expression. I did not hear this type of interjection this morning when Mr. Horner was out of order.

Mr. FANE: Mr. Chairman, on a point of privilege.

The CHAIRMAN: Just a minute, we do not want to get into a hassle like we had this morning.

Mr. FANE: On a point of privilege, Mr. Chairman.

Mr. ARGUE: I have the floor.

Mr. FANE: You may have the floor, but I want to speak on a point of privilege.

The CHAIRMAN: Mr. Argue has the floor. I asked him to speak on the point of order.

Mr. FANE: I am speaking on a point of privilege and that has priority over a point of order.

Mr. ARGUE: That is not my interpretation of the rules.

The CHAIRMAN: Are you speaking on a point of privilege?

Mr. FANE: Yes, that is it. In this committee, must we always be subjected to political propaganda?

Mr. ARGUE: That is no question of privilege; that is just an enunciation of political intolerance.

I was arguing, Mr. Chairman, that it is within the competence of this committee to call the witnesses, or to invite witnesses to appear before this committee, as I have set forth in the motion I have given you. It is clearly in order. It has been done in this committee on previous occasions, and I submit, without fear of contradiction, that this motion is very much in order. I submit, further, that these organizations should be here at this time to state their case for deficiency payments, an alternative of acreage payments, or any other proposals they may wish to have put before the committee. I submit, further, that we do live in a democracy, and that this committee should give these organizations the privilege to appear.

It has been suggested that they have come already this session. They have come, but in connection with another matter. I have no knowledge whatsoever as to whether or not these organizations will come, if given the privilege. My own view is that they would be exceedingly pleased to come to present the economic position of the farmers of western Canada at this time.

I would submit, Mr. Chairman, on the basis of rulings of your predecessors over many years, this motion is clearly in order.

The CHAIRMAN: Gentlemen, I think you have had a very good discussion on this.

Mr. PETERS: Are there other speakers, Mr. Chairman?

Mr. GUNDLOCK: It seems to me, Mr. Chairman, that the more we argue here the hazier we get, and I think we should get on with the business.

Mr. ARGUE: Speak for yourself.

Mr. GUNDLOCK: I am.

Mr. PETERS: Mr. Chairman, I hear considerable about who represents who on all of this. As far as I am concerned, I would like to get finished with the problems of the west in order to get on to farm machinery. However, I find it very difficult to justify a position where I find people objecting to asking other organizations, or other representatives. It is true that politicians are representatives, but there are other types of representatives who probably are just as concerned with this. I see no reason why we at least object to asking them.

It would appear to me there is a problem here, and that there may be other things that are not being said which might be, if the opportunity was afforded.

I certainly want to see farmers in western Canada getting the most advantageous position in relation to the sale of their wheat, and if this can be done through a suggestion that may be made, not by politicians, but by farm representatives, I see no reason why it should not be done. If continuous objection is going to be made to it, it would appear to me, as an outsider and not a westerner, that there is something to hide. I do not think this impression should be left in the minds of the country.

Mr. KORCHINSKI: Mr. Chairman, I do not think this committee was set up at all to consider policy in the future, and so on. This committee was set up by the terms of reference, and it was to study the operations of the Canadian wheat board for the crop year 1958-59. This has nothing whatsoever to do with any future policies, and I fail to see why the statement was made by the hon. member for Timiskaming, as it has nothing to do with this.

I have sat in this very room on many, many occasions, and listened in on briefs sent in by many a farm organization, farm unions, wheat boards, and what have you; we have given them a fair hearing at all times.

This has nothing to do with what will happen in the future. If and when these farm unions have anything to present, I am sure we will listen to them. This has to do solely with the operations of the wheat board in the past; it is not even dealing with this year's operations. I fail to see where you have a point at all. We are dealing with the operations of the wheat board and the board of grain commissioners only, and whatever the future policy will be, it will be decided in due course, and if and when these farm organizations have anything to present, I am sure we will be glad to listen to them.

Mr. PETERS: May I ask a question, Mr. Korchinski, before you sit down.

Is it not necessary for us to ascertain, when the reports are made, what difficulties they are encountering so we can set a new policy that would be applicable in the future?

Mr. KORCHINSKI: I am sure if the farm unions felt there was something difficult about the operation of the wheat board, which did not justify a proper course, that they will, at any time in the future, bring that out. They have brought out sore spots in the past, and I am sure will do so again in the future.

The CHAIRMAN: Gentlemen, are you ready for the question?

It has been moved by Mr. Argue and seconded by Mr. Peters that the western farm organizations be invited to give evidence before this committee on the question of grain marketing, and related subjects, relative to the problems.

Mr. BRUNSDEN: Mr. Chairman, are you ruling that this motion is in order?

The CHAIRMAN: Yes, I think we can have this question now.

Mr. FORBES: Mr. Chairman, I do not think this resolution is in order. I would ask that you keep in mind that during the past year we have had the federation present their agricultural policy to this committee. We also had the farm union present their policy. Its policy has nothing to do with this report we have before us today.

Mr. ARGUE: Mr. Chairman, we have had a point of order for the last half hour. The chairman has ruled it in order, and was about to put the question.

The CHAIRMAN: All in favour of the motion?

Mr. ARGUE: Mr. Chairman, I would ask for a recorded vote by name on this motion.

—The Clerk of the Committee called for the recording of yeas and nays, which were as follows:

Argue: Yea
Boulanger: Yea

Racine: Yea
Milligan: Nay
Villeneuve: Nay
Gundlock: Nay
Brunsden: Nay

Mr. FANE: Mr. Chairman, is this in order—taking a vote like this on this?

Mr. ARGUE: It is in order.

Mr. FANE: I am against the motion.
Southam: Nay
McBain: Nay
Korchinski: Nay

Mr. CLANCY: I just came in; I do not know what it is all about.
Howe: Nay
Dubois: Nay
Peters: Yea
Forbes: Nay
Nasserden: Yea
Pascoe: Nay

The CLERK OF THE COMMITTEE: How did you vote, Mr. Korchinski?

Mr. KORCHINSKI: I am against it. I do not know what you have in the report.

Mr. KORCHINSKI: I said nay.

The CHAIRMAN: I declare the motion lost.
Gentlemen, we will proceed with the wheat board report.
Item 2 is next.

Mr. EARL:

2. Crop Development and Supplies

The following table shows acreages seeded to grains and flaxseed in the prairie provinces in 1958, along with comparative statistics for 1957:

	1958 Acreage	1957 Acreage	Percentage Change
	(thousand acres)		
Wheat	20,244	20,446	− 1.0
Oats	7,584	7,805	− 2.8
Barley	9,369	9,209	+ 1.7
Rye	419	455	− 7.9
Flaxseed	2,602	3,462	−24.8
Total	40,218	41,377	− 2.6

[1]Not including exports of bagged seed wheat.

Wheat acreage in the prairie provinces amounted to 20.2 million acres as compared with 20.4 million acres in 1957, continuing the downward trend which has been evident since 1953 when 25.5 million acres were seeded. Little change occurred in acreages seeded to oats, barley and rye; while flaxseed acreage declined substantially. The decline in acreages seeded to grains and flaxseed was accompanied by an increased acreage in forage crops and summerfallow.

Seeding commenced in early May, was general by mid-May and completed within the month. In the southern areas of the three prairie provinces surface moisture was lacking and soil drifting occurred over wide areas. By mid-June moisture was urgently needed, particularly

in southern Manitoba, southern and central Saskatchewan, and in eastern and northern Alberta, including the Peace River area. Drought conditions by this time had eliminated the possibility of a large grain crop in the prairie provinces. Widespread rains in mid-July relieved the drought except in east-central and northern Alberta. In the main, the late-season rainfall halted crop deterioration in the drought areas and improved crop prospects in other areas. Hot, dry weather in late July and the first half of August rapidly brought grain crops to maturity. Much harvesting was completed prior to early September when a period of rainy weather set in. Harvesting was delayed in northern areas of Saskatchewan and Manitoba. Yields of grains were generally somewhat higher than expected in view of the adversities experienced during the growing season.

The following table shows grain production in the prairie provinces in 1958, along with comparative estimates for 1957:

	1958	1957
	(thousand bushels)	
Wheat	346,000	364,000
Oats	240,000	234,000
Barley	238,000	209,000
Rye	5,400	6,300
Flaxseed	22,500	18,900
Total	851,900	832,000

As shown in the foregoing table, production of grains and flaxseed in the prairie provinces in 1958 approximated the levels of 1957. The prairie provinces produced 346 million bushels of wheat as compared with 364 million bushels in 1957. Oats production was estimated at 240 million bushels as compared with 234 million bushels in the previous year. In spite of the unfavourable growing season barley production increased from 209 million bushels in 1957 to 238 million bushels in 1958. The production of rye decreased, while flaxseed production increased in spite of the smaller acreage seeded.

The following table shows the inward commercial carryover of wheat, oats and barley in Canada as at August 1, 1958, with comparable figures for the corresponding date of previous years:

	August 1 1958	August 1 1957	August 1 1956
		(million bushels)	
Wheat	407.6	410.4	375.4
Oats	46.9	54.1	47.9
Barley	60.7	61.8	60.5

The following table shows farm stocks of wheat, oats and barley in the prairie provinces on August 1, 1958, along with comparative estimates for previous years.* These stocks include farm requirements in the form of seed and feed, as well as deliverable surpluses:

	August 1 1958	August 1 1957	August 1 1956
		(million bushels)	
Wheat	201	315	202
Oats	88	155	60
Barley	55	79	49

The CHAIRMAN: Gentlemen, are there any comments on that item? If not, we will carry on to the next one.

Mr. EARL:

3. Legislation

There were no amendments to the Canadian Wheat Board Act during 1958-59.

The Prairie Grain Advance Payments Act was amended in 1958 to provide:

(1) That cash advances be related solely to the quantity of grain deliverable by producers on a quota of 6 bushels per specified acre, less deliveries by producers on the foregoing quota within the crop year in which an application for a cash advance is made. The amendment was enacted in order to provide that deliveries of grain under special quotas or authorizations would not reduce the opportunity of producers to secure cash advances relating to grain deliverable under their general delivery quotas. The amendment was designed particularly to meet the circumstances of producers who deliver malting barley under over-quota provisions.

(2) That grain delivered by producers, in accordance with Wheat Board regulations, for the purpose of acquiring registered and certified seed should be excluded from the repayment provisions of the Act.

The foregoing amendments were designed to meet circumstances which developed in the administration of the Act in its first year of operation.

The CHAIRMAN: Are there any comments?

Mr. PASCOE: Could I be informed of the total amount of cash advances?

Mr. MCNAMARA: Yes, we have the information here. I have the crop year 1958-59. The total amount advanced was $34,369,653. The amount refunded was $34,209,113, representing 99.5 per cent of the total advances collected as of June 27 of this year.

Mr. ARGUE: I would like some information as to the extent to which farmers are taking advantage of this legislation. What would you say would be the total potential that could be obtained by way of cash advances if all the producers applied for it? Would this be 20 per cent of the potential?

Mr. MCNAMARA: It is very difficult to estimate. Going back for the last three years, the first year the total advance was $35 million, the next year $34 million and this past year $58 million.

Mr. ARGUE: I think the wheat board has an idea of the total amount of money which potentially could be obtained under this legislation. It was discussed in the house, and Mr. Hamilton, I believe, used the figures of $150 million or $175 million as the amount it could be. $3 is the maximum on the specific acreage, I believe. I think the wheat board has an idea of what the potential would be if all the producers availed themselves of this legislation. Would $150 million be close?

Mr. MCNAMARA: I would think so. The total number of producer applications we received in the crop year 1958-59 was 45,000 out of 230,000 producers. This last year it was 50,000.

Mr. ARGUE: In the present crop year.

Mr. MCNAMARA: Yes.

Mr. ARGUE: 20 to 25 per cent.

Mr. MCNAMARA: Yes.

Mr. PASCOE: This might be hypothetical, but would Mr. McNamara have any opinion as to why the others have not applied for it?

Mr. MCNAMARA: No; I am afraid I could not answer that.

Mr. ARGUE: Have you any opinion, Mr. Pascoe?

Mr. PASCOE: Probably they do not need it.

Mr. ARGUE: I do not think it is a question of need at all. I think the reason is this. I think the price of wheat in relation to the cost of production is so low that farmers are very reluctant to take it as income in the fall, and then when they deliver their grain in the spring, when they face their major farming operations, they would have as their balance only 50 cents per bushel or a little bit better. I think they do not do it because they are frightened to financially obligate themselves further than they are.

Mr. KORCHINSKI: Are you indicating that farmers cannot handle their own finances.

Mr. ARGUE: No. They are handling their finances, and they are doing this in their own best interest. It is not a question that they do not need the money.

Mr. PASCOE: These advances were brought in at the request of the farmers and I am trying to find out why they are not using them.

Mr. KORCHINSKI: I am wondering whether there were any difficulties which have arisen as a result of the operation of the cash advance legislation and whether or not there is any possibility the wheat board will resign because of its operation.

Mr. MCNAMARA: I do not think so.

Mr. ARGUE: That is another example of government propaganda.

Mr. SOUTHAM: I have inquired of farmers. There are about 25 or 30 per cent who avail themselves of this and there is another group which does not. In the last bracket there are various reasons. I have not heard anyone criticize the act; all I have heard is acclaim for it.

Mr. ARGUE: Nobody is criticizing it.

Mr. FANE: One must also take into consideration the fact that perhaps 25 per cent of the farmers could not get it because they use their grain for feeding purposes and would not be selling it at all. Also there are a great many farmers in each year who had no grain to sell because they did not get a crop; there would be at least 25 per cent more accounted for in that way.

The CHAIRMAN: Shall we go on to number 4?

Mr. EARL:

4. *Transportation*

The following table shows primary receipts from producers and principal movements of western grains in 1958-59 as compared with 1957-58:

	1958-59	1957-58
	(million bushels)	
	1958-59	1957-58
Primary receipts from producers.....	551	576
Shipments from country elevators and platform loadings	525	587
Receipts at Pacific Coast ports	155	170
Receipts at Fort William/Port Arthur.	289	327
Shipments from Fort William/Port Arthur (lake and rail)	290	327

As indicated above, there was a moderate decline in all major grain movements during 1958-59, this decline being related to the reduction in the quantity of grain exported from Canada. Exports of

grains and flaxseed amounted to 377.8 million bushels as compared with 436.2 million bushels in the previous crop year. Domestic requirements were somewhat larger than in 1957-58.

In 1958-59 the Board continued to assume responsibility for the allocation of shipping orders as between handling companies. In directing the loading of grain from country points, the Board issued necessary shipping instructions from time to time throughout the crop year. The shipping instructions in the main determined the preference under which kinds of grain or different grades of grain could be forwarded to terminal positions, mills and processors, both east and west. Shipping instructions were primarily directed to the movement of grain to meet market requirements at different stages of the crop year.

In the spring of 1959 a problem affecting grain as well as other commodities developed following the opening of the St. Lawrence Seaway. The volume of grain moved from the Lakehead in the first three months of the navigation season fell somewhat short of expectations and this resulted in continuing congestion in Lakehead terminals until the end of the crop year.

The reduced movement of grain into and out of the Lakehead in May, June and July, 1959, meant that the board could not fully accomplish its objectives in regard to shipments from country elevators to the Lakehead and in regard to delivery quotas in areas which normally ship grain to Fort William/Port Arthur.

In carrying out shipping programmes in 1958-59 the board enjoyed the co-operation of the board of grain commissioners for Canada, the railways and the elevator and lake vessel operators.

ALLOCATION OF SHIPPING ORDERS

Under date of July 18, 1959, The honourable Gordon Churchill, Minister of Trade and Commerce forwarded to the board a new Instruction governing board policy in respect to the allocation of its shipping orders among elevator companies. The new Instruction was effective from August 1, 1959, and is subject to review after one year.

The Instruction involved the following considerations. Subject to priority in the movement of the kinds of grain and grades of grain required to meet sales programs, board policy as far as current circumstances permit, should be directed towards (a) providing producers with an opportunity for delivering grain to country elevator facilities they wish to patronize and (b) providing elevator companies with a reasonable opportunity for competing in the handling of producers' grain. In implementing these considerations the board was instructed to give priority to car requirements of congested elevators and to current country receipts of each elevator company as a factor in determining the division of board shipping orders. The terms of the instruction from the government were implemented by the necessary orders and instructions under date of July 30, 1959.

Mr. NASSERDEN: Have the grain elevator companies indicated either satisfaction, or criticism, with the new instructions in respect of boxcar allocation.

Mr. MCNAMARA: Generally, the new policy seems to have been received very favourably. There have been a few instances where some of the companies have complained. There have been some instances where they did not understand the policy. There have been other cases involving their privilege of securing a car at a congested elevator. Although we had no restriction against them they found difficulty in getting a car from the railway company

which was trying to preference cars at the lower preference points. Generally, this policy is well received. I know that the complaints we previously have received regarding car allocation have been reduced to a minimum.

Mr. NASSERDEN: Has the new allocation interfered in any way with the board's operation.

Mr. MCNAMARA: No. I think this year we had a rather fortunate circumstance in that it was not necessary for the board to draw delivery of grain from the high quota points to the extent we did in other years. The demand was such we could service it pretty well from all stations. Although I predicted in my evidence at a previous meeting of this committee that this might change our marketing conditions, it has not proven to be the case, at least this year.

Mr. GUNDLOCK: I would like to ask if the possibility of a strike on the west coast in any way has effected shipments from Alberta.

Mr. MCNAMARA: Yes. You are referring to the present crop year.

Mr. GUNDLOCK: Yes.

Mr. MCNAMARA: We are quite concerned. Already there has been some effect regarding the possibility of the strike. The railways have felt it is necessary to reduce the number of cars in the movement to the west coast, with the result that the volume of grain in transit is small and some grades are almost depleted. Some of our customers abroad are aware of the possibility of a strike and it is having an adverse effect on the sales potentiality of the west coast ports. I would like to say that if the present situation continues, or if the strike of either the elevator operators or the stevedores does develop prior to the end of the crop year, it will very seriously affect our ability to equalize quotas, particularly in Alberta.

Mr. GUNDLOCK: Does it also affect the eastern part of Saskatchewan and Manitoba, or is it primarily western Saskatchewan and Alberta?

Mr. MCNAMARA: We service the west coast primarily from Alberta and western Saskatchewan.

Mr. KORCHINSKI: Are you presently running short of the type of grain that you sell from the west coast.

Mr. MCNAMARA: Certain grades. For some of the sales for future delivery we will require additional supplies in Vancouver, in order to meet the commitments, in the near future. We could be in serious difficulty if the strike develops.

Mr. ARGUE: There has not been a strike.

Mr. MCNAMARA: No sir.

Mr. ARGUE: And the workers out there have unloaded all the cars in a normal fashion?

Mr. MCNAMARA: Yes.

Mr. ARGUE: It is the railway management which has decided, at one time or another, not to send so many carloads of grain to the west coast.

Mr. MCNAMARA: Yes. They curtailed their loading and advised us they were not prepared to put grain on load which they had no assurance would be delivered on arrival.

Mr. ARGUE: As a matter of fact the reduction in shipments are because of mistaken action by the railway companies. I wonder if Mr. McNamara is aware that when this situation came to the attention of the hon. member for Vancouver, Mr. Winch—I know nothing about this except what he said in the house—took this situation to the board of transport commissioners and they immediately ordered the railway companies of this country to provide the box cars and to cease curtailing them, or whatever they were doing which was interfering with

the movement of grain. The conclusion from the exchange between the member and the minister is to the effect that the board of transport commissioners already have acted and that the railways now are moving grain to the west in a regular manner.

Mr. McNAMARA: I was not aware of this; but I do know in recent days the railways have commenced loading, but to a very limited degree.

Mr. ARGUE: What I think is happening in this discussion, as in so many, is that the blame is on the wrong people. It is the railways which are not doing their duty. This is not the first time they have not done their duty. We had to bring the vice-president of the company here to find out why the C.P.R. for a few years were starving the producers at some of the C.P.R. points from getting box cars, and the C.N.R. were doing a relatively good job. After we put them over the coals, then they found some box cars. I think we should keep the record in perspective.

I want to ask Mr. McNamara another question. I have not any personal knowledge of it, except what I heard in the house. The question is: whether or not he is aware that this whole question is now before a conciliation board?

Mr. McNAMARA: I understand the conciliation board have made a report on the possible strike of the elevator workers; but there is another conciliation board appointed to deal with the probability of a longshoremen's strike.

Mr. ARGUE: "The probability"?

Mr. McNAMARA: Yes—well, I am probably using the wrong language.

Mr. ARGUE: I do not think you should use "probability," unless you know that it is probable. I do not know whether it is or not.

Mr. McNAMARA: I am not versed in legal or labour language but, in my mind, I am afraid there is going to be a strike out there.

Mr. ARGUE: I put it to you the railway companies are assuming, with you, that there is a strike on hand that has not happened, and they are doing a very grave disservice to yourselves in the marketing business and a tremendous disservice to the farmers. I am going to make further inquiries, personally, of the Minister of Transport, and if I find that the railway companies are failing to live up to the order of the board of transport commissioners, I will move in this committee, at a subsequent meeting, that we get officials from the railway companies before this committee to find out why they are refusing to carry out the order of the board of transport commissioners.

Mr. KORCHINSKI: Could I be permitted to make a comment? It seems to me here is a question of who is doing the disservice. It would be just as great a disservice if we found a lot of box cars tied up and we could not use them when and if that strike materialized.

Mr. ARGUE: I do not know whether this is correct or not, and I would be very disturbed, as a farmer and as a member, if this essential movement of grain was not maintained. But why pillory people who are not on strike for wrongdoings if the railway companies are, in contravention of an order of the board of transport commissioners?

Mr. SOUTHAM: Mr. Chairman, Mr. Gundlock pretty well covered the question I was going to present; but two years ago, and last year, evidence was presented to the committee that in certain areas in central Canada—including south-western Manitoba, in which I have my constituency, and part of Qu'Appelle and Assiniboine—due to geographical location, about an equal distance from the port of Churchill, the lakehead and the Pacific coast, they were not getting an equitable allocation of shipping orders and delivery quotas. Evidence was brought out concerning the strike on the Pacific coast, the fact we had our terminal elevators filled, in a lot of cases; and when an order did come in for a certain grade of wheat we had to take delivery of it from the

closest point, and this possibly aggravated the situation. The board suggested they would look into this and try to give a little alleviation to it by possibly giving us the benefit of the doubt, were it possible, in that particular area. I wonder if Mr. McNamara could say whether he has taken cognizance of it, and, if so, what are the general results, from a statistical point of view?

Mr. MCNAMARA: Mr. Chairman, we are just a wee bit ahead of ourselves; this is under the next topic, that of delivery quotas. At the end of the past crop year there were 183 stations still on a six-bushel quota. The minister as well as the board did give the assurance you referred to, that we would do what we could to preference shipments from these stations. Except for the general preference of the movement of tough and damp grain we have endeavoured to do that this year, with the result that at the current time, of the 183 stations 7 are still on a 5 bushel quota, 132 of them are now on a 6 bushel quota and 44 are at the 7 bushel quota. These stations have a large number of shipping orders, orders to make more space generally than the average station in Saskatchewan, and I am hoping and am fairly confident that at the end of the current crop year these stations will all be at the highest level that will prevail this year.

Mr. ARGUE: The space available, or on a quota without any space?

Mr. MCNAMARA: The space available.

The CHAIRMAN: Mr. Forbes?

Mr. FORBES: The question I want to ask, Mr. Chairman, comes under another item, so I will wait.

Mr. PASCOE: I have two or three questions under this paragraph, but I would like to ask a supplementary question, first, with regard to the Pacific coast. I have a clipping here that talks about a winter grain shipping tie-up at Vancouver. The story says these ships, waiting for grain, were tied up, and the wheat board paid $400,000 demurrage at the rate of $800 a day for keeping the ships idle. I wonder if Mr. McNamara could say whether any ships are waiting now, tied up?

Mr. MCNAMARA: No, Mr. Pascoe, that situation has been completely resolved, but the committee might like an explanation as to the situation which developed last year, though we are not on this report that has been referred to.

Mr. PASCOE: I would like that information.

Mr. MCNAMARA: I can give the committee this information.

The CHAIRMAN: Is that agreeable to the committee?

Agreed to.

Mr. MCNAMARA: This is shipping congestion on the west coast. Early in January of this year the board encountered problems associated with the extended delays in loading grain vessels at the Port of Vancouver. These delays resulted from a combination of factors, the most important of which were:—

(*a*) Ocean vessels which were programmed for December clearance did not arrive until early January. At the same time, the tonnage programmed for clearance during the first half of January presented on schedule. The result was a concentration of ocean vessels at Vancouver in excess of the normal servicing capacities of the port.

(*b*) There was an exceptionally heavy movement of high moisture content grain to Vancouver under the priorities which had been established for the country movement of such grain. While the driers in the Vancouver terminals were operating at capacity on a 24-hour basis, the moisture content of grain arriving was exceptionally high; with the result that much of it had to be run through the driers twice in order to bring the grain to a proper moisture content for overseas shipment. This delayed the availability of certain grades of wheat required for loading to ocean vessels.

(c) As a result of the holiday season there had been a fall-off in grain loadings at country points which affected the availability of export supplies early in the new year.

Immediately a situation of shipping congestion became apparent at the west coast the board took remedial action. Stocks of dry grain in store in interior terminals at Edmonton and Calgary were moved to Vancouver to facilitate the loading of ocean vessels. The movement of dry grain from southern Alberta points was speeded up. The terminals were encouraged to continue drying operations at a maximum rate.

Demurrage was encountered as a result of the board's inability to supply the required grades of grain within the lay days of certain vessels. These claims were met by the board in all instances where unavailability of grain resulted in delays. The first demurrage claims were encountered at the end of the first week in January, and the situation continued until the first week of March.

The total cost to the board, as a result of the above congestion, amounted to $431,853.93.

Mr. PASCOE: I have a supplementary question, and I would like to go back to our report. It says here:

Domestic requirements were somewhat larger than in 1957-58.

Mr. MCNAMARA: This is the feeding demand, in eastern Canada.

Mr. PASCOE: That is for the feeders and not for human consumption?

Mr. MCNAMARA: Domestic milling requirements are fairly constant, and the swing is in the feeding requirements in eastern Canada.

Mr. PASCOE: Further down you talk about the St. Lawrence seaway, and you say:

The volume of grain moved from the lakehead in the first three months of the navigation season fell somewhat short of expectations.

Mr. MCNAMARA: I think I dealt with this situation last year, and the difficulties we encountered; but I am pleased to say that we have not encountered those difficulties at all this season. The movement has been very smooth through the seaway, in so far as grain is concerned, with the result that our movement this year is running substantially above that at the same date last year. To June 22 we have shipped out 102.7 million bushels of grain as compared to approximately 85 million bushels during the same period last year.

Mr. ARGUE: What page is that?

Mr. MCNAMARA: This is the new figure; it is page 3.

Mr. PASCOE: Just one more question—

Mr. MCNAMARA: I think I should throw a word of warning in here. You should remember that last year we had delayed movement at the opening of navigation, and that heavy movement took place in July and early August. We had space at the terminals to accommodate further farm deliveries. This year we have enjoyed an early movement, and the space situation in eastern Canada is now tightening up very rapidly, and movement for the balance of the crop year out of the lakehead will be substantially below what it was last year.

Mr. PASCOE: In regard to the allocation of shipping orders—where it says:

Board policy, as far as current circumstances permit, should be directed towards (a) providing producers with an opportunity for delivering grain to country elevator facilities they wish to patronize—

—I would like to ask this question: If there were two different companies and one elevator was filled and the other was not, but most of the customers wanted to deliver their grain to the full one, would they get shipping orders?

Mr. MCNAMARA: A congested elevator has the right to go to the railway and order a car and get the first car available on that market, without a shipping order from the board.

Mr. PASCOE: Even though the other one was not filled?

Mr. MCNAMARA: Yes. In other words, when an elevator becomes congested arrangements are made now whereby they can automatically open the elevator up to two cars at a time.

The CHAIRMAN: Mr. Forbes?

Mr. FORBES: I was waiting for another item.

The CHAIRMAN: Mr. Gundlock?

Mr. GUNDLOCK: Mr. Chairman, if I may revert for a moment, I actually am quite disturbed about the implications which Mr. McNamara mentioned, regarding the curtailment of shipments from Alberta and eastern Saskatchewan to the coast. I would like to say this, that I am entirely in agreement with Mr. Argue when he thinks this matter should be looked into, and possibly we should interrogate officials of the railroad.

Throughout the years I have always had the opinion that when you have a serious problem—and, believe me, this is a serious problem, particularly in Alberta, much more is done if you consult all the parties concerned. I would strongly suggest to the committee here that if we are going to consult one contributor to this problem, as is suggested by Mr. Argue, I think we should consult all parties concerned.

Mr. ARGUE: Hear, hear.

Mr. GUNDLOCK: So that we might thoroughly thrash out the problem right here, and so that there is no buck passing.

Mr. ARGUE: Mr. Chairman, I want to make a comment on this, if I may. I go along with that, and I am in favour of it. I say, if you need a thorough inquiry, then let us inquire of everybody. But the thing I specifically had in mind was this: If the board of transport commissioners had ordered the railway companies to supply box cars and if they are not carrying out the order, then it will not do to have a long, exhaustive inquiry, when the end of the crop year is just four weeks away. We want to make dead sure there is no stoppage or shortage of box cars right now, today and tomorrow, because the railway companies are failing to fulfill this order. I do not know that they are, but I am informed the order has been given.

Mr. GUNDLOCK: I agree completely but, after all, the C.P.R. is a very large and competent business firm in Canada, and if they had reasonable reasons to curtail this, then there must be some good, strong evidence.

Mr. ARGUE: Maybe they just make more money hauling something else. That is why they refused to haul grain before, because they could make more money with box cars in the United States than with box cars handling grain. Because the members of the committee acted swiftly and strongly in this connection, they got it cleared up.

Mr. GUNDLOCK: They may have some basis upon which to base their judgment. Again, I strongly urge we examine this.

Mr. MCNAMARA: I think probably through some of the information I gave you, I might have misled the committee, and my colleague has brought to my attention there has been a material step-up in the loadings for the west coast since I left Winnipeg about a week ago.

On Monday, June 27th the carloadings to Vancouver were stepped up to 256, of which the C.P.R. represented 192, the C.N.R., 55, and the N.A.R., 9. The next day it was 332—the C.P.R. 229, the C.N.R. 58, and the N.A.R. 45. I was not aware of this before, but it would appear that this order you made reference to is taking effect, and they are putting the cars back in.

In so far as the wheat board is concerned we are continuing to file orders at all shipping points, to accommodate up to 6½ and 7 bushel quotas they are

working on now. We are not holding back on shipping instructions; we are getting orders filed with the railway companies, and are putting the job on their plate.

Mr. GUNDLOCK: If I may speak for a moment; as a matter of fact I have just returned from my constituency in southern Alberta. Western Saskatchewan is adjacent to my constituency, and there was still very much concern in the minds of the people over the results of the last strike out there. If there is any possibility whatsoever of grain sales being curtailed by another strike on the coast, then I think it is absolutely the duty of this committee, if it in any way can possibly do so, to contribute to clearing this thing up. I think it is our duty to do so.

Mr. ARGUE: I have some questions which are very much on this general section.

Mr. KORCHINSKI: I have a supplementary question on what has been going on.

The CHAIRMAN: Very well.

Mr. KORCHINSKI: Was it not the intention of the railways or the wheat board to ship to the terminals in the east if and when a strike should arise? Was that not in their minds, that they would ship from Alberta and other points which would normally ship to the west coast, if a strike should arise?

Mr. MCNAMARA: No. The board did not decide on a policy of that nature. You must remember that during the winter in the case of producers in the province of Manitoba and in southeastern Saskatchewan their deliveries were delayed, and that since that time we have been endeavoring to equalize delivery opportunities. And I think for Alberta on a percentage basis they are still running ahead of Manitoba and Saskatchewan.

My own feeling was that, because the lakehead is beginning to congest—and in the east which is related to that—that if conditions should develop which did not allow us to move Alberta grain through normal channels at the most advantageous freight rates, it would not be feasible for the board to ship that grain East at the expense of other provinces.

Mr. PETERS: I was wondering. It seems surprising that an organization as large as the wheat board, in dealing with the railways, has not been able to make some arrangement whereby the sales are completed, when a strike is not certain. There is a conciliation board meeting, and you cannot tell until after the conciliation board has made their decision, as to whether there is going to be a strike or not.

But as probably the largest shipper in that area I think it would be certainly to the advantage of the board to ship full blast; there should be no curtailment at all, and there is no reason at all to allow the railways to curtail.

But if there were a strike, one of the problems would be that of demurrage cost on grain loaded and in transit; and as a large shipper I feel there is no reason that the board should not be able to make some arrangement to waive these demurrage charges, because normally with transit companies, it is usually the company which is at a disadvantage in a strike, and it to their advantage to get their shippers satisfied, and they do so.

It is not the fault of the shipper. It is the fault of the transit agent, and therefore he should be able to carry that demurrage, if that is a factor; and in my opinion the wheat board should not give consideration at all to the matter of a strike, one way or another, and you should work towards the view that there is not going to be one.

But if there is one, it is the responsibility of the transit agent, and they will be the one who will have to carry that demurrage.

I think a good case could easily be made, if we deal with them as an organization and not as a branch of government, or something of that nature.

There should be consideration given to the paying of demurrage on box cars. I see no reason why the board should restrict its shipments at all.

Mr. McNAMARA: I think there has been a slight misunderstanding. We are not restricting. We have our orders filed with the elevator companies, who in turn file them with the railway, and they are pressing for cars.

But the board can deal with officials of the railway, and we have been continually pressing them for cars. Demurrage is not a question. When I referred previously to this cost of demurrage, it was ocean demurrage. But in so far as the movement of grain to a terminal position is concerned, the railways are not in a position to collect demurrage, because the demurrage order has been put under suspension by the government at the present time. Therefore demurrage is not involved in this at all, sir.

Mr. ARGUE: Mr. Chairman, surely there is a limit to three supplementary questions, just as there is in the house.

Mr. NASSERDEN: I think I should be entitled to ask a question.

The CHAIRMAN: Is it on the same subject?

Mr. ARGUE: No. I have a question on the general subject. But I shall switch my question to a supplementary one, if that is the only way to get it in. I have been trying to put my question in the regular manner.

The CHAIRMAN: I think there will be lots of time.

Mr. GUNDLOCK: I shall reply to Mr. Argue and say that the only thing I had in mind was the particular explanation made by the hon. member for Timiskaming just now, and it was that the railways would be the ones to suffer.

I was trying to point out a moment ago that in the grain growing area from which I come, it is probably more the farmers and not the railways that would suffer. It is the farmers who would suffer, and they are still suffering from the last strike.

Mr. ARGUE: If that is the case, then they are suffering from one which did not happen.

Mr. GUNDLOCK: I am talking about the one which did happen.

Mr. PETERS: I did not suggest that the railways should suffer. I merely said that the railways should bear the expense which was involved in the shipping from an elevator, and that it should continue just as it would at a normal rate, and if there were demurrage on a car which was delayed because of a strike, then it was the responsibility of the railway, not one of the wheat board, and obviously not one for the farmer.

Mr. GUNDLOCK: It would be the railway which would suffer, obviously. It will be the railways who will suffer. And I would clearly point out that the western grain growers are the ones who will suffer, and that they are still suffering from the last one; and that if another one should come, it would be that much worse.

Mr. NASSERDEN: I think that Mr. Gundlock's remarks were very well taken, and that if there is going to be any inquiry into any eventuality which might take place, it should be done on the fullest possible scale; otherwise we cannot reach a reasonable conclusion.

Mr. ARGUE: There seems to be a move in this committee from members who refuse to hear farmers, to hear labour representatives as well as the railways. I suggest that we should do it. I think the working people of this country are well able to take care of themselves in any inquiry.

If the hon. members wish to hear railway companies, then let us start with them and go on to the working people. Then the farmers will know that their farm representatives who would not hear the farmers do want to hear labour representatives.

The CHAIRMAN: Order. Is there any further comment?

Mr. ARGUE: If we hear any more of this kind of talk let us have them all, but first let us find out from the railway companies why they refuse to spot boxcars when there is no strike.

Mr. FANE: Why should we hear from the farmers organizations at this time when this committee is half way through its session of hearing the report from the Canadian Wheat Board? Why are we being asked to wire the farm organizations to come down here?

Mr. ARGUE: You said no, that you did not want to hear the farmers.

Mr. FANE: I did not.

Mr. ARGUE: Yes you did.

Mr. FANE: No, I did not.

The CHAIRMAN: Order. I would ask the hon. gentlemen to keep politics out of this.

Mr. ARGUE: If you are finished with supplementary questions, I would now like to ask some regular questions.

Mr. FANE: Political speeches are for politicians to make.

Mr. ARGUE: A political speech is the right kind of a speech for a politician to make.

Mr. FANE: Not in a committee like this.

The CHAIRMAN: No. 4, gentlemen.

Mr. PETERS: Could I ask something, on a point of information: what are we talking about; whom are we talking about? Who is it that is having the conciliation board—what organization?

An HON. MEMBER: You mentioned it.

Mr. PETERS: Yes, and I assumed it was with the shipment of grain; but it may not be. Who has threatened to go on strike?

Mr. DANFORTH: Mr. Chairman, the hon. member has agreed to second something, and he now wants to know what he agreed to second.

Mr. ARGUE: Mr. Chairman, I have been waiting for more than an hour to discuss the regular paragraph that is before us. You have entertained supplementary questions now for half the afternoon. If you are ready to go on in regular, orderly fashion, I am willing to ask my questions.

The CHAIRMAN: Very well. No. 4. Let us get down to business.

Mr. ARGUE: The figures in No. 4, in exports of grain and flaxseed, show a very alarming drop, in my opinion, from 436.2 million bushels the previous crop year to 377.8 million bushels in the crop year under review.

My question is: since we are near the end of this crop year, are we likely to suffer a further loss in the export of grains and flaxseed from last year's lower figure to a new low; or are we going to make some recovery in the export of grains and flaxseed? How are we getting along in the export of them?

Mr. MCNAMARA: It is impossible to indicate a final figure at the end of the crop year; but as at June 22, the latest figures I have available, our exports on all grains from August 1 amounted to—

Mr. ARGUE: On what page is that? I do not have the same document.

Mr. MCNAMARA: Page 8—322.2 million bushels of all grain, as compared with 343.9 million bushels on the same date a year ago. We are down about 21 million bushels. Wheat and flour, our exports at June 22 this year amounted to 249.3, as compared with 264.5 a year ago.

As I say, I cannot forecast what the final position will be; but it is pretty well assured that the exports at the end of the crop year will be below last year's level.

Mr. ARGUE: Mr. Chairman, we have had a good deal of discussion in bits and pieces on the new policy of the board in calling forth the grain from the elevator companies.

There is a reference in the last sentence of this section:

> The terms of the instruction from the government were implemented by the necessary orders and instructions under date of July 30, 1959.

I wondered if the committee could have those instructions. Also, if they could be placed in our *Hansard* record of the committee. And, further: Mr. McNamara has already referred to certain aspects of this; but I wonder if he could give the committee a brief picture of what is involved in this policy, in these orders, and how this has been changed, or improved, from the policy that was being followed prior to this.

Mr. MCNAMARA: I have the information here, if it is the wish of the committee that I should submit it.

The CHAIRMAN: Is it agreeable to the committee?

Mr. ARGUE: If the orders are long, I thought we could have them printed in the *Hansard* record; and you might just summarize them briefly, in other words.

Mr. MCNAMARA: We have a summary of the orders here, which I would be glad to make available, if the committee would like to have them. I will read them, if the committee wishes them read into the record; or they can be filed.

Mr. ARGUE: I would move, Mr. Chairman, that they be printed as an appendix to today's record of the committe meeting. Therefore, Mr. McNamara would not have to read them verbatim; he could tell the committe what is involved in these orders.

The CHAIRMAN: Is that agreed, gentlemen?

Agreed.

Mr. MCNAMARA: I have a short summary of what is involved here: Since the beginning of the current crop year the board has been operating under an Instruction from the Minister of Trade and Commerce arising from the recommendations contained in the report of the enquiry into the distribution of railway box cars.

In essence the instruction contained the following directives:

1. Primary consideration must be given to the movement of the kinds of grain and grades of grain required to meet sales commitments and to facilitate board selling operations.
2. Subject to 1 above, and as far as current circumstances and reasonable equality in delivery opportunity permits, it should be the objective of the board to provide:
   (*a*) that producers should have the opportunity of delivering their grain to the elevator or elevators which they wish to patronize,

   and

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

In implementing these principles the board was directed, as far as practical, to give attention to:

1. The need of a congested elevator for shipping orders.
2. Current grain receipts of each elevator company as a factor in determining the division of board shipping orders.

In implementing this Instruction the board established a policy whereby congested elevators could place an order with the railway for two cars, on an out-of-order basis, from the first supply of box cars made available to the shipping point. For the purpose of this policy a congested elevator was taken to mean one which did not have sufficient unfilled storage space to allow

receipt of grain of the kinds and grades generally offered by producers for delivery into it, and which had unfilled storage space totalling less than 4,000 bushels.

If an elevator, having filed an order for two cars under the congested elevator policy, had unfilled orders for box cars on file with the railway agent, the cars supplied on an out-of-order basis would be allocated against the unfilled orders. If the elevator company, having filed an order for two cars under the congested elevator policy, did not have unfilled shipping orders on file with the railway, shipment could be made against an open Order 1000, and would subsequently be charged against future allocations of the company concerned.

At the same time the board revised its system of allocating shipping orders between companies on a percentage basis in such a way as to reflect the current volume of business obtained by each company in each province. For the month of August allocations were basis the percentages in effect at the end of the previous crop year. Thereafter such percentages were adjusted to reflect the actual receipts of each elevator company, each month, from the beginning of the crop year. For example, for the month of September the allocation of shipping orders to individual companies reflected 11/12 of the percentage allocation in effect on July 31st, and 1/12 the percentage of business enjoyed by the company in August 1959. Similarly, for the month of June the allocation reflected 2/12 of the percentage in effect on July 31st 1959, and 10/12 the volume of business enjoyed by the company from August 1st 1959 to May 31st 1960. Appropriate adjustments were made for changes in ownership of country elevator facilities.

At the time that this policy was put into effect an order was issued to the railways concerned to ensure that cars were supplied for congested elevators as indicated above.

This policy has remained in effect throughout the crop year, and cars are available for congested elevators, even in those instances where general restrictions have been imposed for high quota points. In this way the handling of each company over the crop year as a whole should reflect the relative volume of business which would be handled by such company within the limits of the maximum quota in effect, regardless of the general elevator congestion throughout Western Canada.

Mr. ARGUE: I think that is a much better policy than the kind that had been in effect previously. Is it correct that with the congested, over-the-quota boxcars, the two of them that an elevator is entitled to, there is preference in spotting those cars? This is the first priority, is it?

Mr. MCNAMARA: Yes; when the cars are made available at a railway station, the elevator that has ordered cars under the condition of these congested elevators gets the first two cars. They are out-of-order cars; they go into that elevator first.

The CHAIRMAN: Delivery quotas, No. 5.

Mr. EARL: No. 5, delivery quotas, is:

> On July 24, 1958 the board announced the main features of its delivery quota policy for the ensuing crop year. Effective on August 1, 1958, an initial quota of 100 units of grain was established, each unit consisting of three bushels of wheat, or five bushels of barley, or five bushels of rye, or eight bushels of oats, or any combination of these grains amounting to 100 units. At the same time the board announced that the initial quota would be followed—

Mr. FANE: Mr. Chairman, would you have the gentleman speak a little more loudly: I cannot hear over the noise?

Mr. EARL: I will repeat it.

At the same time the board announced that the initial quota would be followed by general quotas based upon each producer's specified acreage.

On January 21, 1958, the board announced that acreage seeded to Durum wheat would be included in each producer's specified acreage effective on August 1, 1958.

As a result of this change Durum Wheat was deliverable only on the unit or specified acreage quotas during 1958-59. Therefore, effective August 1, 1958, the "specified acreage" for delivery purposes consisted of each permit holder's acreage seeded to wheat (including Durums), oats, barley and rye, as well as summerfallow and eligible acreage seeded to cultivated grasses and forage crops.

Mr. ARGUE: Mr. Chairman, we do not have a quorum.

Mr. NASSERDEN: We are going to have one less member present because I have to leave right now.

Mr. ARGUE: We do not have a quorum so we cannot have a meeting. It is not my fault that the government members cannot attend.

The CHAIRMAN: Gentlemen, I have called the whip's office.

Mr. ARGUE: This session is over, Mr. Chairman. There is no quorum and it is the same as in the House of Commons; when there is no quorum the session is over.

Mr. PASCOE: I would like to point out, Mr. Chairman, that there are only two CCF members and one Liberal member here.

Mr. ARGUE: How many CCF members are on this committee? There are only two CCF members on this committee and we have a 100 per cent representation. It is the government members that do not attend this committee meeting. I think that is disgusting.

The CHAIRMAN: We will meet again at 8 o'clock this evening.

EVENING SESSION

THURSDAY, June 30, 1960
8 p.m.

The CHAIRMAN: Gentlemen, if you will come to order, I see we have a quorum.

I believe we left off our considerations in respect of transportation. We will now proceed to section number 5, delivery quotas.

Mr. KORCHINSKI: Mr. Chairman, before we proceed I would like to refer to Beauchesne's parliamentary rules and forms, because of what happened earlier this afternoon.

The impression was left by the hon. member for Assiniboia that this committee had to disband because there was not a quorum. I would like to read what I think is the pertinent section of Beauchesne; section 288, page 237 of the fourth edition. It reads as follows:

> It is the duty of the Clerk attending the committee to call the attention of the Chairman to the fact when the number of members present falls below the quorum, whereupon the Chairman must suspend the proceedings until a quorum be present or adjourn the committee to some future day.

In other words, this is contrary to what we were led to believe. We did not have to disband the committee meeting. If we had waited for two minutes and we were able to call a quorum together we could still have proceeded.

The impression that was left was that we had to walk away, and the witnesses here should be left in the air.

I wanted to dispel that impression.

The CHAIRMAN: Thank you, Mr. Korchinski.

We will proceed now with the section headed "delivery quotas".

Mr. EARL:

5. Delivery Quotas

On July 24, 1958, the board announced the main features of its delivery quota policy for the ensuing crop year. Effective on August 1, 1958 an initial quota of 100 units of grain was established, each unit consisting of 3 bushels of wheat, or 5 bushels of barley, or 5 bushels of rye, or 8 bushels of oats, or any combination of these grains amounting to 100 units. At the same time the board announced that the initial quota would be followed by general quotas based upon each producer's specified acreage.

On January 21, 1958 the board announced that acreage seeded to Durum wheat would be included in each producer's specified acreage effective on August 1, 1958. As a result of this change Durum wheat was deliverable only on the unit or specified acreage quotas during 1958-59. Therefore, effective August 1, 1958, the "specified acreage" for delivery purposes consisted of each permit holder's acreage seeded to wheat (including Durums), oats, barley and rye, as well as summerfallow and eligible acreage seeded to cultivated grasses and forage crops.

The crop year commenced with initial quotas in effect at all delivery points. On September 29, 1958 the first general quotas were established and these quotas were extended and increased as local space became available.

In February, 1959, the Board designated certain delivery points as "limited" stations. These were stations where specific general quotas would provide for the delivery of the total quantity of marketable grain at the station. Where individual producers held more grain than could be delivered under the "limited" quota, provision was made whereby such producers could apply for a special delivery permit which would bring their deliveries up to the maximum general delivery quota established for the crop year.

The following table shows the general delivery quota position, at the end of quarterly periods, during the crop year 1958-59:

	October 31, 1958	January 31, 1959	April 30 1959		July 31 1959	
	General	General	General	Limited	General	Limited
Initial quota	1,168	—	—	—	—	—
1 bus. per specified acre....	758	—	—	—	—	—
2 bus. per specified acre....	112	415	25	—	—	—
3 bus. per specified acre....	—	1,148	505	—	—	—
4 bus. per specified acre....	—	398	741	7	—	7
5 bus. per specified acre....	—	68	378	48	—	51
6 bus. per specified acre....	—	—	223	26	183	38
7 bus. per specified acre....	—	—	76	—	647	54
8 bus. per specified acre....	—	—	—	—	946	102

Some comment should be directed towards the position of general delivery quotas on July 31, 1959. In Alberta, 555 delivery points ended the crop year either on a limited basis or with a general delivery quota of 8 bushels per specified acre. Only 6 delivery points remained on a 7 bushel general quota. In Manitoba and Saskatchewan the year-end

position was less favourable. In Manitoba, 189 delivery points ended the crop year either on a limited basis or with an 8 bushel general quota; 153 delivery points were on a 7 bushel general quota and 31 delivery points were on a 6 bushel general quota. In Saskatchewan, 437 delivery points ended the crop year either on a limited basis or with an 8 bushel general quota; 488 delivery points ended the crop year with a a 7 bushel general quota; while 152 delivery points remained on a 6 bushel general quota. The year-end position in parts of Manitoba and Saskatchewan was influenced by the necessity of moving a substantial quantity of high moisture content grain from north-eastern Saskatchewan. Advance maximum quotas in the affected area were established for this purpose and there was a diversion of car supply to delivery points in the affected areas. This factor, combined with the continuing congestion at Lakehead elevators, contributed to the number of delivery points remaining on a 6 bushel general quota in Saskatchewan and in Manitoba.

Flaxseed

The initial quota for flaxseed was 5 bushels per seeded acre. On October 23, 1958 the flaxseed quota was increased to 8 bushels per seeded acre, and on November 11th flaxseed was placed on an open quota basis.

Barley

Over-quota provisions for the delivery of barley suitable for malting were continued in the crop year. Effective August 1, 1958 producers could deliver one carlot of barley suitable for malting, providing a sample of such barley had been accepted by a malster or shipper on a premium basis.

On November 25th a supplementary quota of 3 bushels per seeded acre was established for No. 1 feed barley and lower grades, effective in Manitoba and Saskatchewan. On January 2, 1959 the supplementary quota was increased to 6 bushels per specified acre on barley grading No. 1 feed and lower, effective in Manitoba and Saskatchewan. On January 9th a supplementary quota of 3 bushels per seeded acre was established for barley grading No. 1 feed and lower, effective in Alberta and British Columbia. This supplementary barley quota effective in Alberta and British Columbia was increased to 6 bushels per seeded acre on January 29th.

Rye

In January, 1959 a supplementary quota for rye of 5 bushels per seeded acre was established, effective in Alberta only. On April 28th this supplementary quota was extended to Manitoba and Saskatchewan. On June 12th the supplementary rye quota was increased to 10 bushels per seeded acre, effective in all three provinces.

Oats

On January 21, 1959 provision was made for the over-quota delivery of one carlot of oats for commercial seed. On January 29th a supplementary quota of 6 bushels per seeded acre for oats grading No. 1 feed or higher was established. On April 24th provision was made for the over-quota delivery of one carlot of oats suitable for the manufacture of rolled oats.

Soft White Spring Wheat

On November 5, 1958 a supplementary quota of 5 bushels per seeded acre was established for soft white spring wheat. On February 17, 1959 this supplementary quota was increased to 10 bushels per seeded acre. On June 17th soft white spring wheat was placed on an open quota basis.

Seed Grain

The usual provisions were made whereby producers could secure registered and certified seed on the basis of limited over-quota deliveries of commercial grades.

Under delivery quotas established in 1958-59, producers delivered 551 million bushels of grain and flaxseed as compared with 576 million bushels during the preceding crop year.

The CHAIRMAN: Mr. Clancy.

Mr. CLANCY: Mr. Chairman, could we not dispense with the reading of the report? This report has been in our hands since February and, if you would call off the section, like No. 6—handling agreement, and ask the committee if they have any comments or questions to ask, I think that would be more beneficial and would enable this committee to go ahead more quickly.

The CHAIRMAN: What is the opinion of the committee?

Mr. VILLENEUVE: I agree.

Mr. CLANCY: I think we are wasting time proceeding in this manner. As I have said, we have had this report since February, and if you would just call off the headings, and ask the committee if they have any comments or questions to ask, it would be much better. Let us get on with it.

The CHAIRMAN: Mr. Cooper, have you a question?

Mr. COOPER: Mr. Chairman, I wanted to draw the hon. gentleman's attention to malting barley.

Last fall, sample after sample went in and came back malting. There were a couple of carloads shipped down there. One station had five carloads shipped. It was all rejected after it got down there. These farmers were stuck with a carload of barley at the head of the lakes, and they were supposed to pay storage on it until their quota cleaned up the barley.

In my own experience, I had a carload of barley in store on my farm. My son sent four samples away during the winter, and it would not go malting. We sold it at the elevator for feed barley. It went down there, and it graded malting. When my son got off his crop, he sent a sample in of the 1959 barley, and it came back malting. He shipped a carload, and he was stuck. He could not sell anything more until the quota of wheat made up the barley. Could there not be something done on the grading of barley? This puts the farmer in an awful position, when he can only sell barley, and then be stuck with it at the head of the lakes, and have to pay storage on it.

Mr. MCNAMARA: We appreciate this situation, and we have given a lot of consideration to it.

It is really not a question of the grading of barley; it is a question of shipping a carload equal to a sample previously submitted. This arrangement for over-quota delivery privileges of barley is arranged between the producer, the elevator company and the buyer who is prepared to buy the barley for export. However, we only authorize the over-quota privilege on the understanding that the sample that has been submitted has been selected, and that the selector guarantees to buy this barley from the board, which it unloads, so it will not go on to carrying charges, and that it has an assured sale. However, the car when shipped must be equal to the original sample. In fact, there are cases where the judgment of the selectors is probably questionable, but in many,

many cases this is not so. There is no doubt in my mind that the samples are taken by the producer or elevator agent probably prior to threshing, and when the barley is finally delivered, it is not always up to the sample.

I am not suggesting this was so in your case, because I know there are exceptions to this. But, generally speaking, the elevator companies are competing strongly for the handling of this malting barley, and they lose customers readily when they take a carlot off their hands and find the producer is saddled with the loss.

It has been suggested it is a weakness in our system to allow these over-quota carlots of barley to be shipped. However, we are sales conscious, and we are satisfied the only way the American maltsters and, more recently, the Canadian maltsters, will buy, is on a sample basis. It is no longer a question of grade because of the preference of certain varieties at certain times. I think to maximize our sale effort of malting barley to our United States export market, we will have to handle it on a sample basis.

I suggest to you that if the board did not have rules which penalized the producers when they do ship barley not up to standard, whether it is their fault or an accident, it would soon disrupt the quota system, because everybody would have a carlot of barley and, if it was rejected, they would be that much ahead of the quota. You might, as a result, not have any barley delivered under the quota, if you allowed that to happen. I estimate that 40 or 45 per cent of the barley handled by the board the last few years has been shipped on the over-quota basis.

However, I do understand that it causes a hardship, when a producer, through no fault of his own, finds that his barley is not just up to standard. Sometimes we are of the opinion that the maltsters, because of the lessening demand in the American market, tighten up a little bit. However, we watch them very carefully and, if one maltster refuses to select a carlot, the whole field of the other maltsters is canvassed, and we let them switch to another maltster which will accept the carlot. In some cases, this has been successful.

However, I do suggest that I think it would disrupt the quota system of barley if we did not have stringent regulations governing over-quota shipments.

Mr. COOPER: A supplementary question. I only shipped 1,400 bushels of barley. It was a malting barley, and the elevator man filled it up. He had barley in his elevator—Hansen barley, and he dumped that in with it; it goes down there and it goes malting.

Mr. MCNAMARA: It might have been another selector who was hungry for a variety at that time. Did you deliver on a special bin basis?

Mr. COOPER: No, because it would not go malting. The elevator man told me that carload could not go. I only had 1,400 bushels. Our 1,400 bushels of malting barley was filled up with Hansen barley.

Mr. MCNAMARA: This is difficult to understand because most of the maltsters will not take mixtures.

Mr. COOPER: I did not get paid for malting; I got paid for feed barley.

Mr. CLANCY: Could we finish the point I brought up, Mr. Chairman? Instead of having it read word for word, could we not call out the headings, and ask if there are any comments or questions?

The CHAIRMAN: We will discuss that when we get to the next item.

Mr. KORCHINSKI: Could Mr. McNamara give us a rundown as to how much malting barley is being used up in Canada, when the high peaks are for the sale of malting barley, how much exports we have of this malting barley, and to what countries. In particular, I was interested in his statement that the elevator companies are always competing for this malting barley, and I wondered why that develops. They are all competing for the malting barley coming into their elevators.

Mr. McNAMARA: One of the biggest inducements to producers is this over-the-quota carlot of malting barley. I can think of no way of an agent making a better customer than by finding a market for it. That is the reason for the competition.

Generally speaking, the main market for our malting barley is in the early fall. The Canadian maltsters like to get a definite line of their commitments in August and September, and most of the barley is contracted for the American market in the fall months. We have a market in the spring to supplement their fall purchases, but the bulk is booked with the malsters and shippers in the fall for shipment during the fall and winter. The only real export market we have for malting barley is the United States. This year we have been successful in selling some cargoes of C.W. 6 row barley to the United Kingdom for distilling purposes. However, generally speaking, the market for malting barley is limited to the American market and the Canadian domestic market.

Mr. KORCHINSKI: I wonder if, somewhere in your report, you have the figures of how much malting barley is sold in the course of a year?

Mr. McNAMARA: I am not sure, but we will get that information for you. If we have not obtained it by the end of our hearing, we will file it.

Mr. KORCHINSKI: Are the premiums that are paid on the malting marley paid by the maltsters?

Mr. McNAMARA: Yes. We will not authorize an over-quota delivery privilege unless the buyer guarantees he is paying a producer a premium of three cents a bushel.

Mr. KORCHINSKI: Is that maltster bound to purchase malting barley if and when they accept it as malting barley?

Mr. McNAMARA: If the carlot is equal to the sample, they are bound to purchase it. We generally authorize the over-quota privilege against prior sales except in special circumstances, like last fall.

Mr. KORCHINSKI: How do you determine whether the carlot is equivalent—

Mr. McNAMARA: We do not determine; that is between the elevator company and the maltster.

Mr. KORCHINSKI: How do you determine it?

Mr. McNAMARA: We do not determine it; it is a matter between the elevator company and the maltster.

Mr. KORCHINSKI: What protection does the producer get?

Mr. McNAMARA: He has the protection which is given to him under the Canada Grain Act. Mr. Milner can explain it; but they do take great care to protect the interest of the producers, in the special bin cars.

Mr. KORCHINSKI: The producer must first deliver to the elevator company at the site, and then a sample is taken from there, and that sample is sent out, and it comes back indicated as being malting barley?

Mr. McNAMARA: It is not a case of its coming back as malting barley. That particular sample must be accepted by the buyer, and it is the responsibility of the producer to ship a car lot which is equal to that sample.

Mr. KORCHINSKI: Who decides that it is malting barley?

Mr. McNAMARA: The barley buyer, who is either a shipper in connection with the United States, selling to American maltsters, or is a representative of the Canadian maltsters, the Canadian Malting or the Dominion Malting company. They make an overall purchase from the wheat board, and we allow them to apply their shipment against it.

Mr. KORCHINSKI: That would be in the case where the board agrees that it is malting barley?

Mr. McNAMARA: That is right.

Mr. FORBES: The farmer takes his sample of grain to the elevator and it is then accepted as malting barley, and he works from there on, to the point where they take a car load at the elevator.

Mr. McNAMARA: No. The elevator agent sends it to the head office; that is, the elevator agent takes a sample and sends it to the head office; and when one of them says "I will take this barley and guarantee to accept it, and to pay the producer a three cent premium", they notify us and we issue a special over-delivery quota permit to the producer, with a copy to the buyer and to the elevator company, and then the car can be delivered and shipped.

Mr. KORCHINSKI: What protection does the producer have, once you have gone as far as that, and once he loads a car and ships it out, and then he realizes that it is not accepted as malting barley?

Mr. McNAMARA: If he delivered it on a special bin basis, he can send a sample out of the sample box to the board of grain commissioners and they will satisfy themselves that it is the same barley, and that the barley shipped in the car was exactly the same barley that the producer delivered.

Mr. KORCHINSKI: Is there any case where the board of grain commissioners ask the buyer or the maltster to make restitution, or whatever you wish to call it, in such a case?

Mr. McNAMARA: I suggest you had better discuss this with Mr. Milner. But my personal opinion is that they watch it as closely as they can.

I am quite sure that when the producer makes a complaint, that the Board of Grain Commissioner arrange to check the original sample in order to satisfy themselves that the barley was equal to the original sample. But this is something which is out of our field. This is grading, and I would prefer that Mr. Milner should deal with it.

However, I can say this: that we are very conscious when issuing these over-quota permits that they are going out of their way to protect the interest of the producer in the handling of this grain.

Mr. COOPER: Has supply and demand nothing to do with it, as to when they will take malting barley?

Mr. McNAMARA: Oh yes, very definitely.

Mr. COOPER: The first five car lots of barley that were shipped created a market with the sample, yet they were all rejected.

Mr. PASCOE: I have two or three questions on this matter of delivery quotas. First I would like to draw attention to your statement where you said that Manitoba and Saskatchewan did not get equal treatment with Alberta, in that some points had seven bushels, and some had six. I would agree that some of those quotas come in on the last day and they are not filled.

Mr. McNAMARA: That is right.

Mr. PASCOE: I received a telegram from a farmer in southeastern Saskatchewan, which reads as follows:

> Opinion wheat board should attempt to equalize during the present crop year ending July 31st, 1960 last year's low quota points with high quota points same year. In other words, board should stop placing orders and cars in last year's high quota points until the low quota points of same year are equalized this year. Stop. Discrimination in quotas not only effects initial payments but interim and final payments as well.

What I am trying to ask is this: is the wheat board looking at that matter this year and trying to make the points that did not get a break last year get a little better break this year.

Mr. McNAMARA: Very definitely. I think I should also read into the record the quota situation: at the 183 stations that ended the season last year with a six bushel quota.

The position this year is much more favourable. Let me refresh your memory: of these 183 points as of this date, and the quotas at these particular points, there were seven of them with a four bushel quota, and 138 of them with a five bushel quota, and 38 of them with a six bushel quota.

At the present time—this was as of the 22nd of June—there were none with four; and there are only seven of them with a five bushel quota; while 132 of them had a six bushel, and 44 already have a seven bushel quota.

I think I am fairly safe in saying that as a board we are going to be very diligent to see that the 183 stations are all at a maximum quota at the end of the current crop year.

The committee may be interested to hear about the present quota situation, and this is as of tonight: there are no stations of four or under; we have only 107 with five bushels, and we have 1305 with a six bushel quota, and we have 596 stations having a seven bushel quota.

Mr. RAPP: There is nothing lower than four bushels?

Mr. McNAMARA: There are none with four.

Mr. PASCOE: I have a map of the stations with the seven bushel quota, and they are mostly in the northeastern part; but the complaints I have been getting are from down here; and it still looks as if we are being favoured in the northwestern section.

Mr. McNAMARA: That is true to a great extent, but this year damp grain was very predominant, and as a matter of fact we followed a policy of moving grain out of that area right up to the six bushel level during the winter; and, part of that area has been favoured by heavy shipments to Vancouver.

When we went on a seven bushel quota about two weeks ago there were a number of these points which had space for seven, so we raised their quota.

Mr. PASCOE: Would it be fair to say to this man who sent me the wire that he would be pretty well looked after.

Mr. McNAMARA: What the quota situation will be at the end of July I do not know. I would not like to say it would be equalized, but it will be in closer balance that it has been in the past number of years.

Mr. PASCOE: It says that the crop year commenced with initial quotas in effect at other points. Are we going to do that in the same way at the first of this crop year?

Mr. McNAMARA: I anticipate that will be the board's position. There seems to be a larger measure of support within the west for the unit quota in the first instance, and where, as you know, we allow delivery regardless of the size of the farm.

Mr. PASCOE: Yes?

Mr. McNAMARA: Yes; we do not use the specified acreage on which the grain was produced.

Mr. GUNDLOCK: When we were interrupted this afternoon I had one more question to ask, but I did not want to interrupt the discussion of this item. It is a very simple question, and it only pertains to the amount of shipments through the seaway, concerning grain and western grain. Do you have any idea what percentage of the tolls collected on the seaway are attributed to western grain?

Mr. McNAMARA: No, I am sorry, I have never worked out that calculation. But I think probably the answer you are looking for is to say that in so far as the movement of grain is concerned, there has been a larger increase in the movement of American grain than Canadian via the St. Lawrence Seaway since it opened.

We have always moved grain by water; but this has provided a new outlet; for the U.S.A. so we believe the major earnings in so far as the seaway and additional tolls are concerned result from the heavier shipment of American grain.

Mr. GUNDLOCK: You have no idea how much, approximately?

Mr. MCNAMARA: No, I have never made this calculation; although possibly the seaway authority has come out with some figures. We will make a point of seeing if we can come up with some figures for you.

Mr. RAPP: Mr. Chairman, I would like to make a few remarks about the quota system. In the press, and at other meetings, we heard so much of the wheat board giving preference to some of these northern farmers regarding the areas that were left with their crops after the bad winter.

I must congratulate and express my gratitude on behalf of these farmers, because I was one of them who was left with some crop out in the field, and you gave preference to these people that had not only tough, but damp 18 or 19 tested. You gave preference to these stations and made available space for this grain.

We, of course, do not expect that we will get another like this; however, it is a method that should be considered again if in future we should be unfortunate enough to have our crops out; because, as I said, we hear quite a bit about the wheat board not equalizing quotas. That is for the simple reason that they could not equalize quotas if there were millions of bushels of damp grain left somewhere in the north. That is all I wanted to say.

Mr. MCNAMARA: Could I comment on that, Mr. Chairman. I want to thank the member for the reference to the handling of this out-of condition grain. I think a job was done, and it was well done. I am not trying to take credit only for the wheat board, because we received complete cooperation, not only from the handling companies, but from the board of grain commissioners, who operated these interior terminals and who controlled the drying—they did a magnificent job in regulating the drying and saved a lot of grain from being spoiled as a result of it. Also, the railways certainly cooperated with it. I think it should be on record in the discussion this year that I do not think that in the history of our operations—and this is the 25th year of our operations—we have had such cooperation with regard to the distribution that we have had this year from the railways. I hope they will continue this until July 31, because we have done a good job of equalizing quotas.

I do not like the reference to all future years, Mr. Rapp, because I am afraid these over-quota privileges on damp grain might influence your constituents to harvest the grain damp; and we cannot promise to keep this up for you.

Mr. SOUTHAM: Mr. Chairman, I am not absolutely sure whether my question should be placed under this category of over-quotas; but looking over the report, I cannot see any place which would be more appropriate.

This has to do with the people living at marginal points, particularly in boundary areas. I am thinking particularly of the boundary between Saskatchewan and Manitoba. I have had complaints from a number of farmers, and one in particular was very mean. It was this: last fall, on his property in Manitoba, he grew good crops, and he has other land across the line in Saskatchewan, where he keeps a big herd of cattle. He was complaining, due to the fact that he had to sell his oats in Manitoba for 45 cents a bushel, and he had to buy it back at 60 cents a bushel, to maintain his livestock herd.

I have had many complaints about the situation in connection with that kind of problem.

Mr. MCNAMARA: We have had a few complaints— they are not numerous— on this question. Of course, it raises the whole question and is a question on which the committee has had so much discussion, with regard to the feed mills, where you begin and end these controls.

I know you can make out a case for a particular farm near the American border, where he cannot sell all his crop and market it across the line; or somebody in the Creston area, who could sell all his grain in the B.C. market. But, generally speaking, these are isolated cases; and if we were to open up and allow this interprovincial switching between farms owned by the same man, or a man and his wife, or a man and his son, it spreads into the family very rapidly.

We had some experience of this during the war in connection with all-rail shipments from the prairie provinces to eastern Canada, and you will be surprised how many connections developed between eastern and western Canada where there were claims that we should authorize over-quota on that basis. It is a difficult problem; but it is not serious: there are not too many cases of it.

Mr. SOUTHAM: To an individual who has some property on both sides—I am thinking of Manitoba and Saskatchewan—it appears serious to him, and there are some bitter comments directed towards that policy. I can see your argument there.

I was wondering if there could not be some regulation, if it were looked into, for one of your field inspectors to allow that man, where he had grown that grain across the boundary, to move it across by his own truck—not ship it across the line—to his cattle ranch?

Mr. MCNAMARA: Is he growing one kind of grain on one farm, and another kind on another farm?

Mr. SOUTHAM: No; it is a case of a man having good grain across the boundary in Manitoba, and having his ranch land across the line in Saskatchewan, where because of the nature of the land he is maintaining a herd of cattle. He wants to transport the oats across the line 25 or 30 miles.

This particular man's name is W. J. Schiller, of Tyvan.

An Hon. MEMBER: It is a hell of a long way from the Manitoba border, if he lives at Tyvan.

Mr. SOUTHAM: That is where he has his ranch.

Mr. MCNAMARA: Tyvan is pretty close to Regina. That is not close to the border: it must be 150 miles between the two farms. We will look it up for you. We will be interested in that, and will explore it.

Mr. SOUTHAM: He wanted a permit to transport his own grain from Manitoba into his own farm in Saskatchewan, and I thought there would be a regulation where he could transfer 1,000 bushels of oats and be under regulation where he could do that. It is an isolated case; but just the same, he puts up quite an argument.

Mr. MCNAMARA: We will look into it and give you a report on it.

Mr. NASSERDEN: What is the procedure, or policy, in establishing a quota for members of a cooperative farm?

Mr. MCNAMARA: It seems to me that we have gone into this before. You are just interested in cooperative farms?

Mr. NASSERDEN: Yes.

Mr. MCNAMARA: This is a note from our permit department: a duly constituted cooperative farm receives only one delivery permit book. The board will grant, however, an additional 100 units for each member of the cooperative organization in excess of four. The classification of a member is, the head of a family, or other persons who are members in their own right. In addition to the increased delivery on the unit basis, the cooperative authorized to apply for an additional car of barley accepted for malting purposes over the quota, for each member of the organization in excess of four.

Mr. NASSERDEN: The reason I asked the question is that that works quite a hardship to a farm that may have five members.

Mr. McNAMARA: Five members?

Mr. NASSERDEN: Yes.

Mr. McNAMARA: They would get two cars of barley then.

Mr. NASSERDEN: They are actually discriminated against as producers.

Mr. McNAMARA: Only on the unit quota. On the specified acreage, of course, the total acreage would give them the delivery privileges on the permanent quota.

Mr. NASSERDEN: On the malting barley there?

Mr. McNAMARA: We give them an additional car for each member in excess of four.

Mr. NASSERDEN: Then a farm with five members would get two?

Mr. McNAMARA: Yes; and with a sixth member they would get three cars. You have got to draw the line somewhere.

Mr. NASSERDEN: Why four?

Mr. McNAMARA: Under our act we can only give them one delivery permit, because they are a farm unit and are operating as a unit.

Mr. NASSERDEN: Could you not bring it down lower than four?

Mr. McNAMARA: We could. Of course, every time you take some more over the quota, you are reducing somebody else's delivery opportunities within the quota.

Mr. NASSERDEN: It seems to me that if you do not do it, you are discriminating against this particular person who otherwise, if he was farming as an individual, would still have that advantage.

Mr. McNAMARA: That is right.

Mr. NASSERDEN: I know a particular case, with which I think you are familiar. There is no doubt about it, that it is working a hardship on them.

Mr. McNAMARA: We will take a look at it. I think this was worked out on the average of acreage. I think we took the average acreage and decided four was the proper figure.

Mr. ROBERTSON: It was related to average, but at the same time we had to draw a line and end it up at four. It has been there for two or three years.

Mr. KORCHINSKI: I was going to say that there was some great fanfare earlier this afternoon by certain groups which made representations on behalf of farm organizations. Now that you separate the wheat from the chaff, apparently the first C.C.F. member just came into the committee.

Mr. ARGUE: Do not be so cheap. I have been here most of the evening.

Mr. RAPP: I have just a short question. How many permit holders did we have in 1958-59.

Mr. McNAMARA: It was 230,000.

Mr. RAPP: That would be approximately the same as 1957.

Mr. McNAMARA: No. It is about five or six thousand more. After the acreage payments, I think it was increased. In 1956-57, there were 230,854, in 1957-58 it dropped to 226,316, and in 1958-59 it was 229,844, and in 1959-60, up until May 12, it was 225,048. There is still some coming in.

Mr. PASCOE: I think last year Mr. McNamara indicated they would take a close check on permit book holders. Has that been done?

Mr. McNAMARA: Yes. We are constantly doing this in our permit department. We have revised our policy, particularly in connection with minors. You will remember that last year we had a discussion about these young boys who were staying on farms, and we changed our regulations in that regard.

Mr. PASCOE: Would you read us the regulations now?

Mr. MCNAMARA: I will just deal with deliveries under permits for minors. Minors in the age group of eighteen to twenty years making application for a delivery permit book are required to complete an affidavit before a notary public declaring (*a*) that the applicant is the owner, or tenant under lease of the lands described in the permit application; (*b*) that he is the actual producer of the grain produced on the said lands and has sole control of the operation and management of farming operations conducted thereon; (*c*) that the said lands are operated and managed as a single farm unit, and not in conjunction with any other farm, or group of farms.

A similar affidavit supporting the application of the minor is required from the father or guardian of the applicant. Where the two affidavits are received, duly completed and sworn, a permit is issued to the applicant.

In the case of minors under eighteen years of age permits will be issued only after complete investigation to ensure that the farming operations are conducted on a completely independent basis, and where exceptional circumstances require the applicant to conduct the farming operations.

Mr. PASCOE: There is one clause which I think said something about owning his own machinery.

Mr. MCNAMARA: No.

Mr. RAPP: In many cases these minors, 18 and over, farm with their parents and they own the machinery together—for instance, combines, big tractors, or big expensive machinery. I think this should be taken care of.

Mr. MCNAMARA: It is. That is no longer a criterion. We realize that within a family or even a group of farmers they sometimes use the same machinery and we do not any longer rule them out on that.

Mr. PASCOE: Then you are following the recommendation of the Saskatchewan wheat pool which says:

> That we recommend that the Canadian wheat board give due consideration to issuing individual permit books to young farmers with partial equipment for farming in order to encourage young farmers to stay on the farm.

Mr. MCNAMARA: I think the wheat pool are recommending the policy of the board.

Mr. PASCOE: You had that before they recommended it.

Mr. MCNAMARA: Yes.

Mr. ARGUE: They do not have to have machinery so long as they control the operation.

Mr. MCNAMARA: Yes.

Mr. GUNDLOCK: This is my perennial question under this item. It has to do with the policy in respect of the Hutterite colonies.

Mr. MCNAMARA: Only one permit is issued to a Hutterite colony.

Mr. COOPER: In the coop farms they get one permit book for the first four members and then the seven, I understand, can sell the 300 bushel unit.

Mr. MCNAMARA: Yes. They get an initial 100 unit for each member of the cooperative in excess of four. If there are seven in it the four would get one unit and three additional units for the other three, so they would have a total of four units. They would get an eight unit quota delivery privilege for eleven members and eight cars of malting barley.

Mr. ARGUE: Why treat them different?

Mr. FORBES: Is this figure of 225,048 permit books in respect of Saskatchewan or the three prairie provinces?

Mr. McNAMARA: The three prairie provinces. That is in our designated area.

Mr. FORBES: Have you broken that down by province?

Mr. McNAMARA: Yes.

Mr. FORBES: Could we have that on the record?

Mr. McNAMARA: Would you like it read or could it be included in the record?

Mr. FORBES: Perhaps you would include it in the record.

The CHAIRMAN: Is that agreed?

Agreed.

Crop Year	*Manitoba*	*Saskatchewan*	*Alta. & B.C.*	*Total*
1956-57	43,120	110,872	76,862	230,854
1957-58	42,414	108,902	75,000	226,316
1958-59	43,242	107,128	79,474	229,844
1959-60	41,876	105,591	75,847	225,048
(up to May 12, 1960)				

Mr. ARGUE: Is that the quotas?

Mr. McNAMARA: No. It is the number of permits issued by province over the last four years.

Mr. NASSERDEN: Mr. McNamara, when I think of the answer you gave Mr. Pascoe in respect of giving the privileges of quota to the minors and so on, is there not the argument that members of the cooperatives should have more?

Mr. McNAMARA: I think they are separate problems. The question of the minors was very worrisome because it had to do with encouraging people to stay on the farm, and their parents were being penalized in helping them to start out. On the cooperative farms we had to draw the line somewhere.

Mr. ARGUE: Why do you not give each member a unit? Why discriminate against coop farms. If there is an adult person on the farm there should be a unit. Why is there this attitude toward coop farms? Why not have one unit quota of 100 bushels and 100 units per adult member of the coop farm, if they are bona fide farms.

Mr. ROBERTSON: I think a part of it was that if you took 11 members and divided by their acreage there would not be as high an acreage per person as the general permit holder; but I am not sure that figure is right.

Mr. ARGUE: I would say that is an argument in favour of units. The way the units are calculated if a man has 1,000 acres he has a pretty big quota. When it gets up to seven or eight acres. This is a coop farm and the average number of acres per member is below the general average. I feel that is an argument in favour.

Mr. McNAMARA: There may be some problem in ascertaining just what a co-operative farm is, because we have cases where a husband and wife are co-operating together in farming land; that is one of the reasons for having a group operating rather than a family co-operative.

Mr. ROBERTSON: I feel our difficulty is that we are trying to go back two or three years, and we just cannot.

Mr. ARGUE: I would ask you to have a look at it, and to look at it from the standpoint that an adult who was a bona fide farmer should have a unit quota, whether he is a single unit producer or a coop farmer, just the same as an 18 year old young man who is a bona fide farmer would be entitled to another permit book.

Mr. CLANCY: I feel the member for Assiniboia is asking the witness to discuss an opinion of policy, and to discuss a report which is two years old.

Mr. ARGUE: This is their policy and not the government policy.

Mr. CLANCY: There is a place to discuss policy, and we cannot ask the witnesses to commit themselves to give an opinion of policy. That is not their place, to give it before this committee.

Mr. ARGUE: The chairman of the Canadian wheat board is well capable of taking care of himself.

Mr. NASSERDEN: On the same point, Mr. Chairman, I think there is quite an argument to give them on an individual basis regardless of the amount of land that is involved, because the fact you took a quota on as an average person implies there will still be thousands of farmers who had as little as anyone of this kind would have. They would be entitled to do it on that basis, as between one farmer and another.

Mr. MCNAMARA: What you have in mind will probably require an amendment to our act, because under the provision of our act they are not entitled to any such consideration at all. They are operating as a unit, and the act provides they will be only entitled to one permit, treated as an individual farmer. There is no provision made in the act for co-operators as compared to individual farmers.

Mr. ARGUE: You have given that special consideration already, and you cannot say the act will allow them to have one instead of five or six. We can only take it half way. If the law allows you to do it, it allows you to do it in a fair way, instead of in an unfair way.

Mr. MCNAMARA: The law is the law, of course, and I do not think we are breaking the law. It is only on special deliveries such as unit quotas and over quota. We are still issuing a permit book in accordance with the act.

Mr. ARGUE: I think Mr. Nasserden's point is very well taken, and he is not trying to embarrass the board—and neither am I.

Mr. MCNAMARA: No.

Mr. ARGUE: Just as you looked at the question of minors last year and came up with a very satisfactory solution, I would ask you to look at this problem; and I think the committee would be in favour of an examination of this, so that people who farm on a co-operative basis have the same privilege as those farming on an individual basis.

Mr. MCNAMARA: This will be done.

Mr. ARGUE: They want these additional units.

Mr. FANE: Mr. Chairman, I would like to go on from Mr. Gundlock's question about Hutterites. Did I understand you to say the Hutterites got one permit per colony?

Mr. MCNAMARA: Yes.

Mr. FANE: They do not get the same consideration as a co-operative farm?

Mr. MCNAMARA: No.

Mr. FANE: That is very good.

Mr. MCNAMARA: Their operations are different from the co-operative operations.

Mr. FANE: I appreciate that.

Mr. KORCHINSKI: I would like to ask Mr. McNamara whether we are any closer today than when we first instituted the quota system in granting permit books to people who qualify under set rules? That is, if you qualify under rules 1 to 5 you get a permit book. I would ask you whether in your opinion you are working towards that rule, or maybe it is advantageous to set out a set of rules; or whether you feel the system you are now using meets the purpose?

Mr. McNAMARA: I would say, in my opinion, the system is working very well, and we are making a lot of progress in overcoming some of the difficulties and obvious discrepancies which existed until an acreage was made two years ago. That brought in its wake a lot of problems for us, and we are still having some difficulties as a result of applications made for permits at that time.

Mr. CLANCY: How many extra books were issued after that?

Mr. McNAMARA: It is pretty hard to estimate the increase due entirely to acreage payments; but there was an increase of books issued, and several thousand new applicants were received.

Mr. KORCHINSKI: Do you feel you have got over the difficulties, now the acreage payments have been made; and if and when the government should decide to give acreage payments, do you feel you would have another rush of applicants?

Mr. McNAMARA: I would only venture a personal opinion on this, and I could not commit the board, because it is not a question of board policy. I will anticipate there will be another flood of requests for payments in the event of acreage payments.

Mr. KORCHINSKI: From the same people who had not qualified before?

Mr. ARGUE: Some ranchers.

Mr. McNAMARA: That is correct; that is right.

Mr. KORCHINSKI: Well perhaps a set of regulations should be dealt with?

Mr. McNAMARA: Acreage payments tied in with our permit books put pressure on our permit books, and a lot of people who are only entitled to one permit book would be influenced probably to change their operation. You would have the case of the husband and wife who would have the hope of getting two permit books, and being eligible for additional payments.

Mr. KORCHINSKI: Could you place on the record the amount of the increase over existing permit books there was prior to the time when these changes were made—whether there was a significant amount, or is it small?

Mr. McNAMARA: Approximately 5,000 permits we considered were issued at the time.

Mr. ARGUE: A supplementary question, so a wrong impression will not be left: is it not a fact that in a vast majority of cases there were applications by farmers, small farmers, who had been feeding their own grain to their livestock, and the only reason they did not get it is that they did not happen to apply for that permit book that year; and if they had applied for it a few months earlier they could have applied and got it?

Mr. McNAMARA: They were eligible to have a permit book but never bothered to apply for it in the past because there was no demand for it.

Mr. ARGUE: Most of them were not cases of people trying to beat the permit system?

Mr. McNAMARA: No.

Mr. ARGUE: But they were people who under wheat board regulations were entitled to the permit book, but because of lack of a sufficient crop or a lot of livestock they were not in a position to market grain commercially, and, therefore, did not ask for it, and at that time could not get the acreage payment?

Mr. McNAMARA: The great majority were these cases.

Mr. KORCHINSKI: Do you know of any cases where permit books were issued to people who do not normally sell any grain at all, but with the idea they might get an acreage payment they merely took out a book?

Mr. McNAMARA: Yes, there is a number, and there are more now than there used to be, because following the acreage payments a lot of people are

taking the precaution of taking out a permit, even though they do not intend to market grain.

Mr. KORCHINSKI: Just like taking out a driver's license?

Mr. MCNAMARA: Yes.

The CHAIRMAN: Shall we go on to item 6? It has been suggested we dispense with the reading of the item and go on to discussing it. Is that agreeable to the committee?

Agreed to.

6. Handling Agreement

In the 1958-59 Handling Agreement with elevator companies handling margins remained at 4½ cents per bushel for wheat and barley and 3½ cents per bushel for oats. The storage rate was unchanged from the previous crop year, being 1/30th of a cent per bushel per day for wheat, oats and barley in store country elevators. The terminal storage rate, subject to maximum tariffs as established by the Board of Grain Commissioners for Canada, continued at 1/30th of a cent per bushel per day.

Following negotiations between the handling companies and interior mills, the diversion charges on wheat shipped to such mills remained unchanged from the previous crop year. Similarly, diversion charges applicable to interior terminals, Churchill and Prince Rupert were unchanged.

The CHAIRMAN: Are there any questions on item 6? Yes, Mr. Pascoe?

Mr. ARGUE: Mr. Chairman, this handling charge being maintained—

The CHAIRMAN: Mr. Pascoe first, and then Mr. Argue.

Mr. PASCOE: Mr. Chairman, you asked me to go first.

In regard to these government charges, I have a press report recommending a two-stage wage increase for some 400 workers at seven grain elevators at Vancouver. This wage increase proposal provides for a 2.5 per cent increase retroactive to December 1, 1959, and another 2.5 per cent raise on December 1 of this year. Would that increase the possibility of raising the handling charges, or are they fixed so that they cannot be raised?

Mr. MCNAMARA: The handling and carrying charges, under the control of the board handling agreement, do not affect the terminals at all. This is a handling agreement with the country operating companies. It does not affect the rates of pay or the cost of handling at the lakehead terminals. They are not affected in this item at all. These are handled by charges set by the board of grain commissioners.

Mr. PASCOE: I have one more question in regard to storage. I would like to start off with a quotation here, which refers to the United States, of course, and which refers to the gravy train for the storing of wheat in the United States. The wheat pools' earnings last year were $6,339,000 which were made up mostly on storage. In the Canada Wheat Board Act at page 12, section 2, I guess it is, of part 3 it says:

> The board shall, if directed by regulation, pay to each producer at the time of delivery of wheat to the board, in addition to any other payment authorized by this section, a sum per bushel on account of storage of the said wheat on the producer's farm, for such period of storage as the board in its sole discretion shall fix—

Has any thought been given to the paying of storage for the keeping of grain on the farm until the farmer is able to deliver it, and raising the price of wheat to the same amount as the storage charges? I see that the board has the power to do that.

Mr. McNAMARA: We have the power to do this. This has been a matter of consideration over a great number of years. In fact at one stage in the early days of our operation we did pay farm storage. In more recent years we have not adopted that policy, although the board has discussed within the last two years the reinstitution of that policy. In general we have thought that we would not be prepared to recommend this to the government. The paying of storage to farmers would greatly increase the cost of the board's operation, because we would be paying storage not only on the volume that goes into the commercial positions, but on all stocks. We felt that the storage would be paid to the large producers who, for some reason, would prefer not to deliver the grain as rapidly as possible, perhaps for income tax or other reasons, and this would be done at the expense of the small producer who is forced, in order to make a livelihood, to market his grain as rapidly as possible. The people who would benefit by farm storage payments would be the big operators, at the expense of the small operators.

Mr. PASCOE: Could these payments be cut off at the end of a specific year and then start over again?

Mr. McNAMARA: Yes, Mr. Pascoe, but even at that you would raise your price one half a cent or a cent a month to cover storage, which would mean that the man who was able would hold his grain and market it at the increased price, and this would make it difficult to meet market commitments. If there was a tendency to hold grain back in order to make a profit this would affect our marketing procedures.

Mr. PASCOE: My only thought was that if this was done the elevator operator would not profit by the storage charges, and the money would be going back to the farmers.

Mr. McNAMARA: There is some support for your suggestion. We have discussed this on many occasions, not only as a board, but with our advisory committee. We feel that there are more disadvantages than advantages to this. I personally believe that the volume of commercial storage we have in Canada is about the proper amount of commercial storage that we should have in order to properly service our export commitments, and to keep our grain moving at all times. I think the commercial facilities that we have in Canada are very well lined up in accordance with the overall production. I am not recommending that we should increase the commercial storage, but I think the commercial storage, which we have available, is an asset and should be fully utilized.

Mr. PASCOE: I have just one further question. On page 32 of the Canadian wheat board report it says that during the 1959-60 crop year the board will receive from the government of Canada $43,604,000 for carrying charges under the provisions of the Temporary Wheat Reserves Act. Does some of that money go back to the country elevators for storage?

Mr. McNAMARA: No. We negotiate with the handling companies, a handling agreement, which includes the rate of storage which we will pay to them each year under the provisions of the Temporary Wheat Reserves Act. The dominion government, through the Canadian treasury, reimburses the board for wheat only, stored at a quantity in the commercial position in excess of 178 million bushels as at July 31, the end of the crop year. In other words, the government of Canada is paying storage on commercial quantities of wheat, in storage, over 178 million bushels which, under the provisions of that act, is indicated to be the normal commercial year end amount.

Mr. PASCOE: What do you mean by commercial position?

Mr. McNAMARA: That is the country elevator terminal and eastern stored wheat.

Mr. ARGUE: In respect to the amount paid by the federal government, how much would it amount to per bushel of wheat?

Mr. MCNAMARA: Mr. Earl could give you that information.

Mr. ARGUE: What is the net value to the farmer?

Mr. MCNAMARA: This is shown in the supplementary report.

Mr. EARL: At page 4 of the supplementary report, Mr. Argue, under item A, carrying charges.

Mr. ARGUE: Have you got the figure per bushel?

Mr. EARL: Yes.

Mr. ARGUE: Would you just read it into the record, please?

Mr. EARL: It is the equivalent of 11.7058 cents per bushel.

Mr. ARGUE: When did this come into effect first?

Mr. EARL: This came into effect in the crop year 1954-55.

Mr. ARGUE: This is kind of a deficiency payment.

If the government paid the storage on the 178 million bushels as well as the excess, what would that add to the net price of wheat?

Mr. MCNAMARA: Mr. Argue, this is shown under this carrying charges item. The total carrying charges on wheat amounted to 16.7134 cents per bushel on the producers' marketings of 366,994. Of the funds received from the government of Canada under the Temporary Wheat Reserves Act, the sum of $42,959,000 was allocated to the 1958-59 pool account, or the equivalent of 11.7058 cents per bushel on producers' deliveries to the pool. After applying these funds the actual carrying charges paid by the board for producers' account amounted to $18,377,835, or 5.0076 cents per bushel.

Mr. ARGUE: If the federal government took over, in a national emergency, the carrying charges on all Canadian wheat in commercial storage, this would add another 5 cents a bushel to the farmer. This is a very excellent suggestion, I would say. In regard to the income of the average farmer this might not be very high, but in the total picture it would certainly be at least something.

Mr. PASCOE: Are you talking about peanuts?

Mr. ARGUE: Even a bag of peanuts is better than what we are getting now from this government.

Mr. CLANCY: Mr. Chairman—

Mr. ARGUE: Mr. Chairman, I have not finished.

The CHAIRMAN: Mr. Argue is not finished yet.

Mr. ARGUE: Mr. Pascoe raised several points about paying storage on non-commercial storage. My question has to do with the monies paid in respect of non-commercial storage, which was the extraordinary type of commercial storage at the time. I refer to the storage paid on grain held in community rinks and any other buildings across the country. I wonder what the board's experience has been as to the condition of the grain coming out of these rinks, and what your experience has been as to the value of this type of storage—whether it is called rinks or quonsets,—as compared with the normal annexes that elevators have erected.

Mr. MCNAMARA: As the committee may remember, it has not been the policy of our board or the Board of Grain Commissioners to continue to license, these facilities or to encourage further delivery of grain into these off-site storage premises. We have been working the last few years to move it out of the off-site storage because our experience has been that it is not as good storage as in regular elevators, or in annexes with conveyor belts. It is true that instances have occurred in which some of the companies who have

stored large quantities of grain in rinks and air force hangars have come out remarkably well under the circumstances. However, the wheat is not as readily accessible, and I know it is causing Mr. Milner and his staff some concern in regard to the length of time the grain is left there.

I certainly would recommend on the part of the Canadian wheat board, not only to the government, but as a board policy, that this type of storage is not advantageous and should be discontinued as soon as we can get the grain out of those places.

Mr. ARGUE: Well, the statement that has been made by Mr. McNamara does not jibe with what I have seen in my travels about the country. I do not put my sample survey up against your experience but, from what I have seen, the grain in these so-called rinks has come out in very good shape; and the grain that I have seen spoiled, in my travels around, is in a lot of these old annexes that have started to leak—and that is where it spoiled.

I would like from the wheat board, or the board of grain commissioners—probably, they are the people to prepare it—the figures showing the amount of spoilage that came out of these rinks, because I doubt very much that there has been any substantial amount of spoilage in these rinks which were built a few years ago.

Mr. MCNAMARA: I do not think, Mr. Argue, it is a case of actual spoilage, in the term as you use it, where grain has become heated and condemned for human consumption; but my understanding is that this grain has deteriorated, particularly if left for any considerable period of time. I do suggest that either Dr. Irwin of the board of grain commissioners or Mr. Conacher are much more knowledgeable on this matter than I, and perhaps you could get their opinion on it. But, I want to place on record that we considered we made a very wise decision a few years ago when we notified the companies we were not prepared to authorize further storage of grain in these off-site storages.

Mr. ARGUE: Because the grain came out in poor condition?

Mr. MCNAMARA: For a number of reasons. That is one of them.

Mr. ARGUE: You say it is not accessible. I do not see that. I feel if you give them 48 hours notice, they will haul all the grain you want out of the annexes into the elevators.

Mr. MCNAMARA: That has not been our experience. We have had difficulty in getting it at certain times of the year, and when you get it in these annexes it is difficult to get it out. It is surprising the number of excuses companies can make available for not emptying it at the time it is required.

Mr. ARGUE: I do not see why it would be any more difficult to haul the grain one block—the length of a town block, when you have it in a truck: then drive around the edge of the elevator and drive into the elevator with the truck.

Mr. FORBES: Is it not because the company is making money out of storage?

Mr. MCNAMARA: That might be.

Mr. ARGUE: I feel that communities on the prairies are going to have some good rinks, and this is just a question of the community associations getting a chance for a return on the storage, rather than some of our elevator companies. I think if this thing had been looked at carefully, I think that all across the prairies today we could have some wonderful community rinks and community centres paid for by farmers and the federal government out of the treasury, on their proportion of the storage, instead of having these vast, ugly annexes all owned by the elevator companies, and some of them being a positive disgrace to the companies which operate them.

This may not be the experience of the board, but I feel that where these rinks have been built, they will be enjoyed by the community and the children for many years to come, and will stand as a monument to our good judgment for all time.

Mr. CLANCY: I would like to approach section six from a little different angle than has the member from Assiniboia. I have your supplementary report, and you have just read off the figures. Under the temporary wheat reserve, that applies only to wheat?

Mr. MCNAMARA: Just for wheat.

Mr. CLANCY: According to the statement there was a difference in the storage of wheat in country elevators, that I am talking about, and according to the statement made here the federal government paid $49 million, or nearly $43 million, as a storage charge, while the farmers paid $18 million.

Handling charges are something I want to get back to. As set out in paragraph six they are charged against the wheat board. In other words, they are actually charged against the farmer.

Mr. MCNAMARA: The farmer pays for them at the time he delivers his grain.

Mr. CLANCY: That is right, but it is through the wheat board, that it is in the bill.

Mr. MCNAMARA: No, it is not. The initial payment is $1.40 basis Fort William, less freight, and less 4½ cents handling charge; so the farmer actually pays that out of his own payment at the time he delivers the grain.

Mr. CLANCY: I can see there is a loan, and that the federal government is picking up a little better than two-thirds of the carrying charge.

Mr. MCNAMARA: That includes bank interest as well as storage.

Mr. CLANCY: Yes. Would it be possible for the wheat board at some future date to put in as an appendix to the minutes of our meeting the number of companies involved, and the number of elevators? In other words, we want the number of companies involved in the business of storing grain, along with their capacity, and what they have been making? I think that is something which cannot be answered right away, but I think it should be possible to append it to the minutes of the meeting of this committee.

Mr. MCNAMARA: I believe that the board of grain commissioners do list the licensed elevators and their capacity, by provinces, and I believe that information is public information.

Mr. CLANCY: I would like to suggest this: we are studying the report for 1958-59, and I would like to have appended to our minutes the total amount collected.

Mr. MCNAMARA: You want the amount paid out to individual companies?

Mr. CLANCY: That is right; and give us the total capacity across the prairies.

Mr. MCNAMARA: We have the information here as to the total amount of carrying charges paid, but it has never been the policy of the board to make public the amount paid to a particular firm, whether an elevator company, a shipper, or a customer. I respectively suggest that we should give consideration to the advisability of making the details of individual companies' financial transactions with the board a matter of public record.

Mr. CLANCY: I want to know how much was collected for storage.

Mr. MCNAMARA: It is a major part of their revenue, I mean the storage at the present time.

Mr. CLANCY: I think it is time we learned just what it was.

Mr. FORBES: It would involve compiling the amount that was paid to each individual pool elevator; but each pool elevator is owned in the district in which it is situated, and any member could find out this information by simply attending the meeting of that elevator company. He would learn how much the farmer was getting back out of it. Or is it that you wish the total cost to the farmer? Actually the farmer is a shareholder in the elevator and he gets a dividend out of it each year.

Mr. CLANCY: I am only interested in what it costs the farmer. Somebody must have that information, and this is the committee to get it.

Mr. MCNAMARA: If you would like to press for this information. I would like to have an opportunity to discuss it with the minister, because it would mean a change in our policy, to make detailed information of this nature available. If that is agreeable, we can come back to it later.

Mr. CLANCY: I addressed my question to the chairman and I asked that it be appended to the minutes of the agriculture committee.

Mr. KORCHINSKI: Is there any justifiable reason that it should not be done?

Mr. MCNAMARA: No, I do not think so. It is just a matter of policy. It has never been policy to make public information regarding financial relationships between the board and individual companies. We have given the percentage of car allocation, and things like that, and we have information here as to the total amount of carrying charges paid, both as to storage and interest. But there is some question in my mind as to the propriety of our making public information concerning individual companies, because we would have to break down bank charges before we could analyze the storage earnings.

Therefore I would like to discuss it with my colleagues first, and possibly with the minister. But we will come back to it, and we will keep it in mind.

Mr. NASSERDEN: I think the policy that has been followed has been a very good one.

Mr. KORCHINSKI: It might make very interesting statistics.

Mr. GUNDLOCK: What I would like to know is the percentage of the total cost to the farmer in every account, whether wheat, oats, or barley, not per bushel, but per dollar. In other words, I want the whole cost of storage, including the part which the government pays percentagewise on the dollar, but not on the bushel. I think the difference between the total amount that is paid to the country elevator—and as you may recall I have long argued that point—I think that some of that storage could well be funnelled back to the original producers.

We all know, as farmers, that we stored all that grain once. On the other hand the country elevators store it at a terrific rate of interest; and I would include the interest charges with the total storage, in this breakdown between the amount paid by the government and the amount paid to the country elevators.

Mr. MCNAMARA: The information contained in the supplementary report does not go far enough for what you want?

Mr. GUNDLOCK: No. I want the total of wheat, oats, and barley percentagewise in dollars, but not in relation to bushels.

Mr. CLANCY: We have been told that this committee is not entitled to the facts or information. I do not think there is any committee in Canada which has any more right to receive that information, and we want to get it. That is what this committee is set up for. I feel that this breakdown exists and we should have it.

Mr. GUNDLOCK: I think in all fairness, what I am asking for is the total. I do not think there is too much paid. Do you agree?

Mr. CLANCY: I want to know where it is going. I think most of our grain handling trouble is because they keep their grain in storage and do not move it.

Mr. MCNAMARA: I am sorry that I left with you the wrong impression, namely, that we were refusing to give it. What I was trying to say was that I would discuss it with my colleagues and come back to you. It is something we have not done before and I would not like to take the responsibility upon myself for committing the board. But we will come back to it.

Mr. ARGUE: I can appreciate that the wheat board must place some limit on the kind of business the wheat board does with the elevator companies which is made public. I do not know if this question is an improper one. I am not saying that it is. But I think Mr. McNamara is very correct in saying that before this information is divulged for the first time in history, that he would like to have a good look at it.

The CHAIRMAN: I suggest that Mr. McNamara make a note of it, and we will discuss it later.

Mr. GUNDLOCK: That does not throw any light on the question I asked?

Mr. MCNAMARA: You have not got the information prepared, Mr. Earl, and you will have to assemble it in this particular manner. But we can arrange to get this information for you and submit it to the secretary.

Mr. GUNDLOCK: I said that I wanted to know concerning the delivery of a bushel of wheat the percentage on the dollar that was the cost of storage, and what was the percentage with respect to the bank charges.

Mr. SOUTHAM: Mr. McIntosh is a member of this committee but he was called away. He was looking over some figures which are pertinent to this question on the cost of handling grain, as far as the wheat board was concerned, and the interest rates and the storage charges, and this is the statement that he referred to me: it reads as follows:

> Figures taken from the annual statements of the Canadian wheat boards and reproduced in the publication "Grain Business Is Your Business" show the cost of handling a bushel of wheat has progressively increased from 4.8 cents in 1943-44 to 16.8 cents in 1957-58. The board has stated the administration costs of handling a bushel of wheat is ⅜ of a cent, therefore, we must assume the additional 16 cents of cost is attributable to storage and interest which is deducted from the farmers return per bushel. We are aware that from 1956 to 1959 a portion of these costs of 16 cents were assumed by the treasury that is the taxpayer of which the farmer is a part. Would the board not agree that if there had been more flexibility in the pricing policy (at least within the 16 cents range paid for storage and interest) there would have been more wheat as well as making more storage available on the farms?

This question relates to the increased sale of wheat and in relation to its handling costs.

Mr. MCNAMARA: I do not believe I follow your question.

Mr. CLANCY: We are discussing $43 million of public money, and, as a member of this committee, I want to know where it goes.

Mr. ARGUE: What was that publication, Mr. Southam?

Mr. SOUTHAM: This is taken from Grain Business Is Your Business, and they have made a pretty fair study of this problem.

Mr. ARGUE: Is this from a publication of the line elevator companies, or of the grain exchange, or what?

Mr. SOUTHAM: Mr. McIntosh furnished me with these figures. I do not know where he got them. But the question is that we feel there should be more flexibility with regard to the sales dollar, and that is getting back to the selling of wheat again; but it is all tied up with these handling and storage costs and so on.

Mr. MCNAMARA: I do not follow your question, or what it is directed to. Are you suggesting that if we lower the storage charges we would sell more wheat, and that more grain would come off the farm? I do not quite follow to what your question is directed.

Mr. ARGUE: I think the article means that if the wheat board had lowered the selling price of wheat, it would have moved wheat which you have in Canada and on which we have to pay storage charges.

Mr. McNAMARA: That is a sort of philosophy I would not agree with. I do not think the demand for wheat is elastic to that degree; and I am confident that Canada would not have sold very much more wheat if we had drastically reduced prices.

We have the support of the buyers in this policy; we have the support, not only through the facilities of the wheat agreement, but in the understanding we have with the United States and other countries who are subsidizing to meet our price. I think that under these surplus conditions, we have maintained prices at a fairly respectable level, considering the world's production and surplus supplies of wheat; and I do not subscribe to that at all—and I do not think my colleagues subscribe to it at all—that we could have increased our sales substantially by cutting the prices down to a dollar a bushel.

As a matter of fact, there is a great danger from an exporting country's point of view, under present conditions, in reducing the prices, which will cause possible tariff barriers against the importation of cheap wheat moving into many markets of the world today. I do not subscribe to that at all.

Mr. SOUTHAM: I think this suggestion is just relative to the 16 cents entailed in the handling and storage charge. It is not reducing it out of line; but a flexibility in that particular cost item of 16 cents a bushel.

Mr. McNAMARA: I suggest that as long as we have a surplus of grain on the farms in excess of the storage in Canada, that as you move grain out of storage facilities for sale it will come in off the farms, so you have to get your over-all carry-over reduced below the level of storage capacity before you reduce this storage charge.

Mr. SOUTHAM: I subscribe to this; but it was a theory developed and put forward here, and I would like to have a comment on it.

Mr. ARGUE: I have a supplementary question on this point that has been put forward, Mr. Chairman. I think it is pure propaganda. I do not think there is a thing in it.

I want to put this to Mr. McNamara: is there any country in the world underselling the Canadian wheat board in the commercial cash market, or does the wheat board meet competitive prices as they come up from day to day?

Mr. McNAMARA: That is a very difficult question to answer, because you have to take quality into consideration. I think it is a pretty well recognized fact that in the international market of wheat, Canada is the stronghold of wheat and has been maintaining prices.

As you know, the Americans are subsidizing all their wheat. They have to, to get it into commercial channels; and they set their subsidy each day after we have announced our price. We announce our price at the close of the market each day, and the American subsidy is set at three o'clock, shortly afterwards. But there is certainly cheaper wheat than Canadian wheat in the world market, on the basis of quality.

Mr. ARGUE: But for relative quality, Canadian wheat is competitive?

Mr. McNAMARA: I do not agree that there is any country in the world that has the quality that we have.

Mr. ARGUE: There is an adequate premium, due to the quality of Canadian wheat?

Mr. McNAMARA: That is right.

Mr. ARGUE: Mr. Chairman, I have a question, having regard to what has been raised, which is an exceptionally important one. I am a strong believer in the wheat board method of marketing grain. Mr. McNamara, if you remove the wheat board as a stabilizing factor in the Canadian grain picture and in the world picture, you would have a very drastic fall in the price of wheat, and it would be a great disservice to the wheat producers for whom the board operates?

Mr. McNAMARA: Of course, these are my views. I think the policy of the government, coupled with the policy of the board, is that we are operating in the interests of the producers; and we certainly think it would be unfortunate if there were a change in the marketing system, under these conditions which exist at the present time.

Mr. CLANCY: Are we discussing handling charges, Mr. Chairman, or the general wheat board policy?

The CHAIRMAN: Handling charges.

Mr. KORCHINSKI: Mr. Chairman, I want to refer back to what the hon. member for Assiniboia mentioned a little earlier; that is, if the price were reduced. Conversely, if the price were not reduced, if the handling charges were smaller, would not the returns to the farmer be greater? He left the impression here that we had to reduce the price to get a greater return, and ended by saying the farmer would—

Mr. ARGUE: You are just as muddled now as you were all afternoon.

The CHAIRMAN: Mr. Nasserden.

Mr. KORCHINSKI: Just a minute, Mr. Chairman. I want an expression of opinion from Mr. McNamara. The hon. member for Assiniboia mentioned that if the price were reduced—he left the impression you had to reduce the price to sell more grain.

Mr. ARGUE: I did not leave that impression at all. What I said was, that—

Mr. KORCHINSKI: That is what you said.

The CHAIRMAN: Order, gentlemen.

Mr. ARGUE: Mr. Chairman, may I tell the member what I said. What I said was that a reduction in the price of Canadian wheat would not sell more Canadian wheat.

The CHAIRMAN: I would suggest that Mr. Korchinski be given the opportunity of finishing his statement.

Mr. ARGUE: He will be lucky to remember what he himself says, without trying to remember what I said.

Mr. KORCHINSKI: Mr. Chairman, on a question of privilege: what type of statement is that, anyway? Mr. Chairman, if somebody else here does not care to think that these deliberations are serious enough, I think the rest of us do.

Mr. ARGUE: I do not think your statement is serious.

Mr. VILLENEUVE: Well, let him talk.

Mr. KORCHINSKI: My statement reflects on the statement that the hon. member for Assiniboia made; and he said that if the price were reduced, we could perhaps sell more grain.

Mr. ARGUE: On a question of privilege, Mr. Chairman, I made no such statement whatsoever.

Mr. KORCHINSKI: Well, Mr. Chairman, I wonder if I could get that impression corrected, because I am labouring under that impression.

Mr. ARGUE: I never said any such thing.

Mr. KORCHINSKI: I would like to get this matter cleared up, Mr. Chairman.

Mr. ARGUE: I was telling him what this propaganda sheet was driving at.

Mr. KORCHINSKI: If I cannot get an expression of opinion on that, Mr. Chairman, I want to come back to something that was brought up in reference to the storage charges.

One of the questions I asked last year in the committee—and I did not get an answer to it—was: how much money did it cost the farmers by increasing the storage charges from one thirty-fifth of a bushel to one-thirtieth?

I have never received an answer to that question since last year, and I wish I could get it answered. It is important, because I think that it has a bearing on the type of question that the member for Yorkton asked. And I am going to substantiate that by a clipping I got from the *Western Producer*, dated Thursday, March 17, 1960. It states, Storing Grain a Gravy Train, and I am going to quote:

> "If ever I am out of the Senate, the first thing I would do is go into the grain business," says a United States senator.
>
> Stuart Symington, Democrat of Missouri, chairman of a Senate agriculture subcommittee, made the remark after hearing testimony on profits to be made by storing surplus crops for the government.
>
> The manager of a Nebraska firm said his company took a grain-storage profit of 167 per cent, based on cost, last year. The actual return on investment was about 26 per cent.

I am wondering whether a similar situation exists here in Canada, and whether the grain companies were justified in asking for that increase that I questioned last year.

Mr. McNAMARA: Mr. Chairman, I would just like to deal with this handling agreement. I would not want to leave the impression here today that I am happy about the storage we have to pay. As a board, we negotiate with the companies each and every year, and in the past number of years we have endeavoured to secure a lower rate of storage. We have not been successful. The elevator companies, including producer owned and operated companies, have resisted our arguments and we have been confronted with a decision that we accept these rates, or there is a deadlock in the handling of the farmers' grain. They argue that the storage rates are the same as prewar and the handling is the same as pre-war and that of course there has been a substantial increase in the cost of the operation for elevators and terminals during this period. As a board, however, we consistently have endeavoured to secure more favourable terms but have been unable to get them to reduce their rates in the last few years. We had them at $\frac{1}{35}$, as you know for a few years.

Dealing with the American storage question we had anticipated there might be some comparison made between storage in Canada and in the United States. I have a short statement which I might read.

Canada has over a one-half billion grain storage capacity which in recent years has been practically fully utilized. The rate of payment for these storage facilities is of constant concern to the Canadian wheat board since it effects the costs of marketing western Canadian grain. The rates are reviewed annually and agreements are reached each year with the owners of these facilities as to the rate of payment for the subsequent year. Recent changes in the payment for storage in the United States make it of interest to compare the grain storage rates existing in Canada with the grain storage rates paid in the United States.

Grain storage rates in Canada are the same today as they were in 1935-36 when the Canadian wheat board was established—$\frac{1}{30}$ of a cent per bushel per day or 12.17 cents per bushel per year. The rates were less than this in the 1939 to 1947 period and the 1952 to 1957 period and more than this for the 1947-48 crop and the 1948-49 crop year, as indicated in table 1. The storage rate on oats and barley have been the same as for wheat since the handling of oats and barley came under the control of the wheat board in 1949-50.

TABLE 1

Storage Rates—Canada

Crop Year	Wheat (Cents per bushel per year)	Oats	Barley
1935-36	12.17		
1936-37	12.17		
1937-38	12.17		
1938-39	12.17		
1939-40	7.3		
1940-41	8.11		
1941-42	8.11		
1942-43	7.3		
1943-44	6.08		
1944-45	6.64		
1945-46	8.11		
1946-47	8.11		
1947-48	12.17		
1948-49	14.6		
1949-50	14.6	14.6	14.6
1950-51	12.7	12.7	12.7
1951-52	10.43	10.43	10.43
1952-53	10.43	10.43	10.43
1953-54	10.43	10.43	10.43
1054-55	10.43	10.43	10.43
1955-56	10.43	10.43	10.43
1956-57	10.43	10.43	10.43
1957-58	12.17	12.17	12.17
1958-59	12.17	12.17	12.17

The following table shows the storage rates in the United States. They have been decreased recently. In the 1956-57 to 1959-60 period the storage rate on wheat varied from 15.70 to 17.89 cents per bushel per year, depending on the area of the country in which the storage facilities were located.

TABLE II

Storage Rates—U.S.A.

	1956-57 59 1959-60	1960-61	Decrease
	(Cents per Bushel per Year)		
Wheat	15.70 to 17.89	13.51	2.92[1]
Oats	11.68	10.22	1.46
Barley	16.43	13.51	2.92

[1]Storage rates for wheat for 1960-61 to be uniform for all areas. Prior to 1960-61 storage rates varied by areas. The decrease indicated is for the northern States (Area II). A comparison of storage rates in Canada and the United States indicates that American storage rates on wheat and barley are higher than in Canada but are somewhat lower in the case of oats.

Even with the decrease in the rates to the United States they are still paying more than the Canadians on storage of wheat.

Mr. KORCHINSKI: In what year was the rate established at 1/30th.

Mr. MCNAMARA: 1957-58. It had been 1/35th before that.

Mr. KORCHINSKI: In one of your opening statements you referred to something in the 30's.

Mr. MCNAMARA: In 1935-36, yes.

Mr. KORCHINSKI: I think we all remember 1935-36 and the amount of grain in the elevators and the amount of money made at that time. In comparison with the amount of grain now in storage there is a great difference. The elevators and the elevator annexes they are building are filled in most cases to capacity. They are always earning on the grain, so there is no significance or appreciable similarity at all. The amounts of money that are now being made we sometimes begin to wonder about. I have seen instances where the elevator operators, it seems, operate on bankers' hours, coming in at 11 o'clock in the morning, out at 3 o'clock and in the middle of winter they are curling most of the time. We wonder whether or not these costs are justifiable. In my opinion and in the opinion of many others they are not justifiable, and a lot of these elevator companies are merely lumping these costs at the expense of the farmer.

Mr. MCNAMARA: I think your point is well taken. As the carry-over is increasing the storage is increasing. At the back of our report we show the increase since the period you refer to.

Mr. KORCHINSKI: Has the board been satisfied that the costs to the elevator companies are warranted and that they cannot operate any other way, and it is just a case that we merely accept it.

Mr. HENDERSON: Mr. McNamara has said that he is not happy with it.

Mr. KORCHINSKI: Since the board is not happy about it, then obviously we are paying too much.

Mr. MCNAMARA: As I say, we negotiate with the companies each year and try to drive the best possible bargain. I suggest that when you get the producer-owned organization, the pools, and the United Grain growers supporting the line companies and arguing as a unit that these charges are justified, it is hard to break that down.

Mr. HENDERSON: That is why the farmers went into the business—to get some of the earnings returned to them.

Mr. KORCHINSKI: In a lot of cases the deliveries are not made to farm owned organizations, so there still exist certain places where the returns would not come back to the farmers.

A lot of the line companies will give you half a cent a bushel, and others some more, but apparently the wheat board is not satisfied with what they are paying the elevator companies.

Mr. ARGUE: Those line elevator companies will go on strike. The chairman of the wheat board said they would quit handling the grain.

Mr. FANE: Could we get down to item 6. Before we leave the item I would like to have permission to refer back to it tomorrow.

Mr. MCNAMARA: I have some information I would like to submit on item 6 before we adjourn tonight.

The CHAIRMAN: Mr. Nasserden?

Mr. NASSERDEN: I guess I forgot what I was going to ask.

The CHAIRMAN: Mr. Pascoe?

Mr. PASCOE: I just have one more question with regard to the $42 million-odd the federal government was paying for the storage of wheat under the Temporary Wheat Reserves Act.

The Saskatchewan wheat pool in one of its resolutions, that on sales promotion, recommends that the government of Canada deduct a levy of one-tenth of a cent per bushel from an interim or the final payment on wheat to provide a fund to be used in the promotion of increased utilization and sale of wheat and wheat products.

I was just wondering if the chairman would comment on the thought of using this $43 million for promoting the sales of wheat rather than paying it on storage?

Mr. McNAMARA: This way it is a direct return to the producer, because it reduces our handling costs, and the producer therefore benefits. Whether or not the money could be spent as advantageously in promoting further sales of wheat I have serious doubts, because I think the board, working with the grain trade, who act as our agents, along with the assistance received from the commercial councillors all over the world, the departmental service, are doing an exceptionally good job of commercial selling; and I do not think that by spending another $43 million in sales promotion we would get the necessary results to justify such an expenditure.

Mr. PASCOE: Do you think they are doing a good job?

Mr. McNAMARA: I am not trying to take credit only for the wheat board, because we are receiving excellent cooperation from the trade and the trade commissioners abroad. The figures I gave this morning indicate our success in commercial markets, and I think the policies we are following are very sound and realistic.

Mr. PASCOE: The wheat board do not seem to think that, when they recommend a special fund—I mean, the wheat pool.

Mr. ARGUE: Has anyone recommended this $43 million be used for sales promotion? I have heard it rumoured; there are rumours to that effect; but I think it is a perfectly ridiculous suggestion—to steal one-tenth of a cent a bushel from the farmers by cutting off storage, and paying off on a hoop-de-doop sales campaign.

Mr. PASCOE: The wheat board are suggesting that—the wheat pool.

Mr. ARGUE: They are suggesting one-tenth of a cent of what the honourable member for Moose Jaw is questioning, and I think, on the question of the honourable member for Moose Jaw, it would be perfectly terrible to take one-tenth of a cent per bushel from the farmers of western Canada.

The CHAIRMAN: Order, gentlemen.

Mr. PASCOE: I was not asking for your comment; I was asking Mr. McNamara.

The CHAIRMAN: I believe Mr. Pascoe was asking Mr. McNamara the question.

Mr. ARGUE: I think that he is making statements, and ridiculous statements.

Mr. GUNDLOCK: I only had one short comment, and I think I would like to ask Mr. McNamara—and maybe he does not have to answer it, but I think it is quite evident here tonight, Mr. Chairman and members of the wheat board, that due to the intense interest in this storage problem—and it is not new this year—connected with the cost-price squeeze—we are all so familiar with trying to do something about it—I think it is quite evident the committee is generally of the opinion that some of these millions of dollars paid out in storage should find their way to the producer rather than the elevator companies. I do not know whether Mr. McNamara would like to comment or not.

Mr. McNAMARA: I appreciate this point, and it certainly will be kept, again, in the mind of the board when negotiating with the companies this year. I do think, in fairness to the companies, that I should point out that they couple

their country and terminal earnings; they do not just consider storage and handling charges. They argue—and I believe there is justification to this argument—that if you were to reduce your storage earnings substantially to meet the overall operating costs, they would have to increase the marketing charge or the handling charge, the 4½ cent margin. Because I know from information available to me that the cost of operating country elevators has increased substantially since the beginning of the war. The agents' salaries and general costs have gone up, and they are operating on the same handling margin. You would be up against a revision in handling margins if you reduced the storage; and storage, at the present time, is the big earner.

Mr. GUNDLOCK: You know the position the elevators are in, and I think we know the position the farmers are in. In your opinion, who is in the tightest position?

Mr. MCNAMARA: There is no question about that at all—the farmers.

Mr. NASSERDEN: On this point Mr. Pascoe brought up—

Mr. MCNAMARA: Just before you ask that, I would like to file this information, before we get on to sales promotion. This is in respect to a question an honourable member asked me. I have discussed this with my colleagues; we have consulted the minister; and we are prepared to file as an appendix to the minutes a detailed breakdown of the storage and handling charges paid to individual companies for crop year 1958-59. as an appendix to this report, if you so desire.

The CHAIRMAN: Is that agreed?

Agreed to. (See Appendix).

Mr. MCNAMARA: Mr. Earl, the figures man, has a reservation.

Mr. EARL: Only to the extent it is possible by companies. We cannot break down the terminal storage by reason of the operation of the late shippers.

Mr. MCNAMARA: Mr. Earl has pointed out to me that we can give it only on a company breakdown; but so far as terminal storage is concerned, on account of the operation of the lake shippers, we cannot give you the breakdown.

Mr. CLANCY: The company elevator storage and by companies, the amount paid to them for total storage?

Mr. MCNAMARA: We can get you that.

Mr. KORCHINSKI: I do not think I have an answer as to how much it would cost by increasing it from 1/35 to 1/30.

Mr. MCNAMARA: If it was 1/35 instead of 1/30, what would be the saving?

Mr. KORCHINSKI: Yes.

Mr. MCNAMARA: Yes, I have that.

Mr. NASSERDEN: When Mr. Pascoe brought up this resolution in regard to sales promotion, it reads, in the final wording:

> —to be used in the promotion of increased utilization and sale of wheat and wheat products.

That might consist of initiating a program, saying, "Let us all eat more bread"—and make the price of wheat go up. I think maybe the question that the wheat board might be interested in, in so far as this resolution is concerned is: Is there anything in the regulations you might have that would make it difficult to take one-tenth of a cent per bushel on the price of wheat and use it in that way?

Mr. MCNAMARA: We would have to have an amendment to our act; and we have no authority to make such a deduction. I understand that what some of the farm organizations are advocating there is that this levy should be used for scientific work on wheat utilization and not on sales promotion work.

Mr. ARGUE: In respect of what the Saskatchewan wheat pool says, I think there are enough charges now on the farmers' grain and we cannot even think of starting to add this 1/10th of a cent to his charges. If this is necessary to promote the sale of grain, it could be done through the Department of Trade and Commerce and the officials in the Department, and it should not be charged back to the farmers.

Mr. NASSERDEN: That is a matter of opinion, because dairy farmers in Canada have done a very good job of selling their product; and maybe wheat farmers could spend a little of their money to commend their product to the consumers of this country.

Mr. ARGUE: I would like to spend some of the government money; these are the people who have the responsibility, and they are falling down on that responsibility very badly.

The CHAIRMAN: Are there any comments on item 7?

Some Hon. MEMBERS: It is 10 o'clock, Mr. Chairman.

Mr. HENDERSON: I move we adjourn.

The CHAIRMAN: Carried, gentlemen?

Carried.

The CHAIRMAN: We will adjourn until tomorrow morning at 9.30, and start on item 7.

APPENDIX "A"

THE CANADIAN WHEAT BOARD

Winnipeg, Manitoba

WHEREAS The Canadian Wheat Board is empowered by the Canadian Wheat Board Act to provide for the allocation of railway cars available for the shipment of grain at any delivery point except cars placed pursuant to a car order book, to any elevator, platform or person at such delivery point.

AND WHEREAS in order to market grain grown in Canada in an orderly manner it is necessary and advisable that the allocation of railway cars at delivery points in western Canada be regulated.

NOW THEREFORE The Canadian Wheat Board doth hereby order as follows:

ORDER

(1) In this Order

(*a*) "Railway company" means the Canadian Pacific Railway Company, the Canadian National Railway Company, and any other person or corporation engaged in the transportation of grain by rail as a common carrier in the designated area.

(*b*) "Special application for railway cars" means an application for the supply of box cars out of order to a congested elevator made pursuant to Instructions to the Trade No. 3 issued by the Board and dated the 30th day of July, 1959.

(*c*) "Order for railway cars" means a request for the supply of railway box cars made by an elevator agent to a railway agent in the ordinary course of business, and does not include a special application for railway cars.

(*d*) Unless a contrary intention appears all words and expressions in this Order have the same meanings as they have in the Canadian Wheat Board Act.

(2) Each railway company shall allocate railway cars available for the shipment of grain at any delivery point in the designated area except railway cars placed pursuant to a car book as follows:

(*a*) Railway cars available for the shipment of grain at any such delivery point shall be allocated to congested elevators named in special applications for railway cars until railway cars have been supplied to all such elevators in accordance with all such special applications as are filed with the railway agent responsible for the distribution of railway cars at the said delivery point.

(*b*) Special applications for railway cars shall be filled in the same order as received by the railway agent.

(*c*) After placing railway cars at a congested elevator pursuant to a special application as aforesaid the railway company shall cause the number of cars supplied to be endorsed on the said special application, and if there are unfilled orders for railway cars to the same elevator on file with the said railway agent, shall cancel unfilled orders for an equivalent number of cars for such elevator.

(3) After railway cars have been supplied to elevators named in the said special applications in accordance with such applications, subject to specific orders of the Board, the remaining railway cars available for the shipment of grain at such delivery point shall be allocated to elevators at the said delivery point in proportion to the unfilled orders for railway cars to be supplied to each elevator on file with the said railway agent.

(4) Notwithstanding the foregoing, and in accordance with railway practice, a railway company may defer supplying railway cars to any elevator until the same can be unloaded at destination within a reasonable period.

(5) This Order shall have effect on and after the 1st day of August, 1959 and shall expire at midnight on the 31st day of July, 1960.

MADE at Winnipeg this 30th day of July A.D. 1959.

The Canadian Wheat Board
W. C. McNamara

Chief Commissioner

W. E. ROBERTSON,

Commissioner.

APPENDIX "B"

THE CANADIAN WHEAT BOARD

INSTRUCTIONS TO THE TRADE
No. 2

1959-60 Crop Season

ATTENTION ALL COMPANIES:

Dear Sirs:

Effective from August 1, 1959, the Board will be operating under a new Instruction received from the Honourable Gordon Churchill, Minister of Trade and Commerce, with respect to the allocation of Board shipping orders among elevator companies.

For the information of elevator companies and agents, the following procedures will be effective for the crop year 1959-60:

(1) The Board will establish procedures whereby elevator agents may apply to their railway agent for out-of-order cars when their elevator is congested and unable to receive grain of kinds or grades generally offered by producers. Procedures and rules relating to the relief of congested elevators are set forth in Instruction to the Trade No. 3 issued by the Board and dated the 30th day of July, 1959.

(2) The Board will continue to issue shipping orders, including shipping priorities which the Board may establish from time to time.

(3) The Board will continue to allocate shipping orders to the head offices of elevator companies for distribution to their elevator agents; it being the view of the Board that the management of each elevator company is in the best position to assess the requirements of each elevator for shipping orders.

(4) The Board will commence the crop year 1959-60 by dividing its shipping orders among elevator companies on the basis of the percentage for each company as recently announced by the Board. Thereafter the percentage for each company will be revised from time to time; each company's total receipts of wheat, oats, barley, rye and flaxseed from producers subsequent to July 31st, 1959 being taken into consideration.

(5) When cars are supplied at a delivery point, the first cars will be distributed to elevators named in special application filed with the railway agent for out-of-order cars; thereafter other available cars will be distributed to elevators at the delivery point in proportion to orders for cars filed with the railway agent.

Instructions to Trade No. 2

(6) The railway company may defer supplying railway cars to any elevator until the same can be unloaded at destination within a reasonable period. In such an event, cars shall be distributed to other elevators at the same delivery point in proportion to orders filed for box cars with the railway agent.

(7) In carrying out the new Instruction and in the administration of delivery quotas, the Board may require that:—

(*a*) elevator companies submit to the Board for approval their allocation of shipping orders to individual elevators;

(*b*) the distribution of shipping orders to individual elevators be prohibited where current space is deemed to be adequate.

(8) The Board will, on request, advise any individual elevator company of its current percentage allocation of Board shipping orders.

Yours very truly,

THE CANADIAN WHEAT BOARD,
Approved for the Board by:
W. C. McNamara
Chief Commissioner.

Reference:
C. A. McLean.
July 30th, 1959.

APPENDIX "C"

THE CANADIAN WHEAT BOARD

INSTRUCTIONS TO THE TRADE
No. 3

1959-60 Crop Season

TO ALL COMPANIES:

Dear Sirs:

Re: Out-of-Order Box Cars for Relief of Congested Elevators

In order to facilitate deliveries by producers to country elevators, the Board hereby issues the following Instruction:—

1. In this Instruction:
   (*a*) 'congested elevator' means
      (i) a country elevator which does not contain sufficient unfilled storage space to allow receipt of grain of the kinds and grades generally offered by producers for delivery into it, and
      (ii) which contains unfilled storage space totalling less than 4,000 bushels.
   (*b*) 'unfilled storage space' means the working capacity of an elevator less the total gross quantity of grain in storage in such elevator.
   (*c*) 'working capacity' means the bushelage capacity of the elevator to store grain as determined by the company and shown on lists filed by the company with the Board as of this date.

2. For the purposes of this instruction all the facilities for the storage of grain at a delivery point operated by the same elevator company shall be deemed to be one elevator.

3. An elevator agent operating a congested elevator may file with the railway agent responsible for box cars at the delivery point at which such congested elevator is situated, an application completed on a form supplied by the Board requesting that two box cars be placed at the congested elevator on an "out-of-order" basis from the first box cars available for the shipment of grain at the delivery point.

4. Where box cars are placed at a congested elevator pursuant to this instruction and the applicant elevator agent has unfilled orders for box cars on file with the railway agent;
   (*a*) the box cars supplied shall be allocated against the unfilled orders for cars.
   (*b*) the application and all relevant documents shall bear the number of the appropriate Canadian Wheat Board shipping order.

5. An elevator agent who does not have orders for cars on file with the said railway agent and who has shipping orders on hand must place orders for two cars at the same time as filing the application hereunder and the application and all relevant documents shall bear the number of the appropriate Canadian Wheat Board shipping order.

6. Where box cars are placed at a congested elevator pursuant to this instruction and the applicant elevator agent does not have shipping orders, the box cars supplied shall be allocated against *special shipping order No. 1000* and this order number must be used on all shipping documents relating to such box cars.

7. The kind(s) and grade(s) of grain to be loaded under paragraphs 4, 5 and 6 above shall be those of the highest shipping priority for authorized destinations of the delivery point as indicated by the current "Instructions to the Trade re Shipments of Grain". Cars supplied against *special shipping order No. 1000* will be charged against future allocations of cars to be made by the Board to the Company.

8. The Board may from time to time restrict the shipment of any kind and grade of grain to ensure that appropriate grain may be available at terminal destinations to meet sales programs.

9. An elevator agent shall not re-apply for box cars to be placed pursuant to this instruction until all previous applications made by him under this instruction are filled.

10. Companies shall forthwith advise each agent of the working capacity of the country elevator which he is operating as shown on the lists referred to in paragraph 1 (c).

11. A specimen application form is attached hereto, supplies of which will be made available to companies by the Board. Applications are to be completed by elevator agents in quadruplicate and are to be distributed as follows:

(*a*) The original application to be delivered to the railway agent; the date and time of filing endorsed thereon.

(*b*) The second copy to be forwarded by the elevator agent to the Head Office of the Company after placement of box cars applied for and to be forwarded forthwith by the Head Office of the Company to the Winnipeg or Calgary Offices of the Canadian Wheat Board;

(*c*) The third copy to be forwarded by the elevator agent to the Head Office of the Company after placement of box cars applied for;

(*d*) The fourth copy to be retained by the elevator agent.

12. It will be the responsibility of each company to bring the foregoing instruction to the attention of their elevator agents and to take all necessary steps to ensure that all the provisions of the Instruction are complied with.

Yours very truly,

THE CANADIAN WHEAT BOARD,
Approved for the Board by:
W. C. McNamara
Chief Commissioner.

Reference:
C. A. McLean.
July 30th, 1959.
Att.

THE CANADIAN WHEAT BOARD

Application for Boxcars

"Out-of-Order"

For Relief of a Congested Elevator

To the Railway Agent at .....

I, ...Agent of .....

at ..... hereby make application to you pursuant to Instructions to the Trade Number 3 of the Canadian Wheat Board for two (2) boxcars to be placed at the above elevator on an "out-of-order" basis from the first boxcars arriving at this shipping point which become available for the loading of grain, and in support of this application, I declare:

1. That the elevator facilities including annexes of which I am in charge at ..... do not contain sufficient unfilled storage space to allow receipt of grain of the kinds and grades generally offered by producers.

2. That at this date the space in the said elevator and annexes available for the storage of grain is less than 4,000 bushels and is as follows:

(A) Working capacity of elevator and annexes .....Bushels
(B) Stocks of grain in store in elevator and annexes .....Bushels
(C) Space available for deliveries .....Bushels

....
Date Signature of Agent

Record of boxcars placed in fulfilment of the above application

Car Number .....Date Placed .....19....

Kind of Grain .....Shipping Order Number .....

Car Number .....Date Placed .....19....

Kind of Grain .....Shipping Order Number .....

WARNING

The improper use of this application will result in the imposition of penalties by the Canadian Wheat Board.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

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STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Respecting

Report of the Canadian Wheat Board for Crop Year 1958-59 and Report of the Board of Grain Commissioners for Canada, 1959. and INCLUDING THIRD REPORT TO THE HOUSE

FRIDAY, JULY 1, 1960
MONDAY, JULY 4, 1960
THURSDAY, JULY 7, 1960

WITNESSES:

From *the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. E. Roberts, Commissioner; J. T. Dallas, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleaven, Secretary. From *The Board of Grain Commissioners for Canada:* Messrs. R. W. Milner, Chief Commissioner; G. N. McConnell, Commissioner; W. J. MacLeod, Secretary; M. J. Conacher, Chief Grain Inspector; E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Assistant Chief Chemist and Mr. J. L. Freeman, Licensing Officer.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23320-5—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

Argue,
Badanai,
Barrington,
Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Clancy,
Cooper,
Danforth,
Doucett,
Dubois,
Dupuis,
Fane,
Forbes,
Forgie,
Godin,
Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
Kindt,
Knowles,
Korchinski,
Lahaye,
Leduc,
Létourneau,
McBain,
McIntosh,
Michaud,
Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rogers,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

REPORT TO THE HOUSE

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

THIRD REPORT

On June 23, 1960, the Committee received from the House the following Order of Reference:

> *"Ordered,*—That the Annual Report of the Canadian Wheat Board for the crop year ended July 31, 1959, which was tabled on February 10, 1960, and the Report of the Board of Grain Commissioners for 1959, which was tabled on May 2, 1960, and the Supplementary Report of the Canadian Wheat Board on the 1958-59 Pool Accounts for Wheat, Oats and Barley, tabled today, be referred to the Standing Committee on Agriculture and Colonization."

Your Committee carefully examined and approved the operations of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Your Committee regrets the retirement of Mr. R. W. Milner, Chief Commissioner of the Board of Grain Commissioners for Canada and expresses its appreciation for his assistance during his tenure of office.

A copy of the Committee's Minutes of Proceedings and Evidence is appended hereto.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

23320-5—1½

MINUTES OF PROCEEDINGS

FRIDAY, July 1, 1960.
(18)

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Badanai, Clancy, Cooper, Doucett, Fane, Forbes, Gundlock, Henderson, Hicks, Korchinski, McBain, Milligan, Nasserden, Pascoe, Peters, Phillips, Rapp, Rogers, Smith (*Lincoln*), Southam, Stanton, Tardif and Villeneuve.—24

In attendance: From *the Canadian Wheat Board*: Messrs. W. C. McNamara, Chief Commissioner; W. Earle Roberts, Commissioner; J. T. Dallas, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleaven, Secretary. From *the Board of Grain Commissioners for Canada:* Messrs. R. W. Milner, Chief Commissioner; G. N. McConnell, Commissioner; W. J. MacLeod, Secretary; M. J. Conacher, Chief Grain Inspector; E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Assistant Chief Chemist and Mr. J. L. Freeman, Licensing Officer.

The Committee resumed its examination of the officials of the Canadian Wheat Board.

The following sections of Part I of the Report of the Canadian Wheat Board—Crop Year 1958-59 were approved:

7. 1958-59 Pool Account—Wheat
8. 1958-59 Pool Account—Oats
9. 1958-59 Pool Account—Barley
10. Payment Division
11. Legal Department
12. Staff and Officers
13. Advisory Committee.

Part II, Financial Statements, was approved.

The following exhibits in the report were also approved:

Exhibit I. Consolidated Balance Sheet
" II Statement of Operations, 1958-59 Pool Account—Wheat
" III Statement of Operations, 1958-59 Pool Account—Oats
" IV Statement of Operations, 1958-59 Pool Account—Barley
" V Statement of Payments to Producers
" VI Statement of Provisions for Final Payment Expenses
" VII Schedule of Administrative and General Expenses and Allocations to Operators for the year ended 31 July, 1959.

The report was approved and the Committee proceeded to the examination of the Supplementary Report of The Canadian Wheat Board on the 1958-1959 Wheat Account, 1958-1959 Oats Account, 1958-1959 Barley Account.

The officials of the Canadian Wheat Board were questioned on the Supplementary Report and approval given to the following:

1958-1959 Pool Account—Wheat
1958-1959 Pool Account—Oats
1958-1959 Pool Account—Barley

The Statement of Operations on the 1958-59 Account for Wheat, Oats and Barley for the period 1st August, 1958 to 20th May, 1960, was approved.

The Supplementary Report was also approved.

The Chairman thanked the officials of the Canadian Wheat Board for their appearance and they were allowed to retire.

The Committee then called the officials of the Board of Grain Commissioners.

The Chairman introduced Mr. Milner who introduced the officials of the Board.

Examination of the officials of the Board on the Annual Report of the Board of Grain Commissioners for Canada for the year 1959 was commenced.

The following sections of the Annual Report of the Board of Grain Commissioners for the year 1959 were approved:

1. Grain Supplies and Disposition—Crop Year 1958-59.
2. Marketings
3. Country Elevator Shipments
4. Terminal Handlings
5. Eastern Elevator Handlings
6. Exports
7. Domestic Shortage
8. Carryover
9. Licensing and Bonding
10. Assistant Commissioners
11. Prosecutions

At 11.00 a.m. the Committee adjourned to 12 o'clock noon.

As it was not possible to assemble the Members at 12.00 o'clock, the Chairman adjourned the meeting until Monday, July 4th at 9.00 a.m.

MONDAY, July 4, 1960.
(19)

The Standing Committee on Agriculture and Colonization met at 9.25 a.m. this day. Mr. Hayden Stanton, the Chairman, presided.

Members present: Messrs. Argue, Badanai, Clancy, Cooper, Danforth, Doucett, Fane, Forbes, Gundlock, Henderson, Hicks, Howe, Korchinski, McIntosh, Nasserden, Pascoe, Rapp, Rogers, Smallwood, Southam, Stanton, Tardif and Villeneuve—23.

In attendance: From the Board of Grain Commissioners for Canada: Messrs. R. W. Milner, Chief Commissioner; G. N. McConnell, Commissioner; W. J. MacLeod, Secretary; M. J. Conacher, Chief Grain Inspector; E E. Baxter, Chief Statistician; Dr. G. N. Irvine, Assistant Chief Chemist; and Mr. J. L. Freeman, Licensing Officer.

The following sections of the Annual Report of the Board of Grain Commissioners for Canada were considered and approved:

12. Shortage and Overages, Country Elevators
13. Regulations and Orders

14. Committee on Grain Standards
15. Inspection of Grain
16. Research
17. Weighing of Grain
18. Weighover of Stocks, Terminal and Eastern Elevators
19. Entomological Investigations
20. Terminal and Eastern Complaints
21. Complaints on Export Shipments
22. Statistics
23. Information Program

The Committee adjourned at 11.00 a.m. until 2.00 p.m. this day.

AFTERNOON SITTING
(20)

The Committee resumed at 2.08 p.m. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Boulanger, Clancy, Doucett, Fane, Forbes, Gundlock, Henderson, Hicks, Korchinski, Lahaye, McIntosh, Nasserden, Pascoe, Rapp, Rogers, Smallwood, Southam, Stanton and Tucker—19.

In attendance: Same as at the morning sitting.

The Committee resumed its examination of the officials of the Board of Grain Commissioners.

The Committee gave approval to the following sections of the Annual Report of the Board of Grain Commissioners for Canada:

24. Canadian Government Elevators
25. Lake Freight Rates
26. Prairie Farm Assistance Act
27. Organization and Personnel
28. Expenditure and Revenue.

The Committee further considered the report and approved:

1. Personnel chart of Board of Grain Commissioners for Canada
2. Appendix "A"—Committees on Western and Eastern Grain Standards, Crop Year 1959-60
3. Appendix "B"—Grain Appeal Tribunals
4. Appendix "C"—Statistics
5. Appendix "D"—Registration Branch
6. Appendix "E"—Inspection Branch
7. Appendix "F"—Grain Weighing Branch
8. Appendix "G"—The Grain Research Laboratory
9. Appendix "H"—Canadian Government Elevators
10. Appendix "I"—Expenditure
11. Appendix "J"—Regulations

The Committee approved the Report.

Mr. Milner informed the Committee that this would be his last appearance because of his retirement.

Mr. Rapp, seconded by Mr. Pascoe, moved a vote of thanks to Mr. Milner personally and the Committee approved.

The Chairman read into the Evidence a statement regarding appearances of farm organizations on the same Order of Reference before the 1956 Committee on Agriculture and Colonization.

The Chairman thanked the officials of the Board of Grain Commissioners for Canada for their appearance.

At 3.00 p.m. the Committee adjourned to the call of the Chair.

THURSDAY, July 7, 1960.
(21)

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this day *in camera*. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Badanai, Belzile, Cooper, Doucett, Fane, Forbes, Henderson, Hicks, Korchinski, Nasserden, Pascoe, Rapp, Rogers, Southam and Stanton.—15

The Chairman introduced a draft Report which had been prepared by the sub-committee on Agenda and Procedure.

Following consideration, the draft Report was adopted and the Chairman ordered to present it to the House as the Committee's Third Report.

At 10.00 a.m. the Committee adjourned until Tuesday, July 12th at 9.30 a.m.

Clyde Lyons,
Clerk of the Committee.

NOTE: Answers to questions of Mr. Korchinski and Mr. Clancy were supplied by the Canadian Wheat Board and are Appendices "D" and "E" of this issue.

EVIDENCE

FRIDAY, July 1, 1960.
9.30 a.m.

The CHAIRMAN: Gentlemen, as you see, I am a little better armed this morning. I believe we have a quorum, and I would ask you to come to order.

Gentlemen, we will proceed with item 7 this morning.

7. *1958-59 Pool Account—Wheat*

POLICY

In accordance with the Canadian Wheat Board Act, 1935, as amended, the Board administered an annual pool for wheat delivered to the Board between August 1, 1958 and July 31, 1959.

The fixed initial price for wheat for 1958-59 was $1.40 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. This initial price was authorized by Order in Council P.C. 1958-725, May 22, 1958. Initial prices for grades of wheat other than No. 1 Northern were established by the Board and approved by Orders in Council.

Under Order in Council P.C. 1958-725, May 22, 1958, the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold wheat for registration under the International Wheat Agreement.

BOARD RECEIPTS

The following table shows receipts of wheat from producers, by months, for the period from August 1, 1958 to July 31, 1959:

	Bushels
August, 1958	2,214,909.2
September	20,405,645.3
October	22,258,214.2
November	29,688,668.3
December	27,987,555.2
January, 1959	37,230,806.1
February	20,841,493.4
March	28,089,458.7
April	27,508,034.9
May	22,177,210.6
June	41,619,846.6
July	86,968,052.3
TOTAL	366,989,894.8

Board receipts from producers in 1958-59 were 366,989,894.8 bushels as compared with 376,867,203.4 in the previous crop year. Producers' deliveries of wheat were on a moderate scale during September and October and were well maintained in the period November through April.

In the month of May, producers' deliveries were relatively small, reflecting the delayed movement of grain from the Lakehead following the opening of navigation. Country marketings improved sharply in the months of June and July and reached a total of nearly 87 million bushels in July.

Of receipts from producers, 25.3 million bushels were graded as tough and 3.0 million bushels as damp.

Grade Pattern

The following table shows receipts from producers, by principal grades, for the crop year 1958-59, along with the percentage of total receipts represented by each of the principal grades:

Grade (Including Toughs and Damps)	*Bushels*	*% of Total*
No. 1 Northern	4,991,592.2	1.36
No. 2 Northern	190,614,967.7	51.94
No. 3 Northern	99,109,664.7	27.01
No. 4 Northern	31,432,788.6	8.57
Nos. 1 to 4 Durum (including Extra 4 Durum)	23,778,408.4	6.48
Nos. 1 to 3 Garnet	721,922.6	.19
No. 5 Wheat	9,955,332.0	2.71
No. 6 Wheat	989,449.1	.27
Feed Wheat	115,505.5	.03
Other grades	5,280,264.0	1.44
Total	366,989,894.8	100.00

The 1958 wheat crop could be described as a "No. 2 Northern" crop. Board receipts of this grade amounted to 190.6 million bushels, or 51.9% of producers' deliveries for the crop year. Receipts of No. 3 Northern and No. 4 Northern were 99.1 and 31.4 million bushels, respectively. Receipts of milling grades of Durum Wheat totalled 23.8 million bushels, a moderate reduction from the previous crop year. Producers' marketings of No. 5 Wheat, No. 6 Wheat and Feed Wheat were unusually small, totalling only 11.1 million bushels.

Total Wheat Stocks—1958-59 Pool

Total wheat stocks in the 1958-59 Pool were 508,277,221.0 bushels, consisting of 366,989,894.8 bushels received from producers, 139,764,777.4 bushels transferred from the 1957-58 Pool Account as at May 15, 1959, and 1,522,548.8 bushels received from others than producers.

1958-59 Pool Account—Wheat

The following table shows the operating position of the 1958-59 Pool Account—Wheat, for the period from August 1, 1958 to July 31, 1959. The 1957-58 Pool Account was closed as at May 15, 1959; therefore the operating statement for the 1958-59 Pool should be regarded as an interim statement as it includes only sales for the limited period from May 16, 1959 to July 31, 1959. Completed sales of wheat for the account of the 1958-59 Pool were 82,827,837.9 bushels. In addition, the Board had uncompleted sales of wheat on its books as at July 31, 1959 in the amount of 52,772,000.5 bushels.

The inventory of the 1958-59 Pool consisted of 372,677,382.6 bushels of unsold wheat valued at $499,345,357.81. The main part of the inventory consisted of wheat delivered to the Pool by producers between August 1, 1958 and July 31, 1959. These stocks were valued at initial prices basis $1.40 per bushel for No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. A small portion of the inventory consisted of specific grades of wheat transferred from the 1957-58 Pool as at May 15, 1959 and which were unsold as at July 31, 1959. These latter stocks were valued at transfer prices.

1958-59 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1958-59 Pool Account from August 1, 1958 to July 31, 1959:

	Bushels		
1. Wheat acquired by the Board:			
(*a*) Producers' deliveries August 1, 1958 to July 31, 1959.	366,989,894.8		
(*b*) Purchased from the 1957-58 Pool Account—Wheat..	139,764,777.4		
(*c*) Wheat otherwise acquired①	1,522,548.8		
Total wheat acquired	508,277,221.0		
		(Value)	(Value)
2. Cost of wheat acquired			$ 703,823,643.24
3. Proceeds of sales and value of unsold stocks of wheat as at July 31, 1959:			
(*a*) (i) Completed sales at realized prices		$ 128,563,817.37	
(ii) Uncompleted sales at contract prices		83,439,925.94	
Total proceeds from sales		212,003,743.31	
(*b*) Value of unsold stocks of wheat at cost②		499,345,357.81	711,349,101.12
4. Gross surplus as at July 31, 1959			7,525,457.88
5. Operating costs—August 1, 1958 to July 31, 1959:			
(*a*) Carrying charges on wheat stored in country elevators		23,571,137.17	
(*b*) Storage on wheat stored in terminal elevators		3,160,377.45	
(*c*) Net interest paid on Agency wheat stocks		1,168,559.80	
		27,900,074.42	
Less: Carrying charges received under the Temporary Wheat Reserves Act		10,548,671.55	
Net carrying charges paid		17,351,402.87	
(*d*) Bank interest and exchange, etc., less net inter-account interest		1,353,142.62	
(*e*) Additional freight (net)		(304,470.63)	
(*f*) Handling, stop-off and diversion charges		123,488.34	
(*g*) Drying charges		11,934.72	
(*h*) Administrative and general expenses		1,228,197.71	19,763,695.63
6. Debit balance in the 1958-59 Pool Account—Wheat, as at July 31, 1959, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver			$ 12,238,237.75

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

②See preceding paragraph for basis of inventory valuation.

Operating Costs—1958-59 Wheat Account

Net operating costs applicable to the 1958-1959 Pool Account were $19,763,695.63 for the period from August 1, 1958 to July 31, 1959.

Carrying charges on wheat stored in country and terminal elevators amounted to $27,900,074.42. This item was reduced by $10,548,671.55* received from the Government of Canada under the provisions of the Temporary Wheat Reserves Act and applied to the 1958-59 Pool Account to July 31, 1959. Net carrying charges for producers' account were, therefore, $17,351,402.87.

Interest and bank charges, less net inter-account interest, amounted to $1,353,142.62. The freight account showed a net surplus of $304,470.63. Handling, stop-off and diversion charges on wheat stored in interior terminals amounted to $123,488.34. Drying charges were $11,934.72. Administrative and general expenses applicable to the 1958-59 Pool to July 31, 1959 were $1,228,197.71.

General Comments on the Marketing of Wheat—1958-59
Stocks under Administration

The Board commenced the crop year with an inventory of 345.5 million bushels of wheat for the account of the 1957-58 Pool. From August 1, 1958 to July 31, 1959 deliveries to the 1958-59 Pool amounted to 368.5 million bushels. During the crop year the Board therefore had under administration 714.0 million bushels of wheat for the account of the 1957-58 and the 1958-59 Pools. The two Pool Accounts were administered concurrently until May 15, 1959, when the 1957-58 Account was closed and remaining stocks in that Pool transferred to the 1958-59 Account. From August 1, 1958 to May 15, 1959 sales were applied to the 1957-58 Pool Account to the extent that this Pool could supply the grades required to meet sales contracts. From May 16, 1959 to July 31, 1959 all sales were applied to the 1958-59 Pool Account.

The International Wheat Market—1958-59

World trade in wheat continued at about the same level as in the previous crop year. Changes in production affected wheat supplies in exporting countries rather than supplies and import requirements of importing countries. Domestic production in Western Europe closely paralled that of 1957-58. In both years, production was large. It was evident that in a number of importing markets where a large volume of home-grown wheat had to be absorbed, considerable stress was laid upon milling quality in determining the source of their imports.

As in the previous crop year, close to 25% of the international wheat market was supplied through assistance or disposal programmes. These measures were primarily directed towards under-developed countries and in these programmes the United States was the major supplier, while Canada's contribution was in the form of aid to Colombo Plan countries and to the United Nations Relief and Works Agency.

While the major wheat exporting countries ended the year with a satisfactory level of exports, it was also evident that other countries had placed a substantial volume of wheat on the international market, the largest volume of the post-war period. The principal supplier in this category was the U.S.S.R.

Factors which resulted in keen competition among the principal suppliers throughout the crop year were the generally favourable production of wheat

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*See Supplementary Report of The Canadian Wheat Board for 1957-58, Page 3. Moneys paid to the Board under the Temporary Wheat Reserves Act from August 1, 1958 to July 31, 1959 were divided between the two operating Pool Accounts as follows:

1957-58 Pool Account—Wheat	$29,276,631.96
1958-59 Pool Account—Wheat	10,548,671.55
Total	$39,825,303.51

in importing countries, the extent of surpluses and their distribution among the principal exporting countries and the size of the non-commercial segment of the international wheat markets.

Sales Policy

In the selling of wheat in 1958-59 the Board again had the advantage of wheat with an excellent milling quality. One of the factors bearing upon quality in milling wheat is the protein content. The Research Laboratory, Board of Grain Commissioners for Canada, reported as follows:

> "The mean protein content of the 1958 crop of Hard Red Spring Wheat is 13.8%; this level is only 0.2% lower than for last year's survey and 0.3% higher than the long-term average of 13.5%."

The preponderance of high grades of wheat delivered to the Board in 1958-59 had a bearing upon marketing operations. Lack of lower grades of wheat at the disposal of the Board throughout the crop year had the effect of limiting export volume. This was particularly noticeable in the case of countries which, in recent years, had been able to use No. 5 Wheat to advantage.

The St. Lawrence Seaway

The opening of the St. Lawrence Seaway in the spring of 1959 had a bearing upon Board marketing activities and pricing policies.

In order to assess the effects of the Seaway, and as a guide to future policy, the Board and the Shippers and Exporters Association of the Winnipeg Grain Exchange jointly appointed a committee on August 18, 1958. It was felt that through the formation of such a committee the combined technical knowledge and experience of the various interests represented would contribute not only to knowledge of probable effects of the Seaway but also to the necessary policies which would have to be brought into effect prior to the opening of the Seaway. The joint committee completed its report on January 16, 1959. The contents of the report were the subject of a series of meetings between the Board and the Executive of the Shippers and Exporters Association. These discussions were most helpful to all concerned and to the Board in arriving at policy decisions.

The final decision as to policy rested with the Board pursuant to its responsibilities under the Canadian Wheat Board Act.

In anticipation of the opening of the St. Lawrence Seaway, and in order to facilitate forward sales for shipment via this route, the Board announced an important change in pricing policy on January 30, 1959. Effective on this date the Board increased its asking prices for wheat in store Fort William/Port Arthur by 5⅝ cents[1] per bushel.

In arriving at pricing policies in anticipation of the Seaway, the Board recognized:

(*a*) that it would be possible for ocean vessels to load wheat as far inland as Fort William/Port Arthur and deliver such grain at overseas destinations at a lower cost than had been previously possible;

(*b*) that a lower cost structure would apply in the movement of grain from the Lakehead to St. Lawrence ports.

In consideration of policy the Board felt that the saving in forwarding costs for wheat resulting from the Seaway should accrue to the advantage of the western wheat producer. In accordance with this objective the Board

[1] The actual increase was 5⅞ cents per bushel, which included an exchange adjustment of ¼ cent per bushel.

increased its asking prices for all grades of wheat basis in store Fort William/ Port Arthur by 5⅝ cents per bushel as previously noted. The amount of the increase was the difference between the estimated cost of moving wheat through the Seaway to St. Lawrence ports and the fixed differential which had been in effect prior to the close of navigation in 1958. The increase in Board asking prices for wheat in store the Lakehead, being in effect a saving in forwarding costs within Canada, did not affect Board asking prices for wheat c.i.f. St. Lawrence ports, and a result did not increase the cost of wheat moving via the Seaway to the overseas buyer. The St. Lawrence price under the new pricing policy was the equivalent to that previously in effect and, consequently, it was not necessary for the Board to alter the level of its asking prices for wheat basis in store Churchill and in store Pacific Coast ports.

The new pricing policy announced on January 30th included provision for daily quotations for Canadian wheat c.i.f. St. Lawrence ports and for the provision, as required, of prices at intermediate Seaway ports.

It should be observed that the ultimate saving in costs will depend in part upon the volume of grain which moves exclusively by the all-water route through the Seaway and the volume of grain which is moved to Georgian Bay ports and thence by rail to St. Lawrence or Maritime Atlantic ports.

The upward adjustment in Board asking prices for wheat, basis in store Fort William/Port Arthur, increased the cost of wheat to Canadian mills and affected their competitive position in export markets. After consultation with representatives of the Canadian milling industry the Board extended its export adjustment policy* as follows:

(1) Export flour adjustment rates (applicable to all areas excepting the United Kingdom, Continental Europe and the United States) were increased by 5⅝ cents per bushel from the levels in effect on January 30, 1959;[1]

(2) A new export flour adjustment rate, applicable to the United Kingdom and Continental Europe, was established at 5⅝ cents per bushel.

The increases in the export flour adjustment rates under (1) above and the export flour adjustment rate under (2) above are subject to a reduction in the case of mills in Eastern Canada, the reduction depending upon the geographical location of such mills and the extent to which they are able to take advantage of reduced forwarding costs in acquiring their wheat supplies.

The effect of the foregoing amendments to the Board's export flour adjustment policy and rates was to leave the milling industry in the same competitive position in export markets that it enjoyed prior to the January 30th increase in Board asking prices for wheat basis in store the Lakehead.

Pricing

The Board continued two important pricing policies established in previous crop years. These were:

(1) Separate selling prices were quoted for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store

*For explanation of policy see Page 10 of the Annual Report of The Canadian Wheat Board for 1956-57.

[1] Export flour adjustment rates from August 1, 1958 to January 30, 1959 (excluding the United Kingdom, United States and Western Europe) were as follows: 8½ to 12 cents per bushel applicable to shipments from Canadian Atlantic and United States Atlantic ports; 10 cents per bushel applicable to shipments from Canadian Pacific and United States Pacific ports; and from 8 to 12 cents per bushel applicable to shipments from Churchill and St. Lawrence ports. Under the export flour adjustment policy the 1957-58 and 1958-59 Pool Accounts were charged with a total of $2,790,527.71 during the period from August 1, 1958, to July 31, 1959.

Churchill. The object of this policy was to maintain the competitive position of wheat, irrespective of the port of shipment.

(2) Optional pricing bases were extended to overseas buyers. A buyer could purchase Board wheat either at its daily quoted selling prices or on a deferred price basis. Under the latter arrangement the buyer had the right to declare the final price up to 8 market days after the date of call on shipment from St. Lawrence or Atlantic ports, and from 15 to 22 market days from the date of loading from Pacific Coast ports, depending on the destination of the shipment. A similar policy was applied to Churchill, the buyer having the right to declare the final price up to 9 market days after the date of call. On January 30, 1959 the Board provided for deferred pricing on direct overseas shipments from the Lakehead following the opening of navigation. Under this arrangement the buyer had the right to declare the final price up to 14 days after date of call on such shipments from the Lakehead. Lesser periods were provided for direct shipments originating at intermediate ports between the Lakehead and the St. Lawrence. If the deferred price basis was selected by the buyer, provision was made for an accounting price to be established at the time of call but this price would be adjusted finally within the time limits provided for each shipping range.

In the administration of its pricing policies the Board endeavoured to maintain a strong competitive position in all markets. During the crop year 1958-59 average Board asking prices for No. 1 Northern Wheat were slightly higher than in 1957-58, the increase being $3\frac{3}{8}$ cents per bushel basis in store the Lakehead and $2\frac{1}{4}$ cents per bushel basis in store Vancouver.

The following table shows monthly average Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur, in store Vancouver, and in store Churchill:

Monthly Average of Board Asking Prices
I.W.A. and Class II Quotations
Basis No. 1 Northern Wheat

	In Store Fort William/ Port Arthur	*In Store Vancouver*	*In Store Churchill*
	(cents per bushel)		
August, 1958	164	175	175
September	$165\frac{1}{2}$	$177\frac{5}{8}$	$176\frac{1}{2}$
October	$164\frac{1}{8}$	$176\frac{1}{4}$	$175\frac{7}{8}$
November	$163\frac{5}{8}$	$175\frac{5}{8}$	$176\frac{5}{8}$
December	$162\frac{7}{8}$	$174\frac{1}{2}$	$175\frac{7}{8}$
January, 1959	$163\frac{5}{8}$	$174\frac{7}{8}$	$176\frac{3}{8}$
February	$170\frac{5}{8}$	$176\frac{3}{4}$	178
March	$169\frac{5}{8}$	175	177
April	$168\frac{3}{8}$	$173\frac{3}{4}$	$175\frac{3}{4}$
May	$168\frac{1}{4}$	$175\frac{3}{4}$	$175\frac{5}{8}$
June	$167\frac{3}{8}$	$175\frac{3}{4}$	$174\frac{3}{4}$
July	$167\frac{1}{8}$	$175\frac{1}{2}$	$174\frac{1}{2}$

As shown in the above table Board asking prices for No. 1 Northern Wheat basis in store Fort William/Port Arthur fluctuated within a narrow range in

the August-January period. In anticipation of the opening of the St. Lawrence Seaway* the Board, on January 30, 1959, increased its asking price for wheat in store the Lakehead from $1.63⅝ to $1.69¼ per bushel. In February this price increased to $1.71⅞. For the balance of the crop year Board asking prices in store the Lakehead declined moderately, reflecting in the main the increase in the exchange value of the Canadian dollar.

Board asking prices for wheat basis in store Vancouver moved within narrow limits throughout the crop year. During the August-January period Board asking prices for wheat in store Vancouver ranged from 11 cents to 13 cents per bushel over Board asking prices basis in store the Lakehead. As a result of the adjustment in Lakehead prices, on January 30, 1959 the spread between Board asking prices in store the Lakehead and in store Vancouver narrowed to 6⅜ cents per bushel, and ranged from 5⅜ cents to 8⅜ cents per bushel during the balance of the crop year.

Board asking prices for wheat in store Churchill fluctuated narrowly above and below Vancouver asking prices.

During 1958-59 minor adjustments were made in selling discounts for No. 2, No. 3 and No. 4 Northern Wheat, and selling discounts for No. 5 and No. 6 Wheat narrowed appreciably as compared with the previous crop year. The narrowing of selling discounts for the latter grades was due to the diminishing volume of these grades within the Board's inventory.

The following table shows quoted discounts under No. 1 Northern for principal grades of wheat on August 1, 1958 and July 31, 1959 (basis in store Fort William/Port Arthur):

	No. 2 Northern	*No. 3 Northern*	*No. 4 Northern*	*No. 5 Wheat*	*No. 6 Wheat*
			(cents per bushel)		
August 1, 1958	—4	—12	—21	—29	—33
July 31, 1959	—3	—13	—23	—26	—27

Selling discounts for wheat in store Vancouver followed the general pattern of discounts applicable to the in store Lakehead position. Selling discounts for No. 6. Wheat in store Vancouver were somewhat wider throughout the crop year.

The exchange value of the Canadian dollar played an important part in Board pricing throughout the crop year. The crop year commenced with the Canadian dollar at a premium of nearly 4%. The premium declined to 2½% in August and September but increased to nearly 3¾% by the end of December. The exchange value of the Canadian dollar moved downward in January and the early part of February, reaching 2 1/32% by mid-February. For the balance of the crop year the premium on the Canadian dollar increased steadily, reaching nearly 5% in early July, and remaining at over 4% for the balance of the crop year. The continuous premium on the Canadian dollar throughout the crop year was a major factor in reducing the proceeds of sales from the two Pool Accounts under administration.

*See comments on the St. Lawrence Seaway, Pages 8 to 10.

The following table shows monthly average Board asking prices for No. 1 C.W. Amber Durum Wheat basis in store Fort William/Port Arthur:

	High	*Low*	*Average*
	(cents per bushel)		
August, 1958	194⅝	192⅛	193
September	196½	194⅝	195⅜
October	195⅛	185½	190
November	186	185⅛	185⅝
December	185¼	184⅝	184⅞
January, 1959	191½	185	185⅝
February	193⅞	191⅞	192⅝
March	192¼	191	191⅝
April	191	189⅞	190⅜
May	190¾	189⅝	190¼
June	189⅞	188½	189⅜
July	189⅜	182⅛	186⅛

Asking prices for No. 1 C.W. Amber Durum Wheat worked to lower levels during the crop year, the range being from $1.96½ per bushel in September, 1958 to $1.82⅛ per bushel in July, 1959. The major part of the decline occurred in the August-December period, with some recovery midway through the crop year. The Board's selling discount for No. 2 C.W. Amber Durum increased from 1 to 3 cents per bushel in September and remained on this basis. Selling discounts for No. 3 C.W. Amber Durum and Extra No. 4 C.W. Amber Durhum were widened by 2 cents per bushel early in the season, but narrowed appreciably during July, 1959. At the start of the crop year the selling discount for No. 4 C.W. Amber Durum was 48 cents per bushel under Board asking prices for the top grade. This selling discount narrowed steadily to 33 cents per bushel at the end of July. Durum grades of wheat continued to be delivered to the Board in quantities in excess of available markets.

Assistance Programmes

During the crop year the Government of Canada continued to facilitate the export movement of Canadian wheat and flour through its assistance programmes for Colombo Plan countries and for the United Nations Relief and Works Agency.

In 1957-58 the Government arranged for a long-term loan of $35 million to be made available to Colombo Plan countries for the purchase of wheat and flour. In 1957-58 India used $24.2 million of this loan, leaving a balance of $10.8 million available for 1958-59. This balance was used within the crop year in the acquirement of wheat and flour by India and Ceylon in the amounts of $8.8 million and $2.0 million, respectively.

During 1958-59 the Government provided an outright gift of $13.9 million for the purchase of wheat and flour by Colombo Plan countries. As in the previous crop year, but to a lesser extent, regular Colombo Plan appropriations were used for the purchase of these commodities. Pakistan, Burma and Nepal received wheat and flour to the value of $4.1 million. In contrast to the

previous crop year, regular Colombo Plan appropriations were not used by India and Ceylon for the purchase of wheat or flour.

The Government also provided a gift of $1.5 million to the United Nations Relief and Works Agency for the purchase of Canadian flour.

Under the foregoing loan arrangements and assistance programmes a total of 18.2 million bushels of wheat was exported in 1958-59 as compared with 31.1 million bushels in 1957-58. The reduction was largely due to smaller purchases under the long-term credit arrangements and to a lesser use of regular Colombo Plan appropriations by recipient countries for the purchase of wheat and flour.

In the crop years 1957-58 and 1958-59 the following sums of money were made available by the Government for the purchase of wheat or flour:

1. Regular Colombo Plan appropriations	$14,134,211.00
2. Special gifts	31,852,513.00
3. Long-term Government loans	35,000,000.00
TOTAL	$80,986,720.00

The foregoing funds provided for the shipment of 49.3 million bushels of wheat or wheat in the form of flour to Colombo Plan countries and the United Nations Relief and Works Agency in the period from August 1, 1957 to July 31, 1959.

Export sales of Canadian wheat and barley under the terms of the Export Credits Insurance Act increased from $6.2 million in 1957-58 to $20.7 million in 1958-59. The increase was due to larger purchases of wheat and barley by Poland in the crop year under review.

SALES—1958-59

During the crop year 1958-59 Board sales of wheat were as follows:

	Total Sales
	(*bushels*)
Domestic sales	53,259,782.8
Export sales at Class II prices	206,481,121.7
Export sales under the terms of the International Wheat Agreement	81,881,402.3
Weight losses in transit and in drying	68,678.4
TOTAL	341,690,985.2

As shown by the above table Board sales of wheat amounted to 341,690,985.2 bushels, of which 206,091,146.8 bushels were applied to the 1957-58 Pool Account and 135,599,838.4 bushels were applied to the 1958-59 Pool Account.

INTERNATIONAL WHEAT AGREEMENT

The crop year 1958-59 coincided with the third and final year of the International Wheat Agreement which became effective August 1, 1956. Total sales registered under the Agreement were 191 million bushels. Canadian sales registered for the crop year were 83.5 million bushels.

The Board continued to represent the Government of Canada in the administration of the International Wheat Agreement.

During the crop year a new International Wheat Agreement was negotiated and became effective for a three-year period commencing August 1, 1959. The new Agreement is wider in scope and concept than the one which it replaced. In preceding Agreements the rights and obligations of member countries were effective only at the levels of minimum and maximum prices. Under the new Agreement these rights and obligations exist within the price range as well as at the extremes of the price range. Importing countries subscribe a percentage of their annual wheat requirements and the volume of international trade in wheat within the Agreement will be greatly enlarged. Exporting countries have a general obligation to meet import requirements rather than a specific obligation in terms of fixed export quantities. The rights and obligations of member countries in relation to the minimum and maximum prices are precisely stated.

As at the date of this Report, 31 importing countries and 9 exporting countries were signatory to the Agreement. The United Kingdom is a signatory member of the 1959 Agreement. The United Kingdom, Belgium, The Netherlands and Portugal have subscribed to the Agreement on behalf of their overseas territories. The weighted average percentage of imports subscribed by member importing countries is 70.5.

Exports

The following table shows exports of wheat (including flour) by months for the crop year 1958-59*:

	Million Bushels	
August, 1958	25.6	
September	18.3	
October	29.2	
November	25.4	
December	23.1	
January, 1959	20.7	142.3
February	20.7	
March	21.3	
April	22.0	
May	32.6	
June	30.8	
July	19.6	147.0
Total		289.3

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat. Exports of bagged seed wheat are not included.

Wheat exports, including flour, amounted to 289.3 million bushels as compared with 316.1 million bushels in the previous crop year. The export movement of wheat was well distributed throughout the crop year, and with the exception of the months of September and July followed a normal pattern.

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEARS 1958-59 AND 1957-58

Continental Areas and Countries

	Crop Year 1958-59			Crop Year 1957-58
	Wheat	Flour (Wheat Equivalent)	Total	Total
EUROPE:		(bushels)		
United Kingdom	87,032,155	13,855,251	100,887,406	104,060,568
Germany	34,983,696	—	34,983,696	29,736,006
Belgium	10,654,704	231,973	10,886,677	13,162,676
Netherlands	7,853,201	5,796	7,858,997	21,733,457
U.S.S.R.	7,308,187	—	7,308,187	14,833,328
Switzerland	6,276,779	—	6,276,779	9,672,754
Poland	5,408,331	—	5,408,331	1,443,680
Ireland	4,120,833	—	4,120,833	1,911,526
Norway	3,574,728	—	3,574,728	3,541,171
Austria	2,974,833	—	2,974,833	2,153,570
Italy	1,102,039	2,019	1,104,058	1,004,380
France	1,352,435	—	1,352,435	—
Malta	900,146	—	900,146	1,527,307
Denmark	432,954	2,392	435,346	278,708
Finland	173,612	—	173,612	—
Portugal	—	56,654	56,654	44,316
Gibraltar	—	44,565	44,565	45,620
Sweden	29,867	2,024	31,891	10,345
Iceland	—	14,819	14,819	16,100
Greece	—	4,719	4,719	26,020
TOTAL	174,178,500	14,220,212	188,398,712	205,201,532
ASIA AND OCEANIA:				
Japan	40,957,400	1,169,702	42,127,102	38,721,127
India	11,381,051	1,955	11,383,006	23,795,301
Philippine Islands	1,166,667	3,034,659	4,201,326	4,861,076
Pakistan	3,824,239	345	3,824,584	3,526,433
Israel	1,560,534	—	1,560,534	1,463,840
Ceylon	—	2,239,926	2,239,926	2,519,682
Lebanon	56,000	878,099	934,099	754,476
Hong Kong	131,601	609,691	741,292	673,499
Okinawa	478,426	—	478,426	233,333
Malaya and Singapore	—	459,057	459,057	392,831
China	463,867	—	463,867	3,786,907
Thailand	—	335,892	335,892	355,203
Portuguese Asia	—	221,092	221,092	122,944
Arabia	—	54,804	54,804	28,288
Burma	40,070	—	40,070	—
Nepal	36,543	—	36,543	—
Fiji	—	16,882	16,882	—
Formosa	7,616	—	7,616	—
Guam	—	1,208	1,208	—
Australia	—	—	—	1,490,534
Other Countries	—	6,327	6,327	50,864
TOTAL	60,104,014	9,029,639	69,133,653	82,776,338

	Crop Year 1958–59			Crop Year 1957–58
	Wheat	Flour (Wheat Equivalent)	Total	Total
	(bushels)			
CENTRAL AMERICA AND THE CARIBBEAN AREA:				
Jamaica	—	1,647,623	1,647,623	1,625,386
Trinidad and Tobago	673	1,627,742	1,628,415	1,586,728
Leeward and Windward Islands	33	1,035,356	1,035,389	1,068,116
Dominican Republic	1,000	668,350	669,350	698,128
Costa Rica	41,286	486,282	527,568	516,722
El Salvador	33,063	278,806	411,869	196,430
Cuba	1,918	377,292	379,210	605,863
Guatemala	83,333	258,845	342,178	474,219
Nicaragua	—	315,242	315,242	271,563
Barbados	833	313,163	313,996	335,765
Panama	—	302,416	302,416	254,897
Bahamas	—	262,734	262,734	277,736
Netherlands Antilles	—	158,029	158,029	173,340
Bermuda	—	112,422	112,422	96,340
Honduras	8,333	79,247	87,580	95,371
Haiti	—	48,047	48,047	455,664
British Honduras	—	19,743	19,743	14,875
Other Countries	—	8,579	8,579	17,289
TOTAL	170,472	8,099,918	8,270,390	8,764,432
SOUTH AMERICA:				
Venezuela	2,899,989	649,237	3,549,226	4,367,827
Peru	1,943,068	23,347	1,966,415	2,734,924
Ecuador	1,123,042	—	1,123,042	403,940
Colombia	14,875	251,649	266,524	258,817
British Guiana	—	198,470	198,470	305,353
Surinam	—	95,393	95,393	129,394
Chile	—	34,730	34,730	23,000
TOTAL	5,980,974	1,252,826	7,233,800	8,223,255
AFRICA:				
Union of South Africa	7,631,138	—	7,631,138	—
Ghana	—	1,385,253	1,385,253	502,944
Belgian Congo	—	637,482	637,482	404,002
Sierra Leone	—	292,535	292,535	236,686
Portuguese East Africa	234,565	4,740	239,305	133,645
Nigeria	—	203,244	203,244	55,924
Rhodesia	126,933	25,431	152,364	497,932
Egypt	—	148,069	148,069	248,273
Portuguese West Africa	—	85,340	85,340	40,643
Azores and Madeira	—	30,337	30,337	25,482
Gambia	—	16,118	16,118	—
Liberia	—	19,177	19,177	—
Other Countries	—	4,400	4,400	19,318
TOTAL	7,992,636	2,852,126	10,844,762	2,164,849
NORTH AMERICA:				
United States				
Milling in Bond	1,408,216	—	1,408,216	1,795,924
Domestic Use	1,953,931	—	1,953,931	5,370,162
Flour	—	1,649,509	1,649,509	1,754,028
Other Countries	—	20,684	20,684	22,975
TOTAL	3,362,147	1,670,193	5,032,340	8,943,089
Lost at Sea	366,200	—	366,200	—
GRAND TOTAL	252,154,943	37,124,914	289,279,857①	316,073,495①

①Exclusive of exports of bagged seed wheat which amounted to 4,219,341 bushels in 1957–58 and 5,032,340 bushels in 1958–59.

Source: Board of Grain Commissioners for Canada. Includes Exports of Ontario Winter Wheat.

Exports of wheat and flour to Europe were 188.4 million bushels as compared with 205.2 million bushels in the previous crop year. The reduction was due to smaller exports of low grade wheat to The Netherlands, the reduced purchases of the U.S.S.R., and smaller requirements of Switzerland. These reductions were partially offset by increased exports to Germany, Poland, Ireland and France. Trade with other countries was in line with the previous crop year.

The United Kingdom continued as Canada's largest wheat market. Exports to the United Kingdom in 1958-59 amounted to 100.6 million bushels as compared with 104.1 million bushels.

Japan accounted for over 60% of wheat exports to Asia. Japanese imports amounted to a record 42.2 million bushels as compared with 38.7 million bushels in the previous year.

Exports to India were substantially lower, reflecting a smaller quantity of wheat purchased from Canada under long-term credit arrangements and reduced purchases of wheat under regular Colombo Plan appropriations.

Australia and China purchased wheat from Canada in 1957-58, but these countries were not purchasers in the crop year under review. One cargo was shipped to China during 1958-59 as part of the quantities sold in the previous crop year. Canadian exports continued on a satisfactory level to the Philippines, Pakistan, Hong Kong, Israel, the Philippines, Lebanon and other Asiatic countries.

Exports were well maintained in Central America and in the Caribbean Area. The major part of exports to these markets in flour.

Exports to South American countries, except for Ecuador and Colombia. were somewhat smaller than in the previous crop year.

Exports to Africa increased sharply as a result of the shipment of 7.6 million bushels to the Union of South Africa and increased flour shipments to Ghana, Belgian Congo, Nigeria and other African territories.

Exports of low grade wheat to the United States for domestic use declined from 5.4 million bushels in 1957-58 to 2.0 million bushels. The decline was mainly due to the lack of suitable grades of wheat for shipment to the United States for feeding purposes. Exports of wheat to the United States for milling in bond amounted to 1.4 million bushels as compared with 1.8 million bushels in 1957-58.

Wheat Exports by Ports*

Exports of wheat (including Ontario Winter Wheat) through Eastern Canadian ports for 1958-59 amounted to 123.8 million bushels, of which 89.2 million bushels were shipped through St. Lawrence ports. Shipments through Atlantic winter ports were 29.7 million bushels. Pacific Coast clearances of wheat amounted to 106.6 million bushels during 1958-59, and a record shipping programme was established at Churchill with clearances reaching 18.4 million bushels. Shipments of wheat and flour to the United States for consumption amounted to 3.4 million bushels.

Utilization of Special Account

Section 29A of the Canadian Wheat Board Act provides that unclaimed balances in the hands of the Board which are six years old or more may, with the approval of Governor in Council, be transferred to a Special Account. The Act specifically sets forth that these funds shall be used "for such purposes as the Governor in Council upon recommendation of the Board may deem to be for the benefit of producers."

*Source: Board of Grain Commissioners for Canada.

From funds derived from the Special Account the Board continued its policy of providing the opportunity for missions from important grain importing countries to visit Canada. The purpose of these missions is to enable visitors to see at first hand the methods employed in the production, handling, storing, milling and processing, and merchandising of western grain. Provision is made whereby visiting missions can inspect the Canadian elevator system and particularly the movement of western grain to seaboard and port facilities available in Canada. Members of missions may also explore special fields in connection with the marketing of Canadian wheat and wheat products. In 1959 visiting missions were provided with the opportunity of seeing the St. Lawrence Seaway operation and studying the relationship of the Seaway to the marketing of Canadian grain.

During 1959 two important missions came to Canada under this programme. The first mission consisted of five members and represented the independent segment of the milling industry of the United Kingdom. The second mission came to Canada from Norway and represented the trading and technical services of the Norwegian State Grain Corporation.

In arranging programmes for visiting missions, the grain trade in Winnipeg and elsewhere, and other interests in Canada, co-operated generously. The Board would like to acknowledge the assistance of the following organizations in connection with the 1959 missions: the Board of Grain Commissioners for Canada, including the Grain Inspection Branch and the Research Laboratory; the Dominion Laboratory of Plant Pathology, Winnipeg; the Dominion Laboratory of Cereal Breeding, Winnipeg; the Plant Products Division, Production Services, Department of Agriculture, Winnipeg; the Experimental Farm Services, Department of Agriculture, Ottawa; the Department of Trade and Commerce, Ottawa; the National Harbours Board, Montreal and Churchill; the Provincial Wheat Pools in Calgary, Regina and Winnipeg; the United Grain Growers Limited, Winnipeg; the milling and baking industries; and the Canadian grain trade throughout Canada.

Funds were appropriated from the Special Account to provide laboratory equipment for the Institute of Baking and the Baking School of Japan.

SALES PROMOTION:

At the commencement of the crop year The Honourable Gordon Churchill, Minister of Trade and Commerce, accompanied by Board representatives, carried out a sales mission to the United Kingdom and principal importing markets in Western Europe.

Members and officials of the Board maintained close contact with overseas wheat and flour markets. During the crop year members and officers of the Board visited the United Kingdom, The Netherlands, Belgium, France, Germany, Switzerland, Poland, Czechoslovakia, Ireland, Portugal, Spain, Denmark, Finland, Sweden, Norway, Italy, Austria, Japan, Hong Kong, the Philippines, Venezuela, Haiti, Dominican Republic, Jamaica, Trinidad, Barbados and Cuba.

A mission, representing the Department of Trade and Commerce and the Board, visited Peru, Ecuador, Colombia, Panama, Nicaragua, Costa Rica, Guatemala, Honduras and El Salvador in the interests of wheat and flour sales.

The London and Rotterdam offices of the Board maintained close liaison with importing countries in Western Europe.

The Canadian Wheat Board film continued to circulate in most importing countries. The film is available in the French, German, Dutch, Portuguese, Italian, Polish and Japanese languages.

During the year the Board prepared a brochure dealing with many aspects of western wheat and included samples of the principal grades of western grain and flaxseed. This brochure was widely distributed to the import trade and the milling industries in overseas markets.

In the marketing of wheat and other grains the Board wishes to acknowledge the co-operation which it received from grain shippers and exporters, and the Canadian milling industry.

The Board also wishes to acknowledge the assistance which it received throughout the crop year from the Grain Division, Department of Trade and Commerce, and the Canadian Trade Commissioners' Service. These agencies were very helpful in facilitating the marketing of Canadian wheat and flour.

United States Disposal Programmes

The annual reports covering Board operations for the past four crop years have reviewed in general terms the United States surplus disposal programmes. These programmes were continued during 1958-59 under increased appropriations by the United States Congress.

Surplus agricultural commodities, including grains, are disposed of in export markets under three major types of programmes.

(1) *Disposal of Grains for Local Currencies:*

Title I—Public Law 480 and Section 402 of Public Law 665. Under these Laws surplus agricultural commodities are sold abroad for the currency of the importing country, and the funds so acquired are utilized by the United States in that country for market development, purchase of strategic materials, military procurement, purchase of goods for other countries under mutual assistance programmes, grants for multilateral trade and economic development, loans for economic development within recipient countries, international educational exchange and scientific activities.

Title I of Public Law 480 was amended on September 14, 1959 to require that at least 5% of the foreign currencies accruing from sales under Title I should be used for market development purposes. Several other changes also were made in the use of foreign currencies accruing from sales under Title I. These include financing programmes of medical and scientific research, workshops in American studies, and preparation and distribution of audio-visual information and educational material.

From the inception of the programme in July, 1954 to the beginning of the 1958-59 crop year, a total of $4 billion had been appropriated by Congress for activities under Title I of Public Law 480. A further $2.25 billion was appropriated for use during the period July 1, 1958 to December 31, 1959. As at June 30, 1959, 158 agreements had been entered into with 37 countries. Of the countries receiving surplus agricultural commodities, 26 obtained wheat and/or flour, and 16 obtained various feed grains.

From July, 1954 to June 30, 1959, 725 million bushels of wheat or flour and 171 million bushels of feed grains have been disposed of. The recipient countries were: Austria, Brazil, Ceylon, Chile, China (Taiwan), Colombia, Ecuador, Finland, Greece, Iceland, India, Indonesia, Iran, Israel, Italy, Japan, Korea, Mexico, Pakistan, Paraguay, Peru, Poland, Portugal, Spain, Turkey, United Arab Republic and Yugoslavia.

During the crop year 1958-59, 230 million bushels of wheat or flour were exported under Title I of Public Law 480. Congress has approved a further $3 billion to continue the programme to December 31, 1961.

Sales for local currencies under the provisions of Section 402 of Public Law 665 amounted to $44 million for food grains and feed grains during 1958-59. From October 31, 1953 to June 30, 1959 sales of food grains and feed grains under this programme have amounted to $597 million. During the 1958-59 crop year approximately 20 million bushels of wheat or flour were exported under Section 402 of Public Law 665, bringing the total wheat and flour exports under this programme to 251 million bushels since the beginning of the 1954-55 crop year. The recipient countries for wheat and/or flour, were: Austria, Bolivia, Ceylon, China, (Taiwan), Denmark, Egypt, France, Germany, Greece, Guatemala, India, Indo-China, Iran, Israel, Japan, Jordan, Korea (South), The Netherlands, Pakistan, Turkey and Yugoslavia.

(2) *Disposal of Grains for Famine and Disaster Relief:*

Title II—Public Law 480. Under this disposal plan surplus agricultural commodities are donated to relieve famine and disaster.

No further appropriations were granted for this programme during 1958-59. However, the Amendment to the Agricultural Trade Development and Assistance Act of 1954 provided $300 million annually for donations under Title II during the calendar years 1960 and 1961, bringing the total funds appropriated to $1.4 billion. Included in the programme is a provision whereby ocean freight costs may be paid on government shipments and on donation of surplus foods through voluntary agencies and inter-governmental organizations in the United States. Wheat and flour exports under Title II during the 1958-59 crop year totalled 11 million bushels, involving a cost of $42 million. The value of feed grain exported under this programme amounted to $8.6 million during 1958-59. Donations of cereals have been made to the following 32 countries: Austria, Czechoslovakia, Germany (Federal Republic), Germany (Soviet Occupied), Hungary, Italy, Yugoslavia, Libya, Morocco, Tunisia, Afghanistan, Ceylon, India, Iran, Jordan, Lebanon, Nepal, Pakistan Turkey, Japan, Viet Nam, Bolivia, British Honduras, Costa Rica, Guatemala, Haiti, Honduras, Mexico, Peru, Ethiopia, Ghana and Yemen.

(3) *Disposal of Grains under Barter Arrangements:*

Title III—Public Law 480. Under this Law surplus agricultural commodities may be exchanged for strategic materials entailing less risk of loss through deterioration, or substantially less storage costs; or materials, goods or equipment required in connection with foreign economic and military aid and assistance; or materials or equipment required for off-shore construction.

Under the original programme, barter contracts provided for the delivery of specified materials with payment to be received in Commodity Credit Corporation owned agricultural commodities which had to be exported by the contractor. The origin of materials and the destination of agricultural commodities were limited to friendly countries but were not required to be identical.

In May, 1957 the American administration revised its regulations with respect to the barter programme, and in November, 1958 the barter programme was again revised. Details of these revisions are outlined on Page 16 of the Board's 1957-58 Annual Report. In September, 1959 the United States Department of Agriculture announced a number of changes in its barter programme. The changes are incorporated in a new table of commodity-country designations which re-classifies barter outlets for surplus agricultural commodities.

The major differences from the earlier table, which has been in effect since November, 1958, are as follows:

(1) Many dependent overseas territories of foreign countries are included for the first time. These previously unlisted areas automatically fell into the "C" (open-end) category heretofore.
(2) A new "X" category, designating countries to which barter exports of specified commodities will not be authorized, has been established.
(3) All countries which produce agricultural commodities available under the barter programme and which export their surplus production of those commodities in competition with United States exports have been put in the "A" (screened multilateral or bilateral) category with respect to those commodities. Previously some of these commodity-country designations had been "B" (unscreened multilateral or bilateral) or "C" (open-end).
(4) In determining the appropriate commodity-country designations for wheat and wheat flour, consideration has been given in the new listing of traditional markets of other exporting countries which are signatories of the International Wheat Agreement. Also, instead of two separate listings, there is now a combined listing for wheat and wheat flour.
(5) Oats have been removed from the list of surplus agricultural commodities available for export under the barter programme.

The changes in the table were viewed as necessary to safe-guard usual marketings of the United States and avoid undue disruption of world prices of agricultural commodities or replacement of cash sales for dollars. Each commodity-country designation has also been re-appraised in the light of current world economic and marketing conditions and current availability of the various Commodity Credit Corporation owned agricultural commodities.

Other general barter requirements are applicable to the modified barter programme. These include, among others, customary barter contract provisions pohibiting the trans-shipment of the agricultural commodities from the approved import destinations, the posting of letters of credit for commodities received in advance of delivery of bartered materials, payment of interest on the value of such commodities, and shipment of at least 50% of the materials involved in privately-owned United States flag vessels.

During the 1958-59 crop year a total of 22.3 million bushels of wheat and 23.6 million bushels of oats, barley, rye and corn were exported from the United States under this programme. Since July 1, 1954, 86 countries have received surplus agricultural commodities under this programme, totalling in value of $1.1 billion.

(4) *Long-Term Supply Contracts:*

Title IV—Public Law 480. The purpose of this Title which was provided for in the September 21, 1959, Amendment to the Agricultural Trade Development and Assistance Act of 1954, is to utilize surplus agricultural commodities to assist the economic development of friendly nations by providing long-term credit for purchase of surplus agricultural commodities for domestic consumption during periods of economic development. Under this new provision the President of the United States is authorized to enter into agreement with friendly nations to undertake to provide for delivery annually of certain quantities of surplus commodities for a period not to exceed 10 years. Payments will be made in dollars in approximately equal instalments over a period not to exceed 20 years, with interest not exceeding the cost of funds to the United States Treasury.

The CHAIRMAN: Mr. Rapp, have you a question?

Mr. RAPP: Well, Mr. Chairman, in dealing with grain patterns, I would like to get some information. Is there any charge to a farmer for drying damp grain? If you get damp grain, what will the farmer be charged on the final payment? What is the difference between damp grain that is dried, damp grain, and dry grain?

Mr. W. C. MCNAMARA (*Chief Commissioner, Canadian Wheat Board*): In the initial payment price on the damp grain we allow for an arbitrary discount, I think, on the top grade of dampness, of 16 cents. But, the damp grain must be dried at the terminals. We pay the drying charges and the shrinkage loss as a result of it, and in the final price we reflect the actual cost to the board of the drying operations.

I have not, in my mind, the exact discount. The drying charges at the terminals for damp grain, up to and including 20 per cent moisture, is 6½ cents per bushel, and the shrinkage loss.

Mr. Earl, have we the final payment this year, and the difference between these?

These are approximate figures but, as I say, the initial payment discount was 16 cents per bushel, but the final payment price for damp 2 northern was approximately 6 cents per bushel higher than the final payment for straight 2 northern. We narrowed that spread to about 10 cents.

Mr. RAPP: That is much less than the farmer would have to pay if he had to get a drier in his place?

Mr. MCNAMARA: Yes.

Mr. RAPP: This is the information I wanted, Mr. Chairman. Thank you very much, Mr. McNamara.

The CHAIRMAN: Mr. Pascoe is next, and then Mr. Korchinski.

Mr. PASCOE: Well, Mr. Chairman, in connection with section 7—board receipts, it says:

> The following table shows receipts of wheat from producers, by months, for the period from August 1, 1958 to July 31, 1959.

Could you indicate for the last three months—April, May and June; and you may not have the figures for June—how we came out with the producers this year?

Mr. MCNAMARA: The receipt figures are up until June 22, and the receipts of all grains from August 1 to June 22 amounted to 401.3 million bushels as compared with 425.7 million bushels the same date last year.

In so far as wheat alone is concerned, the receipts amounted to 295.3 million bushels as compared with 282.6 million bushels the same date last year.

Mr. PASCOE: So, we are ahead.

Mr. MCNAMARA: We are ahead on wheat. But, oats and barley—the others—have been lighter than last year.

Mr. PASCOE: I have one more question on the same section.

In connection with the grades, No. 1 northern, only 1.36 per cent graded No. 1. Is there any reason for that? Was that a particularly low crop, or is that what we are getting?

Mr. MCNAMARA: I think this is a question the committee should ask Mr. Milner or Mr. Conacher, as I feel they are more competent to answer it than I am.

Mr. PASCOE: We will reserve that question for them,

I have a further question.

It says under order in council P.C. 1958-725, May 22, 1958, the board was required to sell wheat, other than Durams, for domestic use at the same price

as it sold wheat for registration under the international wheat agreement. Are we still continuing that policy?

Mr. McNAMARA: Yes. This is under instructions we received from the governor in council, and we will continue it until the governor in council changes those instructions.

Mr. PASCOE: Would they have to change the act, or could they just change the regulations?

Mr. McNAMARA: No, just by changing the regulations.

Mr. PASCOE: They could charge more for domestic wheat?

Mr. McNAMARA: Yes.

The CHAIRMAN: Mr. Korchinski, have you a question?

Mr. KORCHINSKI: Again, Mr. Chairman, I would like to direct the attention of the committee to the fact that this certain group of people who set themselves up as champions are not with us this morning—and I refer to the C.C.F. group. They said they wanted the farm unions and so on here, but have not seen fit to be in attendance themselves.

In drying that grain, Mr. McNamara, what percentage do you bring the moisture content to?

Mr. McNAMARA: Again, this is under the direction of the board of grain commissioners, and I feel they are more competent to deal with this than I am. However, they can dry it down to 13.5 per cent moisture.

Mr. KORCHINSKI: I know they can, but—well, I will deal with that later.

My other question is this. There seems to be quite a disparity in the price paid for damp and tough grains—in the initial price anyway. There is a reduction of some 16 cents for the damp grain and some 4 cents for the tough. It seems to me, when you are dealing with something like 16.5 and 17—well, there is certainly a difference of 12 cents, and I am just wondering whether you have any thought in mind that perhaps this 16 cents could be reduced to some lower figure. Is there any possibility of that at all?

Mr. McNAMARA: Well, it depends on the year.

In the year in question, there is a limited quantity of damp grain and, as I explained to Mr. Rapp, in the final price the producer realized for damp grain, the discount was 10 cents per bushel. This represented the actual price we paid for drying and the actual shrinkage loss. But, in the 1959-60 pool, when we report on that, I anticipate you will find the realized price will be lower because there has been a larger percentage of grain delivered and the shrinkage losses have been in relation to the quantity, because the moisture content was higher and there was heavier shrinkage. I expect there will be a wider difference this year between the straight and damp grains. We are being conservative at 16 cents.

Mr. KORCHINSKI: I was just wondering whether it would be advantageous to the producer to have, perhaps, another grade, I suppose, set up. There is a certain percentage of the grain which you might refer to as wet, and I was just wondering whether it would be to the advantage of the producer to have tough, damp and wet categories?

Mr. McNAMARA: Again, I suggest you discuss this with the board of grain commissioners and the inspection department, as they are more competent than I am to answer your question.

The CHAIRMAN: Mr. Rogers?

Mr. ROGERS: I would be interested to know, Mr. Chairman, if there is any particular significance in the low delivery of grain in August, 1958. Is that due to lack of elevator space, or due to lack of grain?

Mr. McNAMARA: No, a lack of elevator space.

At the end of the crop year we are anxious to accept from the producers as large a quantity as possible. We raise the quantities and the producers congest the elevators. So, the situation in August was due to the limited space. We have to open up more space before the deliveries can take place.

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

Mr. FORBES: As this item deals with price of grain, I was expecting that as a result of the completion of the St. Lawrence seaway—and I was given to understand this—that the price of wheat would be increased by 5 to 8 cents a bushel. This does not seem to have been reflected in the final price for wheat. Would you care to give us any explanation of that?

Mr. MCNAMARA: Yes. We have a section in the supplementary report that refers to the St. Lawrence seaway and, actually, it is the same as in our last year's report. However, I think we did increase the Fort William price by 5-5/8 on the opening of the seaway. We pointed out to the committee that this does not indicate we secured 5-5/8 cents in addition to the over-all cost but, to the extent that we sold to the domestic mills, we secured the benefit of the 5-5/8. To the extent that we moved on the direct all-water route, we got the benefit, but to the extent we used the transfers, one cent of that disappears because there is an extra cent involved in moving via the transfer point. In view of the fact that we have to use the lake and rail route, we are losing money, because that is 6½ cents more than the all-water route. To the extent we export flour, we have to increase our flour adjustment to offset the increase at Fort William, to keep our flour competitive in the world market—and we do not get the benefit of the 5-5/8 on the export flour. In so far as the movement out of the Pacific coast and the movement out of Churchill, we do not secure any benefit of this 5-5/8, so you cannot anticipate that a full 5-5/8 cents per bushel would be reflected in our final price.

You must also take into consideration that the fluctuation in the Canadian dollar has a distinct bearing on the price we realize, and during this period when the dollar was at a substantial premium, it lowered the price in Canadian dollars. So, in comparing one year with the other, you must take into consideration the extreme situation that existed during the year.

Mr. FORBES: That could account for the final price of wheat being slightly lower than a year ago, but I suggest the farmers are not getting the benefit from the St. Lawrence seaway that they anticipated.

Mr. MCNAMARA: They are getting the benefits the board anticipated.

As we mentioned last year, we tried to secure as much of that benefit as possible. We did not reflect to our buyers any benefit out of the St. Lawrence seaway, but you cannot say that we never did anticipate that we would get 5 and 5/8 cents out of the St. Lawrence seaway on all the wheat we are selling abroad.

I would estimate that as a result of the seaway, producers have benefited anywhere from two to two and a half cents per bushel.

Mr. KORCHINSKI: I wonder, in view of the fact that there have been certain groups which are constantly agitating against the Crowsnest Pass agreement and the benefits which may accrue to the producer—whether the wheat board has investigated the possibility of the proposal that was made some time ago to set up arrangements on the east coast in such a way that, probably, grain could be shipped during the shipping season from Churchill to points along the east coast? I forget the name of the proposed harbour.

Mr. McNAMARA: You mean a harbour in Newfoundland?

Mr. KORCHINSKI: Yes, that is what I am thinking of. I wonder how much investigation the wheat board has carried on, and whether they think there is any prospect—if not at the moment, but at some time in the future—of ever realizing something like that?

If this question of freight rates is constantly to be before us, I feel that the wheat board should investigate certain avenues, and that this is one of the proposals which I think merits consideration.

Mr. McNAMARA: We have looked into it, and in our view it is not a practical solution. The possible handling of grain through Churchill to other ports and unloading it there, as far as cost and additional freight is concerned, would more than offset the value. We do not think it is practical suggestion at all.

Mr. KORCHINSKI: I will not argue with that statement; but, for example, if we have terminals at the lakehead, and then there was transportation by lake freighters, and then an unloading to ocean going ships, it seems to me there is very little difference in the handling, in such a case.

Mr. McNAMARA: I think you would find that in the ocean freight rates you would have to pay about as much to move that from Churchill to Newfoundland as you would have to pay originally to move it to the United Kingdom in an original movement. And your next movement from Newfoundland to the United Kingsdom would again be very comparable to the St. Lawrence rates.

Mr. KORCHINSKI: Are you basing this on the present rail rates, that is, on the Crowsnest rates? If, for example—I hope there never comes a day when the Crowsnest pass agreement is tampered with—but if we were ever in a position that we had to pay the rates which the railways claim we should, in their presentations, and if we were basing it on those rates, I wonder if it would make a difference?

Mr. McNAMARA: I do not think it would make any difference, because you have to move your wheat to Churchill at the same rate as you pay to move it to Fort William, and if the Crowsnest rates were to disappear, the increase would apply to Fort William as well as to Churchill, and also as well as to Vancouver. So your inland movement to your export ports would no doubt all be reflected by the same increase; so that it would not change the situation at all as far as making Churchill and Montreal competitive.

The CHAIRMAN: Now, Mr. Gundlock.

Mr. GUNDLOCK: My question may be a little irrelevant, but I would like to ask Mr. McNamara if he has any figures on the export of prepared feeds? We had quite a talk with the feed mills. Are there any figures on the export of these companies?

Mr. McNAMARA: We do not have any, but I believe the bureau of statistics would have them. When we sell feed grain to a manufacturer, we do not follow their export of it.

Mr. GUNDLOCK: You have mentioned flour.

Mr. McNAMARA: Flour is different. We handle flour the same as wheat, and we have figures on the export of flour to the various markets.

The CHAIRMAN: If there are no further questions, may we now pass on to item 8 on page 18 "1958-59 pool account—oats"? Are there any questions, gentlemen?

8. 1958-59 Pool Account—Oats

POLICY

By authority of Order in Council P.C. 1958-725, May 22, 1958, Parts III and IV of the Canadian Wheat Board Act were extended to oats for the crop year 1958-59. By the same authority the initial price for oats was established at 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/ Fort Arthur. Initial prices for other grades were established by the Board and approved by Orders in Council.

BOARD RECEIPTS

The following table shows Board receipts from producers, by months, from August 1, 1958 to July 31, 1959:

	Bushels
August, 1958	1,588,138.2
September	5,917,987.4
October	3,268,949.6
November	3,031,959.2
December	1,637,448.7
January, 1959	1,187,980,5
February	2,120,575,7
March	2,777,786.1
April	2,153,595.7
May	1,860,068.9
June	3,105,106.2
July	10,098,995.7
TOTAL	38,748,591.9

Producers delivered 38.7 million bushels of oats to the 1958-59 Pool as compared with 57.8 million bushels in the previous Pool. Deliveries were relatively large during the fall months and in the final two months of the crop year.

GRADE PATTERN

The following table shows Board receipts of oats from producers by principal grades, along with the percentage of total receipts of each grade:

Grade (Including Toughs and Damps)	*Bushels*	*% of Total*
No. 2 C.W.	196,337.4	.51
No. 3 C.W.	5,127,845.4	13.23
Extra No. 1 Feed	12,193,970.2	31.47
No. 1 Feed	20,135,508.2	51.97
No. 2 Feed	748,582.7	1.93
No. 3 Feed	78,124.3	.20
Other grades	268,223.7	.69
TOTAL	38,748,591.9	100.00

The principal grades of oats delivered to the 1958-59 Pool were Extra No. 1 Feed and No. 1 Feed, these grades accounting for 83.4% of the total receipts for the crop year.

1958-59 Pool Account—Oats

The following table shows the operating position of the 1958-59 Oats Pool from August 1, 1958 to July 31, 1959:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries August 1, 1958 to July 31, 1959	38,748,591.9	
(b) Oats otherwise acquired ①	3,360.4	
(c) Purchased from 1957-58 Pool Account—Oats	14,075,169.8	
Total oats acquired	52,827,122.1	
	(Value)	(Value)
2. Cost of oats acquired		$31,543,323.50
3. Proceeds of sales and value of stocks unsold as at July 31, 1959:		
(a) (i) Completed sales at realized prices	$14,564,217.25	
(ii) Uncompleted sales at contract prices	1,936,566.28	
Total proceeds from sales	16,500,783.53	
(b) Value of unsold stocks of oats at cost	16,517,033.59	33,017,817.12
4. Gross surplus as at July 31, 1959		1,474,493.62
5. Operating costs—August 1, 1958 to July 31, 1959:		
(a) Carrying charges including terminal storage	2,644,050.44	
(b) Interest and bank charges	108,191.75	
(c) Freight recovered on export oats	(25,431.65)	
(d) Brokerage and Clearing Association charges	2,413.88	
(e) Administrative and general expenses	124,411.51	2,853,635.93
6. Debit balance in the 1958-59 Pool Account—Oats, as at July 31, 1959, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur		$ 1,379,142.31

①Purchased from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

COMMENT ON THE OPERATION STATEMENT—1958-59 POOL ACCOUNT—OATS

The table on the preceding page sets forth the operating position of the 1958-59 Oats Pool from August 1, 1958 to July 31, 1959. The statement should be interpreted in the light of the following considerations:

(1) During 1958-59 Board sales of oats, with minor exceptions, were credited to the 1957-58 Pool Account from August 1, 1958 to February 27, 1959, the closing date of the 1957-58 Pool. The selling period of the 1958-59 Pool Account therefore extended over the period from March 1, 1959 to July 31, 1959. Completed sales credited to the 1958-59 Pool Account during this five-month period amounted to 20.2 million bushels. In addition, the Board had uncompleted sales of oats on its books as at July 31, 1959 in the amount of 2,739,209.4 bushels.[1]

(2) The inventory of unsold oats in the 1958-59 Pool Account as at July 31, 1959 was relatively large (29.8 million bushels) [1] reflecting the delayed closing of the 1957-58 Pool Account. For purposes of the foregoing operating statement unsold stocks of oats as at July 31, 1959 were valued at their acquired cost.

On the basis of a limited selling period within the crop year 1958-59 and the valuation of the July 31st inventory at cost, the 1958-59 Oats Pool showed a debit balance of $1,379,142.31 as at July 31, 1959.

The 1958-59 Oats Pool consisted of 52.8 million bushels. Producers' deliveries of the Pool between August 1, 1958 and July 31, 1959 amounted to 38.7 million bushels. A total of 14.1 million bushels was transferred from the 1957-58 Pool as at February 27, 1959. A small amount of oats was purchased from others than producers.

Operating costs chargeable to the 1958-59 Pool to July 31, 1959 were $2,853,635.93. The principal item in these costs was carrying charges on oats stored in country and terminal elevators. These costs amounted to $2,644,050.44 and were the equivalent of 6.824 cents per bushel on producers' deliveries to the Pool. Interest and bank charges were $108,191.75. Brokerage and Clearing Association charges were $2,413.88, while administrative and general expenses charged to the 1958-59 Oats Pool to July 31, 1959 were $124,411.51. Freight recoveries on export oats resulted in a credit item of $25,431.65.

GENERAL COMMENT ON THE MARKETING OF OATS—1958-59

Some comment should be directed to the oats position in Canada during the crop year 1958-59. Oats production in the prairie provinces in 1958 was estimated at 240 million bushels. This was the second successive moderate yield of oats which was to lead to a reduction of year-end farm stocks of oats, a reduction in year-end commercial supplies of oats and a reduction in producers' marketings of oats. Low yields per acre in many areas and heavy farm feeding throughout Western Canada reduced farm stocks to a low level in many areas and brough about a substantial movement of oats from surplus to deficit areas. The position was such that farm utilization of oats in relation to availability was particularly heavy. the prolonged drought in May and the first half of June, 1959 caused anxiety in regard to oats supplies on western farms. It was not until the drough was relieved in late June that the oats position eased and additional supplied became available for delivery.

In contrast to the oats position within the prairie provinces, production in normally deficit areas in other parts of Canada was at average levels or higher. Ontario produced a particularly large crop of oats in 1958. At the same time

[1] See Exhibit III.

feed grain supplies in the United States continued abundant and the quality of the United States crop was better than normal. The markets for oats during the crop year were very limited. It is in the light of these circumstances that the oats position in 1958-1959 must be considered.

Producers' deliveries of oats to the 1958-59 Pool amounted to 38.7 million bushels. This was the lowest level of oats marketings in the prairie provinces since 1941-42. Apart from the factors outlined above delivery quota policy had some effect upon the level of oats marketings, particularly during the first half of the crop year.

The commercial supply position for 1958-59 is shown in the following table:

	Million Bushels
Commercial carryover—July 31, 1958	46.9
Producers' deliveries—1958-59 Pool Account	38.7
TOTAL	85.6

Commercial supplies of oats in 1958-59 were smaller than in the previous crop year but in excess of available markets.

The following table shows exports of oats for the crop year 1958-59, along with comparative statistics for 1957-58.*

	1958-59	*1957-58*
	(million bushels)	
United Kingdom	3.4	3.9
United States	1.4	21.6
Germany	1.3	—
Others	.9	.4
Total	7.0	25.9

As shown by the preceding table export markets for Canadian oats were very limited in 1958-59. Exports amounted to 7.0 million bushels as compared with 25.9 million bushels in the previous crop year. The major part of the decline was due to a sharp reduction in exports to the United States. These exports amounted to 1.4 million bushels as compared with 21.6 million bushels in the previous crop year. Exports to the United Kingdom were well maintained at 3.4 million bushels, while exports to Germany amounted to 1.3 million bushels.

As in immediately preceding crop years the domestic market provided the largest outlet for western oats. Approximately 40 million bushels of western oats were used in the domestic market in 1958-59.

During the crop year under review farm stocks of oats in the prairie provinces (as estimated by the Dominion Bureau of Statistics) declined from 88.0 million bushels to 53.0 million bushels. Commercial stocks declined from 46.9 million bushels to 38.9 million bushels.

The following table shows the monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded in each month from August 1, 1958 to July 31, 1959 (all prices basis in store Fort William/Port Arthur):

*Source: Board of Grain Commissioners for Canada.

	High	*Low*	*Average*
	(cents per bushel)		
August, 1958	74¾	71	73
September	72	68¼	70⅝
October	69	67¼	68⅛
November	68	67	67¾
December	69½	67¼	68¾
January, 1959	70¾	69½	70⅛
February	72	70	71⅜
March	72¼	70¾	71½
April	71¾	69¾	70¾
May	70¾	70¼	70½
June	70¼	69¼	69⅞
July	70¾	70	70⅛

The drought, in the spring and early summer of 1958, strengthened oats prices in the final months of 1957-58 and in the early months of 1958-59. The average of Board asking prices for No. 1 Feed Oats was 73 cents per bushel during August. Prices worked to lower levels during the fall months; the average of Board asking prices for No. 1 Feed Oats for December was 68¾ cents per bushel. During the balance of the crop year the monthly average of Board quotations fluctuated narrowly above and below 70 cents per bushel. Apart from the adverse growing season in 1958, price-stimulating factors were lacking in the market. A similar growing season in 1959 had little effect upon price levels within the crop year under review.

From 1954-55 to 1958-59 exports of oats averaged 15.6 million bushels as compared with an average of 53.0 million bushels in the preceding five-year period. In the Annual Report of The Canadian Wheat Board for the crop year 1957-58[1] some general comments were made in regard to the marketing of oats and the effect of limited export markets. These comments are applicable to the crop year under review and are quoted in part as follows:

"The main factors in this limitation have been the adequate feed grain supplies in the United States, relatively low price levels in terms of the Canadian dollar and an import duty which must be absorbed by the seller. Only on occasion do Canadian oats move overseas in volume. Ordinarily, Canadian oats have difficulty competing in European markets because of high forwarding costs in relation to the value of the product.

"Taking a broad view of the oats position it is apparent that, with exports at existing levels, there is an annual market for approximately 70 million bushels of oats, including domestic requirements.[2] Supplies have been in excess of this figure.

"The market situation for oats has an adverse effect upon the quantities of oats which producers can deliver during this period of elevator congestion, and has an effect upon the pooling operations of the Board in respect to the volume of oats sales, the prices which may be obtained for oats and carrying charges incurred. The Board recognizes that many producers in the prairie provinces are dependent upon oats as a cash crop and therefore, has continued to provide for the marketing of moderate quantities of oats even though commercial supplies have been for some time in excess of available markets.

"The domestic demand for oats is relatively constant and an improvement in the oats position is dependent upon increased exports, particularly to the United States."

[1] Page 20.
[2] Considerably less in 1958-59.

The CHAIRMAN: If there are no questions, we will pass on to item 9, on page 21, "1958-59 pool account—barley".

9. 1958-59 Pool Account—Barley

POLICY

By authority of Order in Council P.C. 1958-725, May 22, 1958, Parts III and IV of the Canadian Wheat Board Act were extended to barley for the crop year 1958-59. The same Order in Council provided for an initial price of 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Initial payments for all other grades of barley were established by the Board and approved by Orders in Council.

BOARD RECEIPTS

The following table shows receipts of barley from producers, by months, from August 1, 1958 to July 31, 1959:

	Bushels
August, 1958	619,497.4
September	6,918,157.4
October	9,599,349.7
November	9,987,468.7
December	12,237,759.0
January, 1959	11,128,784.7
February	9,169,246.7
March	9,419,547.6
April	6,643,901.3
May	6,858,981.7
June	11,377,086.6
July	28,429,845.5
Total	122,389,626.3

Producers delivered 122.4 million bushels of barley to the Board in 1958-59 as compared with 116.4 million bushels in 1957-58. Producers delivered barley in volume from September through July. Deliveries were relatively large in December and January as elevator space was filled following the closing of navigation in 1958. Deliveries increased towards the end of the crop year and were particularly heavy in the final month.

GRADE PATTERN

The following table shows the principal grades of barley delivered by producers in 1958-59:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W. Six-Row	11,038,525.5	9.02
No. 3 C.W. Six-Row	27,224,256.2	22.24
No. 4 C.W. Six-Row	2,875,693.7	2.35
No. 2 C.W. Two-Row	3,286,033.1	2.68
No. 3 C.W. Two-Row	10,761,712.9	8.79
No. 1 Feed	58,718,232.8	47.98
No. 2 Feed	6,768,365.7	5.53
No. 3 Feed	839,474.5	.69
Other Grades	877,331.9	.72
Total	122,389,626.3	100.00

The distribution of grades of barley delivered to the 1958-59 Pool followed very closely the distribution within the preceding Pool. About 55 per cent of producers' deliveries consisted of feeding grades and about 45 per cent consisted of industrial grades. Deliveries to the Pool included larger quantities of both Six-Row and Two-Row varieties. The principal grade received in 1958-59 was No. 1 Feed Barley, deliveries of which amounted to 58.7 million bushels, or 48 per cent of total receipts.

1958-59 Pool Account—Barley

The following table shows the operating position of the 1958-59 Barley Pool from August 1, 1958 to July 31, 1959:

	Bushels		
1. Barley acquired by the Board:			
(a) Producers' deliveries August 1, 1958 to July 31, 1959.	122,389,626.3		
(b) Barley otherwise acquired ①	2,172.8		
(c) Purchased from 1957-58 Pool Account—Barley	6,660,832.3		
Total barley acquired	129,052,631.4		
	(Value)		(Value)
2. Cost of barley acquired			$ 116,084,573.68
3. Proceeds of sales and value of unsold stocks of barley as at July 31, 1959:			
(a) (i) Completed sales at realized prices	$ 69,789,223.47		
(ii) Uncompleted sales at contract prices	14,135,774.59		
Total proceeds from sales	83,924,998.06		
(b) Value of unsold stocks of barley stated at cost	41,184,625.13		125,109,623.19
4. Gross surplus as at July 31, 1959			9,025,049.51
5. Operating costs—August 1, 1958 to July 31, 1959:			
(a) Carrying charges including terminal storage	4,080,628.35		
(b) Interest and bank charges	218,461.98		
(c) Freight recovered on export barley	(358,640.79)		
(d) Diversion charges on export barley	43,355.89		
(e) Drying charges	37,816.71		
(f) Brokerage and Clearing Association charges	7,135.43		
(g) Administrative and general expenses	416,581.02		4,445,338.59
6. Credit balance in the 1958-59 Pool Account—Barley, as at July 31, 1959 after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur			$ 4,579,710.92

①Purchased from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

Comment on the Operating Statement—1958-59 Pool Account—Barley

The table above shows the operating position of the 1958-59 Barley Pool to July 31, 1959. The 1958-1959 Barley Pool consisted of 129,052,631.4 bushels. Of this quantity 122,389,626.3 bushels were delivered by producers, 6,660,832.3 bushels were transferred from the 1957-58 Pool as at February 27, 1959, and a relatively small amount of barley was acquired from others than producers. The 1957-58 Pool Account was closed on February 27, 1959 therefore part of Board sales during the crop year (principally feed grades) were credited to this account.

It has been the practice of the Board to credit sales of barley accepted for malting, or other industrial uses, to the crop account to which such barley was delivered by producers. Therefore grades of barley delivered by producers in 1958-59 and accepted for malting or other specialized uses were credited to the 1958-59 Pool Account, even though these sales were made prior to the closing of the 1957-58 Pool Account.

From August 1, 1958, to July 31, 1959 completed sales of barley for the account of the 1958-59 Pool were 68,612,031.9 bushels. In addition, the Board had uncompleted sales of barley on its books as at July 31, 1959 in the amount of 14,543,077.5 bushels. Weight losses in drying were 25,439.4 bushels.

The inventory of unsold barley in the 1958-59 Pool Account as at July 31, 1959 was 45,872,082.6 bushels. This inventory was valued at cost; i.e. at initial payment prices for each grade in the inventory.

Operating costs of the 1958-59 Pool Account to July 31, 1959 amounted to $4,445,338.59. These costs consisted principally of carrying charges on barley stored in country and terminal elevators and amounted to $4,080,628.35. Interest and bank charges were $218,461.98. Freight recoveries on shipments of barley to Pacific Coast ports for export provided a credit item of $358,640.79. Diversion charges on barley shipped to Pacific Coast ports for export were $43,355.89. Drying charges were $37,816.71, while brokerage and Clearing Association charges were $7,135.43. Administrative and general expenses to July 31, 1959 amounted to $416,581.02.

After applying the proceeds of sales, valuing the inventory at cost and allowing for operating costs as recorded above, the 1958-59 Barley Account showed a credit balance of $4,579,710.92 as at July 31, 1959.

General Comment on the Marketing of Barley—1958-59

During the crop year 1958-59 there was a satisfactory movement of barley into consumption in Canada and into export trade. Commercial utilization reached a level of about 112 million bushels. There was a continuous flow of barley into export trade throughout 1958-59, with a greater concentration of exports through Pacific Coast ports than in the previous crop year. Shipments of barley through Pacific Coast ports amounted to 36.8 million bushels as compared with 12.0 million bushels shipped via St. Lawrence and Maritime Seaboard ports.

The following table shows exports of barley in 1958-59, along with comparative statistics for the previous crop year:*

United Kingdom	41.5	36.7
United States	10.2	21.5
Japan	5.7	10.2
Poland	4.3	—
Netherlands	.8	.6
Switzerland	.6	.1
Germany	.3	.9
Belgium	.4	.1
Ireland	.3	.1
U.S.S.R.	—	4.9
Others	.3	—
Total	64.4	75.1

As shown by the above table exports of barley in 1958-59 amounted to 64.4 million bushels as compared with 75.1 million bushels in the previous crop year. The decline was largely due to reduced exports of barley suitable for malting to the United States. Exports to the United States amounted to 10.2 million bushels as compared with 21.5 million bushels in the preceding crop year and normal exports of 20 to 25 million bushels. The decline in exports of barley to the United States resulted from the fact that barley production in the northwestern States was exceptionally high in malting qualities and, therefore, acceptable to the malting and brewing trade of that country. The United Kingdom provided the largest market for Canadian barley. Exports amounted to 41.5 million bushels as compared with 36.7 million bushels in 1957-58. Exports to Japan

*Source: Board of Grain Commissioners for Canada.

declined from 10.2 million bushels in 1957-58 to 5.7 million bushels in the crop year under review. The Netherlands, Switzerland, Belgium and Ireland took larger quantities of Canadian barley than in the previous crop year. Exports of barley to Poland amounted to 4.3 million bushels which largely offset the decline in the exports to the U.S.S.R.

The following table shows monthly average Board asking prices for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1958 to July 31, 1959 (all prices basis in store Fort William/Port Arthur):

	High	Low	Average
	(cents per bushel)		
August, 1958	97	92¼	95
September	97¼	92	95⅛
October	98¾	96½	97¾
November	96¾	95¾	96⅜
December	97¼	95½	96⅜
January, 1959	99	96¾	97⅝
February	100	98	99⅛
March	100½	99	100
April	99½	96½	98⅜
May	97¼	96¼	96¾
June	95¾	90¾	92⅝
July	91¼	90½	90⅞

Monthly average Board asking prices for No. 1 Feed Barley increased gradually from 95 cents per bushel in August to $1.00 per bushel in March. From the levels of March, Board asking prices declined steadily in the final four months of the crop year, the average of Board asking prices for barley being 90⅞ cents per bushel.

For the first ten months of the crop year Board asking prices were moderately higher than in the corresponding period in 1957-58. In June and July Board asking prices fell below the level of the corresponding months of the previous year. The higher asking prices prevailing in 1958-59 primarily benefited the 1957-58 Barley Account.

There was little change in the level of farm stocks of barley in the prairie provinces during the crop year; farm stocks of barley at July 31, 1958 and at July 31, 1959 were 55.0 million bushels and 54.0 million bushels, respectively. During the crop year commercial stocks increased from 60.7 million bushels to 71.2 million bushels.

In 1958-59 exports of barley were at a high level for the eighth consecutive crop year. The following table shows producers' deliveries of barley to the Board and exports for the eight-year period from 1951-52 to 1958-59, inclusive:

	Board Receipts	Exports
	(million bushels)	
1951-52	130.6	69.9
1952-53	164.9	118.9
1953-54	101.2	90.0
1954-55	112.4	77.1
1955-56	113.9	64.3
1956-57	120.6	76.9
1957-58	116.4	75.1
1958-59	122.4	64.4
TOTAL	982.4	636.6

During the eight-year period producers delivered 982 million bushels of barley to the Board, or an average of 122.8 million bushels per crop year. During the same period exports of barley amounted to 636.6 million bushels, or an average of 79.3 milion bushels per crop year.

During the crop year the Board joined with the Board of Grain Commissioners for Canada in sending a mission to Europe for the purpose of investigating the possibilities of increased markets for Canadian malting barley. During the course of their work the mission was able to explain the Canadian grading system as it applied to malting barleys and the characteristics and qualities of Canadian malting barleys.

Mr. KORCHINSKI: May I be permitted to ask a question on item No. 7?

The CHAIRMAN: Surely.

Mr. KORCHINSKI: I wonder if you could indicate to us whether there is any possibility, or whether the trend is developing in such a way that the exports to Churchill are increasing, and what do you forsee perhaps for the next ten years that might be the maximum shipment to that port?

Mr. MCNAMARA: As you know, exports to Fort Churchill have increased every year over the last 15 years. But whether or not they will increase this year will depend pretty well on the size of the ships that are presented to pick up the wheat we have sold.

We have sold approximately the same quantity to be shipped out of Churchill this year as was shipped last year; and there was a record made last year.

But as to the future of Churchill, my personal view is—and I think this view is shared by the board—that until such time as we can extend buyers interest in Churchill, we are getting about the maximum capacity.

At the present time our sales through Churchill are pretty well confined to the United Kingdom and to western European markets. Of the 21½ million bushels shipped out of Churchill, just about all of it can be absorbed in those markets in a short period of time. Therefore I would say that until we can get buyers interest within the United Kingdom and western Europe in Churchill, we have now reached the capacity, in so far as our sales and exports are concerned.

It has been suggested to us that we might actually ship more wheat out of Churchill if it were put on board or afloat unsold; but that would prove to be disastrous because it would have a perishing effect on prices, and it would cost us a lot more than we could gain.

So whatever be the advice of the Bay people, in my view—and I am pleased to know that some of the representatives of the government have been talking to the Churchill people, and that they have the same thinking—that until the market is broadened, in so far as Churchill wheat is concerned, we are getting pretty close to capacity now.

Mr. KORCHINSKI: You indicated that perhaps wheat should have more buyer interest. I fail to see why you could not creat it, in view of the fact that the buyer would get the grain cheaper, and the producer would get 12½ cents a bushel more for every bushel; therefore it would seem to be advantageous to both sides.

Mr. MCNAMARA: It would depend on the geography. It would not be more advantageous to the Japanese to take wheat out of Churchill as compared to Vancouver. It is a question of geographical position. And in that part of the world that Churchill can serve, there is a definite advantage; but in other areas that advantage is lost compared to other ports.

Mr. NASSERDEN: Could not most of the wheat which goes out of the St. Lawrence today be shipped out of Churchill on a competitive basis?

Mr. McNAMARA: Yes, but your shipments out of Churchill are governed by the shipping season, and the season of navigation which is opened for about a nine month period. I am sorry; I got mixed up here. I said "Churchill". Churchill is about a nine-week period, whereas the St. Lawrence is about a nine-month period.

Mr. KORCHINSKI: When can we expect the shipping season to open?

Mr. McNAMARA: We are hoping that boats will be in about July 27.

Mr. KORCHINSKI: That is later than last year?

Mr. McNAMARA: A day or so. It depends on the ice conditions. We have the wheat there, and we are hoping to get it cleared so that it will be reflected in this year's figures. But the wheat is there now; the elevator is full; the grain is clean, and it can be loaded the minute the shipping season commences.

Mr. KORCHINSKI: Has there been any progress in extending the shipping season at all?

Mr. McNAMARA: Yes, it has been extended over the years.

Mr. KORCHINSKI: Quite recently—within the last year or so?

Mr. McNAMARA: No, I do not think in the last year or so they have extended the insurance period. There have been several extensions since the war, as far as the insurance regulations are concerned.

Mr. KORCHINSKI: With regard to your operations in Churchill, do you find that the existing facilities perhaps hamper your operations? Do they facilitate the movement of grain as is, or do you feel that there should be some modification to the existing facilities?

Mr. McNAMARA: The elevator at Port Churchill is one of the best operated elevators on this continent, or the world, and we get excellent dispatch out of that elevator.

Mr. KORCHINSKI: I am not referring so much to the elevator; I am referring to the loading facilities, where the boats can tie up, and so on—whether there is room for improvement there.

Mr. McNAMARA: I think there is always room for improvement in any port; but Churchill has excellent accommodation. There have been times when the odd boat has been held up a few hours, due to lack of a berth; but, generally speaking, the record of shipment out of Port Churchill is excellent.

Mr. KORCHINSKI: Do you find in your experience that certain boats will not come in because of the lack of pilotage, or whatever is necessary?

Mr. McNAMARA: No. I think this is all done by the board: there is no responsibility to the owners putting boats in at Port Churchill within the shipping period.

Mr. NASSERDEN: When you talk to a customer who is interested in taking wheat out of the east here, do you draw his attention to the advantage of taking it out through Port Churchill?

Mr. McNAMARA: Our agents, of course, do that. Our prices are quoted every day—and you have no need to talk to the buyers of wheat of the advantages or disadvantages; they are pretty well aware where the pennies can be made or saved.

Mr. KORCHINSKI: What types of grain do you usually ship through Churchill: is the bulk of your sales in the category of milling qualities, or seed?

Mr. McNAMARA: The milling qualities.

The CHAIRMAN: Are there any more comments regarding No. 9, pool account, barley? If not, we will pass on to No. 10, payment division, on page 25.

10. Payment Division

The following table shows the major payments completed during the crop year 1958–59:

	Date First Cheques Mailed	Date Completed	Number of Cheques Issued	Total Value of Cheques Issued
1957–58 Pool Account—Wheat:				
Interim Payment	Mar. 9, 1959	Apr. 11, 1959	288,132	$38,783,856.67
Final Payment	June 9, 1959	June 30, 1959	288,229	33,874,398.61
1957–58 Pool Account—Oats:				
Final Payment	Apr. 20, 1959	Apr. 24, 1959	88,722	2,072,426.92
1957–58 Pool Account—Barley:				
Final Payment	Apr. 6, 1959	Apr. 17, 1959	147,488	6,120,929.76
			812,571	$80,851,611.96

The Payment Department also issued 46 cheques (value $1,036.33) applicable to the 1940, 1941, 1942, 1943 and 1944 Wheat Accounts; and 91 cheques (value $2,176.47) covering Adjustment Payments and Final Payment applicable to the 1945-49 Pool Account—Wheat.

In addition, the Payment Department distributed $40,626,755.00 (233,924 cheques) on behalf of the Department of Agriculture, Ottawa, pursuant to the Western Grain Producers' Acreage Payment.

Mr. PASCOE: Mr. Chairman, on this particular question I am thinking of the suggestion of deficiency payments on the bushels of wheat delivered by each producer from his permit book.

I wonder if Mr. McNamara could tell us, with regard to the final wheat board payment to the farmer that he has just received, how many farmers received a cheque for more than $200, and how many for less than $200?

Mr. MCNAMARA: These cheques are just going out. We keep a daily figure; but the payment is not completed, and it varies between provinces.

Mr. PASCOE: Could you tell us, for Saskatchewan.

Mr. C. E. G. EARL (*Comptroller, Canadian Wheat Board*): Only Saskatchewan—the average cheque the farmers are receiving in Saskatchewan is $134.39.

Mr. VILLENEUVE: That is the average?

Mr. EARL: That is the average.

Mr. PASCOE: In other words, on about a ten cent final payment, the average farmer got $134; and they are asking, or the suggestion was for around 15 cents a bushel deficiency payment, which would come to just about $200, or perhaps less, would it?

Mr. MCNAMARA: I do not know.

Mr. PASCOE: I am just figuring on the basis of 10 cents. Fifteen cents would be half again—around $200 would be the average payment.

Mr. RAPP: Here the payment department seems to have issued some cheques, some very small cheques, for accounts from 1940 to 1949. Could you give us an explanation of what those cheques were for?

Mr. MCNAMARA: Yes; during that period, in the early days of our operations, when we issued participation certificates to the producers, they had to send those certificates in to us to secure payment, and some of them, for reasons of their own, have held them back and are just submitting them.

We have changed our system now and pay on the basis of our own records; but prior to 1949 there are still some of those standing certificates that we have to honour when they are presented to us by the farmer.

Mr. FORBES: Have you sufficient malting barley to supply the trade?

Mr. McNAMARA: Yes.

Mr. FORBES: You have?

Mr. McNAMARA: Yes. As a matter of fact, this year the demand has been such that we have only authorized one car over the quota. If the demand had been greater, we would have authorized additional cars over the quota. I am satisfied there is still enough malting barley in western Canada to meet any foreseeable demand.

Mr. FORBES: There seems to be a large quantity of the barley used for feed, and I am wondering whether the farmers would produce a better quality of barley if there were a market for it.

Mr. McNAMARA: The barley that has been sold for malting represents about 40 per cent of the deliveries of barley to us. I think about 40 million or 45 million bushels of the barley we handled last year found its way into malting sources. So there is a very good demand. To a great extent, it depends on the size and quality of the American crop. When they have a really good quality, they tend to reduce their purchases from Canada; but when their quality is not so good, they buy more from us.

I think the highest year we have ever had was about 36 million bushels of malting barley to the United States.

Mr. FORBES: What is the total amount that has ever been exported?

Mr. McNAMARA: I would say, in the neighbourhood of 55 million bushels.

Mr. ROGERS: What is the main product of barley for export: is it malting barley?

Mr. McNAMARA: No, the main export of barley is feeding barleys, followed by the malting barley to the United States. But actually our main barley market is our Canadian domestic market.

Mr. ROGERS: I realize that, sir.

Mr. FORBES: What about the pearling barley; where does that go?

Mr. McNAMARA: There is a very, very limited market for pearling barley. For a while we were selling some of the two-row barley to Japan for processing; but that market is disappearing because, with the improvement in the rice situation, that is much more suitable. There is a demand for the two-row in Europe; but we find it difficult to compete in those markets with the American subsidized barley.

In the United Kingdom, where we have a preference, we are selling in sufficient quantities; but American competition is very severe. The demand for two-row barley at the present time, with the very limited quantity used for pearling in Canada, is not large.

Mr. CLANCY: Would a firm like Canada Malting keep a field man in an area, and does he buy directly from the farmer, or does he buy directly from the board?

Mr. McNAMARA: Canada Malting do not buy from the farmers at all; they buy from the elevator companies, as agents for the board. They really buy directly from us, through our agents. Their field men are out selecting quality.

Mr. CLANCY: But do they recommend where the elevator buys its malting barley?

Mr. McNAMARA: Samples are submitted to the elevator, and they say they will take a car equal to that sample.

Mr. KORCHINSKI: Mr. McNamara, could you explain what determines the price of malting barley? I do not mean the final price; but what would determine the amount of premium these maltsters would be prepared to pay? Is it their own free will that determines it, or what is it?

Mr. McNAMARA: We are the sellers and they are the buyers. When we get together at a price, it becomes the price. At this stage of the year there is always a wide difference in our ideas of values but we eventually get together.

Mr. KORCHINSKI: In that case then all the maltsters pay the same premium.

Mr. McNAMARA: If they pay on the same day. If the demand is good we raise our sights. On the same day we sell to everyone at the same time at the same price.

Mr. KORCHINSKI: What is the price of pot barley? What has been the high and what has been the low?

Mr. McNAMARA: I would say the range in barley prices in some years will vary ten cents a bushel—I mean malting barley as compared to feed.

Mr. KORCHINSKI: Depending on the feed.

Mr. McNAMARA: Yes.

Mr. GUNDLOCK: Can Mr. McNamara tell us how many sales were lost and how many sales you have gained back since the strike on the coast.

Mr. McNAMARA: You cannot give documentary evidence on this. There is no doubt that we did lose business as a result of the strike. If you had no breakfast this morning, tomorrow it is lost, because the next day it is forgotten about. We lost substantial quantities. I think we came to an estimate that possibly we lost up to 16 million bushels of sales during that period out of the west coast.

Mr. GUNDLOCK: Was that all grain or just barley?

Mr. McNAMARA: Mostly wheat.

Mr. FORBES: It seems to be general knowledge that there is only a premium of three cents on malting barley while previously it was five cents.

Mr. McNAMARA: We were speaking about the price premium on barley for malting to the maltsters. You are referring to what we call the selective premium. It used to be five cents but is now reduced to three cents.

Mr. FORBES: Who determined that?

Mr. McNAMARA: The Canadian wheat board.

Mr. FORBES: Because there were sufficient quantities and there was no need for a premium.

Mr. McNAMARA: No. We came to the conclusion we were losing out on the American market on account of the price. Our sales were down, and in order to encourage the movement we had to lower our basic price and/or the selective premium price. We did both this year. We had to take a lower price for malting barley.

Mr. PASCOE: Mr. Chairman, following up the question of Mr. Gundlock in respect of the loss of 16 million bushels on account of the strike, yesterday we were talking about the demurrage charges we had to pay for ships lying idle in the port. Were there ships lying idle then?

Mr. McNAMARA: Yes. It was a strike and it was recognized by the authorities as a strike. Under the terms of our contract with the trade and their contract with the ship owners we were protected during the period of the srike. The case to which you referred yesterday was not a strike.

Mr. NASSERDEN: Who would pay the demurrage in that case?

Mr. McNAMARA: The shipowner would just lose this. In their charter clause there is a provision for strikes—risk of the owner.

Mr. GUNDLOCK: You mean you are protected from a demurrage angle?

Mr. McNAMARA: Yes.

Mr. FORBES: On page 23 you have an item on barley purchased from non-producers. Who would be a non-producer of barley?

Mr. McNAMARA: This probably would be acquired from one of the terminals. We will have that answer for you later.

Mr. ROGERS: I do not know whether or not this is the right section to bring this up, but there is the question of overages turned back to the elevators. Has there been any direction in respect of turning those overages back?

Mr. McNAMARA: Yes. They can only be sold to the board. The regulations are that they are under the control of the board of grain commissioners, but when an overage is determined the terminals can only sell to the wheat board.

Mr. ROGERS: But the elevator companies get the advantage?

Mr. McNAMARA: Yes, to the extent of the initial payment value.

Mr. ROGERS: Do you think that is right?

Mr. McNAMARA: Yes, I do, because I do not think you can handle grain on the basis of exact weights, as overages and shortages are bound to appear. This is outside the field of the Canadian Wheat Board. I do not want to stick out my neck on this.

Mr. ROGERS: I appreciate that it works both ways, but does it ever work the other way?

Mr. McNAMARA: Yes.

The CHAIRMAN: We will go to section 11.

11. Legal Department

The legal department dealt with all matters of a legal nature affecting the operations of the board. The department continued to assist the payment department in connection with payments to estates of deceased persons. During the crop year 93 individuals were prosecuted in connection with breaches of the act and regulations as compared to 194 individuals during the 1957-58 crop year.

Two test cases were heard by the courts relating to the board's jurisdiction over feed mills. The first case was in Alberta where the magistrate held that the feed mill concerned was an elevator within the terms of the Canadian Wheat Board Act and therefore subject to section 16 of the act. A similar case in Manitoba was heard by a magistrate and a similar judgment was rendered. Both of these cases were appealed. The court of appeal for Alberta held that the board's control of elevators under the act was valid. Similarly, the court of appeal for Manitoba held that the feed mill concerned was subject to section 16 of the act. In the Manitoba case a motion was made to the Supreme Court of Canada on November 30, 1959 for leave to appeal from the judgment of the court of appeal for Manitoba. The Supreme Court refused leave to appeal without written reasons.

The legal department assisted in the administration of regulations governing the western grain producers' acreage payment insofar as these regulations applied to the board.

Mr. PASCOE: Mr. Chairman, I see there were 93 prosecutions for breaches of the act and the regulations. Could you indicate what breaches they were.

Mr. McNAMARA: Most were violations of the regulations, over-deliveries and non-entries in permit books.

Mr. PASCOE: What do you do in that case?

Mr. McNAMARA: We refer it to the mounted police who investigate it. If the circumstances warrant, they are fined. They are brought before the local court and it is up to the court to determine the amount of the fine.

The CHAIRMAN: We will go on to page 26, section 12.

12. Staff and Officers

The following table shows the number of employees of the board as at July 31, 1959 and July 31, 1958:

	July 31 1959	July 31 1958
Winnipeg	681	679
Calgary	30	31
Vancouver	17	17
Montreal	4	4
London, England	3	3
Rotterdam, Netherlands	2	2
Total	737	736

On July 31, 1959 the board had 737 employees as compared with 736 on July 31, 1958.

In September, 1959, H. H. Smith, manager, Vancouver office was appointed executive assistant to the board pending his retirement in January, 1960. W. J. Brooking, general sales manager, was appointed manager, Vancouver office. With the appointment of W. J. Brooking, the following members of the staff of the sales department were promoted to new positions as follows: S. W. Telfer, sales manager—wheat; W. H. Cockburn, sales manager—coarse grains; A. W. Cordan, executive assistant to the board; D. D. Yates, assistant sales manager—wheat, and C. A. Gusberti, assistant sales manager—coarse grains. In July, 1959 R. L. Kristjanson was appointed director, statistics and economics division.

The board would like to acknowledge the faithful service rendered by H. H. Smith in his capacity as manager of the Vancouver office and as executive assistant to the board pending his retirement in January, 1960. In co-operation with the grain trade and transportation agencies, Mr. Smith played a major part in the development of the grain movement through Pacific Coast ports.

The CHAIRMAN: Are there any comments?

We will go on to section 13.

13. *Advisory Committee*

Two meetings of the advisory committee were held during 1958-59. In addition, the advisory committee acted as advisors to the Canadian delegation in the negotiation of the 1959 international wheat agreement. Negotiations took place in Geneva, Switzerland.

The members of the advisory committee are: Mr. J. H. Wesson, Regina, Saskatchewan; Mr. J. E. Brownlee, Q.C., Winnipeg, Manitoba; Dr. W. J. Parker, Winnipeg, Manitoba; Mr. A. P. Gleave, Biggar, Saskatchewan; Mr. G L. Harrold, Lamont, Alberta, and Mr. A. W. Platt, Edmonton, Alberta.

Mr. RAPP: I notice there is a list here of the members of the advisory committee. I notice also that practically all the farm organizations are represented except the federation of agriculture. I wonder whether or not they ever have been approached to have a member on that advisory committee?

Mr. MCNAMARA: Yes. Under the provisions of our act at least six members of the advisory committee must represent producer organizations. These six at the present time all are representing producer organizations. Arnold Platt,

from Edmonton, at the time of his appointment was president of the Alberta federation of Agriculture. That organization was represented at the time of his appointment.

Mr. PASCOE: How are the members of the advisory committee chosen?

Mr. MCNAMARA: By the governor in council.

Mr. ROGERS: Mr. Chairman, on this advisory committee Mr. Platt then would be representing the ordinary producer, not any organization.

Mr. MCNAMARA: As a matter of fact these people are named as individuals by the government. Although they are connected with the pools, the United Grain Growers and the farm unions, in their capacity as advisers they act as individuals and not as representatives of the organization with which they were associated.

Mr. ROGERS: When you look at the complement of this advisory board it seems they all are representing an organization except probably Mr. Platt now.

Mr. MCNAMARA: Yes. At one time they all were presidents of organizations, including Mr. Platt.

Mr. CLANCY: I have a question, and I would like the answer to it to go on the record. The complaint is continuously made that people are holding two permit books, and so on. It is the usual one; you have heard it many times. Do you keep a close check on that?

Mr. MCNAMARA: We keep a check on it, but we have discovered over the years, for various reasons, there has either been misrepresentation to us or changed circumstances, where people are holding two permit books they are not entitled to. If this is brought to our attention we cancel them. Each year, when the permit books are issued, a number of producers go to elevator agents and try to make a case for having two permits. As soon as that is checked by our permits department we investigate it and in many cases cancel it back again. But we watch it as closely as we can.

The CHAIRMAN: Gentlemen, Part II, the financial statements. Can we take that as read?

Agreed to.

PART II

FINANCIAL STATEMENTS

The financial statements of The Canadian Wheat Board for the crop year ended July 31, 1959 are presented in the section of the Report. They consist of a Consolidated Balance Sheet (Exhibit I) which sets forth the financial position of the Board as at the foregoing date, together with other statements showing the results of Board operations to the close of the crop year, all as tabulated in the index preceding the financial statements and as discussed in Part I of this Report.

Due to the large volume of grain remaining unsold in the 1958-59 Pool Accounts for wheat, oats and barley, it was decided that it would be advisable to defer the closing of these accounts and hence none of these accounts have been finalized as at the date of this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of The Canadian Wheat Board as at July 31, 1959 is set forth in Exhibit I. With respect to some of the items appearing in the Consolidated Balance Sheet the following comments are submitted.

Stocks of Grain—$656,559,283.34

WHEAT STOCKS—$582,785,283.75

As at July 31, 1959 the total stocks of wheat held by the Board amounted to 425,449,383.1 bushels. Of this amount 52,772,000.5 bushels had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The remaining inventory of wheat amounting to 372,677,382.6 bushels consists of the following:

Balance of stocks transferred from the 1957-58 Pool Account		38,714,278.1
Balance of purchases from producers on the 1958-59 Pool Account:		
Unsold stocks	332,442,015.8	
Stocks which have been sold, but on a deferred price basis	5,845.0	
	332,447,860.8	
Net bushels acquired from the adjustments of overages and shortages etc., at country and terminal elevators on the 1958-59 Pool Account	1,522,548.8	
	333,970,409.6	
Less: Weight losses in transit and in drying	7,305.1	
		333,963,104.5
		372,677,382.6

These stocks were in store country elevators, in store terminal elevators and mills, in transit and in the custody of Agents. In accordance with accepted accounting practice and consistent with the procedure followed in previous crop years this portion of the inventory has been valued at cost. With respect to the balance of stocks of 38,714,278.1 bushels transferred from the 1957-58 Pool Account as at May 15, 1959 and which were still on hand as at July 31, 1959, cost is the price at which the transfer of unsold stocks from the 1957-58 Pool Account was made as at the close of business May 15, 1959. Relevant to the item in the inventory of 333,963,104.5 bushels which includes 5,845.0 bushels which had been sold, but on a deferred price basis, cost in the Board's initial price paid to producers for the 1958-59 Crop Year which was $1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Stocks in the custody of Agents represent wheat provisionally invoiced to those Agents of the Board who are shippers and exporters, and for which the Board will receive a final accounting in respect to the ultimate disposition of these stocks. The Board receives an advance from these Agents for wheat invoiced on a provisional price basis and, as at July 31, 1959, this advance was $1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William Port Arthur or Vancouver. With respect to stocks invoiced on a provisional price basis to mills this advance was $1.60 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. As at July 31, 1959, advances received by the Board from those Agents of the Board who are shippers and exporters totalled $109,416,208.03 as shown in Exhibit 1.

OATS AND BARLEY STOCKS—$73,773,999.59

Stocks of oats and barley held by the Board as at July 31, 1959 and which were in store country and terminal elevators and in transit amounted to 32,579,100.8 bushels and 60,415,160.1 bushels respectively. Of these amounts 2,739,209.4 bushels of oats and 14,543,077.5 bushels of barley had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The balance of the coarse grain inventories amounting to 29,839,891.4 bushels of oats and 45,872,082.6 bushels of barley was comprised of the following:

	Oats	*Barley*
Balance of purchases from producers on the 1958-59 Pool Account	29,836,531.0	45,895,349.2
Stocks acquired from other than producers	3,360.4	2,172.8
	29,839,891.4	45,897,522.0
Less: Weight losses in drying	Nil	25,439.4
	29,839,891.4	45,872,082.6

In accordance with accepted accounting practice and consistent with the procedure followed in previous crop years these portions of the inventories of oats and barley have been valued at cost. Cost is the Board's initial price paid to producers for oats and barley in the 1958-59 Crop Year. For oats this price was 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

Accounts Receivable—$1,225,586.69

This item consists principally of amounts due from Agents of the Board in respect to sales which had been completed as at July 31, 1959, but for which final accountings were not received until subsequent to that date, and forwarding charges recoverable in respect to stocks of wheat held by the Board in store Atlantic Seaboard Ports. The balance of this amount comprises sundry accounts payable to the Board which were not collected until subsequent to the year-end date.

Grain Trade Memberships—$20,271.15

The Canadian Wheat Board owns ten memberships in the Winnipeg Grain Exchange, one in the Vancouver Grain Exchange, one in the Winnipeg Grain and Produce Exchange Clearing Association Limited and one in the Lake Shippers' Clearance Association. These memberships are stated at cost less recorded dividends to July 31, 1959.

The Canadian Wheat Board Building at cost less depreciation—$348,600.00

Under the authority of Order in Council P.C. 146/2800 the Board purchased The Canadian Wheat Board Building on August 31, 1946 at a cost of $450,000.00 for the land and buildings.

In accordance with instructions received from the Government of Canada the Board paid to the City of Winnipeg and the City of Calgary grants of $34,693.78 and $834.57 respectively, in lieu of realty and business taxes on The Canadian Wheat Board Building and on premises rented by the Board in the City of Winnipeg and in lieu of business taxes on premises rented by

the Board in the City of Calgary, but without admitting any liability for such taxes. These grants totalled $35,528.35 and of this amount $20,722.78 has been applied to Board operations for the period from January 1, 1959 to July 31, 1959. The balance of $14,805.57 has been deferred and will be charged to the operations of the Board for the 1959-60 Crop Year. This latter figure is included in the item of $16,597.78 as shown in the Consolidated Balance Sheet. Depreciation has been provided on The Canadian Wheat Board Building for the year ended July 31, 1959 at the rate of 2 per cent per annum amounting to $7,800.00. The amounts for depreciation and taxes $7,800.00 and $20,722.78 are included in the item of $233,365.83 as shown in Exhibit VII.

Bank Loans—$110,984,281.02

During the crop year under review payments were made to producers involving a cash distribution of $80,851,611.96 consisting of the following:

INTERIM PAYMENT		
1957-58 Pool Account —Wheat		$38,783,856.67
FINAL PAYMENTS		
1957-58 Pool Account —Wheat	$33,874,398.61	
1957-58 Pool Account —Oats	2,072,426.92	
1957-58 Pool Account —Barley	6,120,929.76	42,067,755.29
		$80,851,611.96

At the commencement of the crop year Board borrowings from the Chartered Banks amounted to $104,875,335.72 and during the 1958-59 Crop Year the Board's cash requirements remained at a high level in order to carry abnormally large stocks of wheat, oats and barley, to distribute payments to producers and to meet current operating expenses. Consequently, the Board remained in a borrowing position with the Chartered Banks throughout the whole of the 1958-59 Crop Year. Board borrowings from the Chartered Banks reached a maximum of $121,182,527.48 on July 14, 1959, but had declined to $110,984,281.02 as at July 31, 1959. At the commencement of the crop year the interest rate in effect on these borrowings was 4% per annum.

On March 6, 1959 the representatives of the Chartered Banks approached the Board to open negotiations for an increase in the interest rate paid by the Board on its direct borrowings from the Chartered Banks and in the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board. These negotiations continued until June 12, 1959 on which date the Board, with the approval of the Government of Canada, accepted an increase in interest rates of ½ to 1% per annum. The interest rate to be paid by the Board on its direct borrowings from the Chartered Banks was increased from 4% to 4½% per annum, effective from June 1, 1959 and the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from 4¾% to 5¼% per annum, effective from May 25, 1959.

Subsequently on August 19, 1959, the representatives of the Chartered Banks again approached the Board to open negotiations for further increase in interest rates. After negotiations with the Banks' representatives, and consultation with the Government of Canada, interest rates were again increased. The rate of interest on direct borrowings by the Board from the Chartered Banks was increased by ¾ of 1% per annum from 4½% to 5¼% per annum,

effective from August 21, 1959. The rate of interest paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased by ¼ of 1% per annum from 5¼% to 5½% per annum, effective from August 25, 1959. The revised interest rates of 5¼% and 5½% per annum are the rates in effect at the date of this Report.

Liability to Agents—$429,822,605.96

Grain Companies acting in the capacity of Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents at terminal or mill positions. Liability to Agents amounting to $429,822,605.96 represents the amount payable by the Board to its Agents for purchases of wheat, oats and barley from producers at country elevator points to July 31, 1959 for which delivery to and settlement by the Board will be completed subsequent to the year-end date.

Amounts Due to Producers

ADJUSTMENT PAYMENTS

There were no adjustment payments authorized on the 1958-59 Pool Accounts for wheat, oats and barley, but in respect to adjustment payments which had been authorized on previous pool accounts there was still outstanding as at July 31, 1959 the sum of $600,903.23 consisting of the following:

	Outstanding Certificates	Outstanding Cheques	Total
WHEAT			
1952-53 Pool Account		$ 2,234.14	$ 2,234.14
1945-49 to 1951-52 Pool Accounts	$ 548,902.30	43,845.08	592,747.38
	548,902.30	46,079.22	594,981.52
COARSE GRAINS			
1954-55 Pool Account—Oats		1,334.53	1,334.53
1954-55 Pool Account—Barley		1,480.78	1,480.78
1952-53 Pool Account—Barley		968.80	968.80
1950-51 Pool Account—Oats		737.68	737.68
1950-51 and 1951-52 Pool Accounts—Barley		1,399.92	1,399.92
		5,921.71	5,921.71
Total amount payable on adjustment payments—wheat and coarse grains	$ 548,902.30	$ 52,000.93	$ 600,903.23

During the period from August 1, 1959 to December 31, 1959, the Board paid $4,022.99 in respect to the above liability of $600,903.23.

INTERIM PAYMENTS

In the crop year under review an interim payment was authorized on the 1957-58 Pool Account for wheat in accordance with the provisions of Section 26(3) of the Canadian Wheat Board Act and Order in Council P.C. 1959-215, February 24, 1959. The payment applied to deliveries of wheat by producers on the 1957-58 Pool Account in the period from August 1, 1957 to July 31, 1958 and amounted to $38,783,856.67. As at July 31, 1959 there was still outstanding the sum of $442,571.83 in respect to this and other interim payments and this amount consisted entirely of cheques in the hands of producers which had not been presented to the Board for payment. The detail of the amount outstanding is as follows:

	Outstanding Cheques
1957-58 Pool Account	$ 378,959.47
1956-57 Pool Account	37,451.89
1955-56 Pool Account	8,786.23
1954-55 Pool Account	4,924.48
1953-54 Pool Account	6,532.44
1952-53 Pool Account	5,917.32
	$ 442,571.83

During the period from August 1, 1959 to December 31, 1959 the Board paid $298,599.44 in respect to the above liability of $442,571.83.

FINAL PAYMENTS

Amounts due to producers on outstanding participation certificates and cheques with respect to final payments on the undernoted accounts are as follows:

WHEAT	Outstanding Certificates	Outstanding Cheques	Total
1957-58 Pool Account		$ 2,581,136.57	$ 2,581,136.57
1956-57 Pool Account		48,379.89	48,379.89
1955-56 Pool Account		13,633.08	13,633.08
1954-55 Pool Account		12,523.54	12,523.54
1953-54 Pool Account		7,858.82	7,858.82
1952-53 Pool Account		6,205.45	6,205.45
1945-49 to 1951-52 Pool Accounts	$ 327,880.03	57,033.06	384,913.09
	327,880.03	2,726,770.41	3,054,650.44
COARSE GRAINS			
1957-58 Pool Account—Oats		37,794.76	37,794.76
1957-58 Pool Account—Barley		80,917.99	80,917.99
1956-57 Pool Account—Barley		11,482.43	11,482.43
1955-56 Pool Account—Oats		1,928.59	1,928.59
1955-56 Pool Account—Barley		3,046.35	3,046.35
1954-55 Pool Account—Oats		1,366.69	1,366.69
1954-55 Pool Account—Barley		2,025.88	2,025.88
1953-54 Pool Account—Oats		2,505.83	2,505.83
1953-54 Pool Account—Barley		2,026.62	2,026.62
1952-53 Pool Account—Oats		1,691.96	1,691.96
1952-53 Pool Account—Barley		4,659.93	4,659.93
1949-50 to 1951-52 Pool Accounts—Oats		10,534 02	10,534.02
1949-50 to 1951-52 Pool Accounts—Barley		6,984.91	6,984.91
		166,965.96	166,965.96
Total amount payable on final payments—wheat and coarse grains	$ 327,880.03	$ 2,893,736.37	$ 3,221,616.40

During the period from August 1, 1959 to December 31, 1959 the Board paid $2,515,712.81 in respect to the above liability of $3,221,616.40.

Accrued Expenses and Accounts Payable—$11,172,372.15

This item comprises in the main accrued carrying charges, storage and interest charges to July 31, 1959 together with sundry accounts which were unpaid as at the year-end date.

Special Account—Net Balance of Undistributed Payment Accounts—$524,088.22

In accordance with the provisions of Section 29A of the Canadian Wheat Board Act the Board was authorized with the approval of the Governor in Council to transfer to a Special Account the balance remaining in specific payment accounts and to use these funds for such purposes as the Governor

in Council upon the recommendation of the Board considers to be for the benefit of producers. The following summary set forth the details of transactions affecting the Special Account for the crop year under review:

Balance of the Special Account as at July 31, 1958 (During the crop year under review there were no transfers to the Special Account under the authority of Section 29A of the Canadian Wheat Board Act)			$ 609,327.67
Less: Expenditures authorized under the provisions of Section 29A(2) of the Canadian Wheat Board Act and the following Orders in Council:			
Order in Council P.C. 1956-1156, July 26, 1956			
Total authorization—$15,000.00			
Unexpended July 31, 1958	$ 2,388.57		
Less: Unexpended July 31, 1959	Nil		
		$ 2,388.57	
Order in Council P.C. 1958-137, January 25, 1958			
Total authorization $50,000.00			
Unexpended July 31, 1958	13,032.05		
Less: Unexpended July 31, 1959	Nil		
		13,032.05	
Order in Council P.C. 1958-1697, December 17, 1958			
Total authorization	50,000.00		
Less: Unexpended July 31, 1959	41,485.99		
		8,514.01	
Order in Council P.C. 1958-1697, December 17, 1958			
Total authorization	25,000.00		
Less: Unexpended July 31, 1959	23,695.18		
		1,304.82	
Order in Council P.C. 1959-112, January 29, 1959			
Total authorization	60,000.00		
Less: Unexpended July 31, 1959	Nil		
		60,000.00	
Order in Council P.C. 1959-314, April 3, 1959			
Total authorization	35,000.00		
Less: Unexpended July 31, 1959	35,000.00	—	
			85,239.45
Balance of the Special Account as at July 31, 1959			$ 524,088.22

Advance Payments to Producers

During the preceding crop year the Government of Canada passed the Prairie Grain Advance Payments Act which came into force on November 25, 1955. Under the terms of the legislation the Board was authorized to make Advance Payments to producers on farm stored wheat, oats and barley at the rates of 50 cents per bushel for wheat, 20 cents per bushel for oats and 35 cents per bushel for barley subject to a limitation of the deliverable quantity of grain and to a maximum amount of $3,000 for each applicant and to recover Advance Payments so made by deduction from the value of wheat, oats or barley delivered by producers subsequent to the date of receiving an Advance Payment.

For the purpose of making Advance Payments to producers the Board was authorized to borrow money from the Chartered Banks, such borrowings and the interest thereon to be guaranteed by the Government of Canada. The result of transactions in respect to Advance Payments to producers for the period from November 25, 1957 to July 31, 1959 is set forth in Part IV of this Report. As at the year-end date there was an amount of $1,922,431.32 still to be refunded by producers in respect to Advance Payments, but during the period from August 1, 1959 to December 31, 1959 refunds totalling $1,579,574.32 were received by the Board, leaving a balance still to be refunded in the amount of $342,857. Interest charges on bank borrowings under the Prairie Grain Advance Payments Act to July 31, 1959 amounted to $996,409.38. Of this amount the Government of Canada had remitted to the Board as at the year-end date $985,035.10 in accordance with the provisions of Section 15A of the Prairie Grain Advance Payments Act. The balance of $11,374.28 together

with any bank interest charges incurred subsequent to July 31, 1959 will also be paid to the Board by the Government of Canada in accordance with the legislation.

STATEMENTS OF OPERATIONS

Wheat Division—1958-59 Pool Account—Exhibit II

As at July 31, 1959 stocks of wheat remaining unsold in the 1958-59 Pool Account and stocks of wheat which had been sold, but on a deferred price basis, amounted to 372,677,382.6 bushels.

In accordance with accepted accounting practice and consistent with the basis of valuation adopted for previous fiscal years this inventory for purposes of the Board's accounts as at July 31, 1959 has been valued at cost. Included in the inventory figure of 372,677,382.6 bushels is an amount of 38,714,278.1 bushels which was the balance of the stocks transferred from 1957-58 Pool Account as at May 15, 1959 and which were still on hand as at July 31, 1959. In respect to this item in the inventory cost is the price at which the transfer from the 1957-58 Pool Account was made as at the close of business May 15, 1959. Relevant to the balance of the inventory amounting to 333,963,104.5 bushels cost is the initial price paid to producers in the 1958-59 Crop Year which was $1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Included in the operating results on the 1958-59 Pool Account to July 31, 1959 is an amount of $10,548,671.55 representing a portion of the carrying charges received from the Government of Canada during the 1958-59 Crop Year under the provisions of the Temporary Wheat Reserves Act. The total carrying charges received under this legislation for the 1958-59 Crop Year amounted to $39,825,303.51. The Board recommended and the Governor in Council approved by Order in Council P.C. 1959-710, June 4, 1959 that these carrying charges be allocated as follows:

1957-58 Pool Account—Wheat	$ 29,276,631.96
1958-59 Pool Account—Wheat	10,548,671.55
	$ 39,825,303.51

During the 1959-60 Crop Year the Board will receive from the Government of Canada $43,604,072.28 for carrying charges under the provisions of the Temporary Wheat Reserves Act and this amount will be allocated between the 1958-59 Pool Account for Wheat and the 1959-60 Pool Account for Wheat. At the date of this Report this allocation had not been determined.

In terms of the foregoing and on the basis of the valuation of the inventory, but without provisions for carrying costs, interest administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1958-59 Pool Account—Wheat to July 31, 1959 showed a debit balance of $12,238,237.75. This debit balance should not be viewed as the final result of marketing operations on the 1958-59 Pool Account—Wheat.

Oats and Barley Division

Exhibits III and IV

Under the authority of the Canadian Wheat Board Act and Order in Council P.C. 1958-725, May 22, 1958 the Board was authorized to purchase from producers during the 1958-59 Crop Year oats and barley produced in

the designated area and to pay to producers a fixed initial price of 60 cents per bushel for No. 2 Canada Western Oats and a fixed initial price of 96 cents per bushel for No. 3 Canada Western Six-Row Barley, both prices basis in store Fort William/Port Arthur. As at July 31, 1959 stocks of oats and barley remaining unsold in the 1958-59 Pool Accounts amounted to 29,839,891.4 bushels and 45,872,082.6 bushels respectively.

In accordance with accepted accounting practice and consistent with the bases of valuation adopted for previous fiscal years these inventories for purposes of the Board's accounts at July 31, 1959 have been valued at cost. Cost is the Board's initial price paid to producers for oats and barley in the 1958-59 Crop Year. With respect to oats this price was 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and with respect to barley this price was 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

On the basis of the valuation of the inventories, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1958-59 Pool Accounts for oats and barley to July 31, 1959 showed a debit balance on oats of $1,379,142.31 and a credit balance on barley of $4,579,710.92. These results should not be viewed as the final results of marketing operations on the 1958-59 Pool Accounts for oats and barley.

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES—EXHIBIT VII

The total expenditures under this heading for the crop year under review amounted to $3,308,956.25 comprising expenses applicable to the Board's offices at Winnipeg, Calgary, Vancouver, Montreal, London (England) and Rotterdam (Netherlands). Details of these expenditures and the allocations to Board operations are set forth in Exhibit VII.

The Report of the Board's Auditors for the year ended July 31, 1959 is contained in Part III of this Report. Part IV includes the Auditors' Report and Financial Statement in respect to the administration of the Prairie Grain Advance Payments Act.

In this Report and in the Financial Statements we have endeavoured to describe the administration of policy with respect to wheat, oats and barley for the year ended July 31, 1959.

In conclusion we would like to record our appreciation for the loyal and conscientious service rendered by the officers and staff of the Board.

All of which is respectfully submitted,

W. C. McNAMARA
Chief Commissioner

W. RIDDEL
Assistant Chief Commissioner

W. E. ROBERTSON
Commissioner

J. T. DALLAS
Commissioner

The CHAIRMAN: Now we turn to exhibit I. Is it agreeable to the committee to take that as read?

Agreed to.

THE CANADIAN WHEAT BOARD

Exhibit I

Consolidated Balance Sheet

As at 31st July 1959

ASSETS

Stocks of grain		
Wheat stocks—stated at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill	$ 83,439,925.94	
Wheat stocks—stated at cost prices basis in store Fort William/Port Arthur or Vancouver	499,345,357.81	
		$ 582,785,283.75
Oats stocks—stated at contract prices basis in store Fort William/Port Arthur	1,936,566.28	
Oats stocks—stated at cost prices basis in store Fort William/Port Arthur	16,517,033.59	
		18,453,599.87
Barley stocks—stated at contract prices basis in store Fort William/Port Arthur	14,135,774.59	
Barley stocks—stated at cost prices basis in store Fort William/Port Arthur	41,184,625.13	
		55,320,399.72
Accounts receivable		1,225,586.69
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association Limited and the Lake Shippers' Clearance Association		20,271.15
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation		348,600.00
Deferred and prepaid expenses		16,597.78
Office furniture, equipment and automobiles, at cost less depreciation		116,745.37
Debit balance—1958-59 Pool Account—Wheat		12,238,237.75
Debit balance—1958-59 Pool Account—Oats		1,379,142.31
		$ 671,904,464.39

LIABILITIES

Bank Loans		$ 110,984,281.02
Liability to Agents for grain purchased from Producers but not yet delivered to the Board		429,822,605.96
Advances received on Agency wheat stocks		109,416,208.03
Amounts due to Producers		
Outstanding certificates and cheques:		
Balance of adjustment payments—		
Wheat	$ 594,981.52	
Coarse Grains	5,921.71	
Balance of interim payments—		
Wheat	442,571.83	
Balance of final payments—		
Wheat	3,054,650.44	
Coarse Grains	166,965.96	
		4,265,091.46
Accrued expenses and accounts payable		11,172,372.15
Provisions for final payment expenses		1,140,106.63
Special Account—net balance of undistributed payment accounts		524,088.22
Credit balance—1958-59 Pool Account—Barley		4,579,710.92
		$ 671,904,464.39

This is the Consolidated Balance Sheet which is referred to in our report of this date.

Approved:

W. C. McNamara, *Chief Commissioner*
W. Riddel, *Assistant Chief Commissioner*
W. E. Robertson, *Commissioner*

J. T. Dallas, *Commissioner*

Winnipeg, Manitoba,
31st December 1959.

MILLAR, MACDONALD & CO.,
Chartered Accountants,
Auditors.

Exhibit No. II. Is it agreeable to the committee to take it as read?
Agreed to.

THE CANADIAN WHEAT BOARD
1958-59 Pool Account—Wheat

Exhibit II

STATEMENT OF OPERATIONS
For the crop year ended 31st July 1959

	Bushels			Amount	
Wheat acquired:					
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur or Vancouver	366,989,894.8			$ 485,072,083.84	
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver	1,522,548.8			2,116,412.89	
Purchased from 1957-58 Pool Account—Wheat	139,764,777.4			216,635,146.51	
		508,277,221.0			$ 703,823,643.24
Wheat sold:					
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:					
Domestic	11,737,986.0				
Export sales at Class II prices	64,334,520.8				
Export sales under the terms of the International Wheat Agreement	6,748,026.0				
Weight losses in transit and in drying	7,305.1				
		82,827,837.9	$ 128,563,817.37		
Uncompleted sales at contract prices basis in store Fort William/Port Arthur, Vancouver or Churchill:					
Domestic	7,647,621.9				
Export sales at Class II prices	38,386,027.6				
Export sales under the terms of the International Wheat Agreement	6,738,351.0				
		52,772,000.5	83,439,925.94		
				212,003,743.31	
Stocks of wheat—stated at cost prices basis in store Fort William/Port Arthur or Vancouver		372,677,382.6		499,345,357.81	
					711,349,101.12
Surplus on wheat transactions		508,277,221.0			
					7,525,457.88
Deduct: Carrying costs, interest, administrative and general expenses, etc:					
Carrying charges:					
Carrying charges on wheat stored in country elevators			23,571,137.17		
Storage on wheat stored in terminal elevators			3,160,377.45		
Net interest paid to agents on agency wheat stocks			1,168,559.80		
			27,900,074.42		
Less: Carrying charges received under the Temporary Wheat Reserves Act			10,548,671.55		
				17,351,402.87	
Bank interest, exchange and bank charges less net interest recovered from other Board accounts				1,353,142.62	
Net additional freight on wheat shipped from country stations to terminal positions				(304,470.63)	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals				123,488.34	
Drying charges				11,934.72	
Administrative and general expenses to 31st July 1959				1,228,197.71	
					19,763,695.63
Debit balance in the 1958-59 Pool Account—Wheat, as at 31st July 1959, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver					$ 12,238,237.75

The CHAIRMAN: Exhibit III. Is it agreed that be taken as read?
Agreed to.

Exhibit III

THE CANADIAN WHEAT BOARD

1958-59 POOL ACCOUNT—OATS

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1959

	Bushels		Amount	
Oats acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur	38,748,591.9		$21,574,014.94	
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur	3,360.4		1,889.74	
Purchased from 1957-58 Pool Account—Oats	14,075,169.8		9,967,418.82	
		52,827,122.1		$31,543,323.50
Oats sold:①				
Completed sales at realized prices basis in store Fort William/Port Arthur	20,248,021.3		14,564,217.25	
Uncompleted sales at contract prices basis in store Fort William/Port Arthur	2,739,209.4		1,936,566.28	
Stocks of oats—stated at cost prices basis in store Fort William/Port Arthur	29,839,891.4		16,517,033.59	
		52,827,122.1		33,017,817.12
Surplus on oats transactions				1,474,493.62
Deduct: Carrying costs, interest, administrative and general expenses, etc.:				
Carrying charges:				
Carrying charges on oats stored in country elevators		$ 2,267,513.83		
Storage on oats stored in terminal elevators		376,536.61		
			2,644,050.44	
Interest and bank charges			108,191.75	
Freight recovered on shipments of oats to Vancouver for export			(25,431.65)	
Brokerage and Clearing Association charges			2,413.88	
Administrative and general expenses to 31st July 1959			124,411.51	
				2,853,635.93
Debit balance in the 1958-59 Pool Account—Oats, as at 31st July 1959, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur				$ 1,379,142.31

①Excluding open future sales contracts of 568,000 bushels of October oats adjusted to the market close as at 31st July 1959.

The CHAIRMAN: Exhibit No. IV, agreed?
Agreed to.

Exhibit IV

THE CANADIAN WHEAT BOARD

1958-59 POOL ACCOUNT—BARLEY

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1959

	Bushels		Amount	
Barley acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur	122,389,626.3		$109,612,083.79	
Barley otherwise purchased at Board initial prices basis in store Fort William/Port Arthur	2,172.8		1,773.46	
Purchased from 1957-58 Pool Account—Barley	6,660,832.3		6,470,716.43	
		129,052,631.4		$116,084,573.68
Barley sold:①				
Completed sales at realized prices basis in store Fort William/Port Arthur	68,612,031.9		69,789,223.47	
Weight losses in drying	25,439.4		—	
Uncompleted sales at contract prices basis in store Fort William/Port Arthur	14,543,077.5		14,135,774.59	
Stocks of barley—stated at cost prices basis in store Fort William/Port Arthur	45,872,082.6		41,184,625.13	
		129,052,631.4		125,109,623.19
Surplus on barley transactions				9,025,049.51
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on barley stored in country elevators		$ 3,067,892.19		
Storage on barley stored in terminal elevators		1,012,736.16		
			4,080,628.35	
Interest and bank charges			218,461.98	
Freight recovered on shipments of barley to Pacific Coast ports for export			(358,640.79)	
Diversion charges on shipments of barley to Pacific Coast ports for export			43,355.89	
Drying charges			37,816.71	
Brokerage and Clearing Association charges			7,135.43	
Administrative and general expenses to 31st July 1959			416,581.02	
				4,445,338.59
Credit balance in the 1958-59 Pool Account—Barley, as at 31st July 1959, after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur				$ 4,579,710.92

①Excluding open futures sales contracts of 5,327,000 bushels of October barley and open futures purchase contracts of 1,663,000 bushels of December barley and 2,333,000 bushels of May barley adjusted to the market close as at 31st July 1959.

The CHAIRMAN: Exhibit No. V, agreed?
Agreed to.

THE CANADIAN WHEAT BOARD

Exhibit V

STATEMENT OF PAYMENTS TO PRODUCERS
As at 31st July 1959

	Total Amounts Payable to Producers	Cheques Cashed by Producers to 31st July 1959	Balances Payable to Producers as at 31st July 1959
Adjustment Payments:			
Wheat:			
1952–53 Pool Account	$ 61,124,386.63	$ 61,122,152.49	$ 2,234.14
1945–49 to 1951–52 Pool Accounts	485,874,651.22	485,281,903.84	592,747.38
	546,999,037.85	546,404,056.33	594,981.52
Coarse Grains:			
1954–55 Pool Account—Oats	3,241,697.20	3,240,362.67	1,334.53
1954–55 Pool Account—Barley	7,900,535.63	7,899,054.85	1,480.78
1952–53 Pool Account—Barley	14,467,203.86	14,466,235.06	968.80
1950–51 Pool Account—Oats	5,707,963.15	5,707,225.47	737.68
1950–51 and 1951–52 Pool Accounts—Barley	24,774,248.33	24,772,848.41	1,399.92
	56,091,648.17	56,085,726.46	5,921.71
INTERIM PAYMENTS:			
Wheat:			
1957–58 Pool Account	38,783,856.67	38,404,897.20	378,959.47
1956–57 Pool Account	39,160,395.34	39,122,943.45	37,451.89
1955–56 Pool Account	37,339,123.87	37,330,337.64	8,786.23
1954–55 Pool Account	22,261,003.14	22,256,078.66	4,924.48
1953–54 Pool Account	38,638,704.15	38,632,171.71	6,532.44
1952–53 Pool Account	63,962,036.83	63,956,119.51	5,917.32
	240,145,120.00	239,702,548.17	442,571.83
FINAL PAYMENTS:			
Wheat:			
1957–58 Pool Account	33,874,398.61	31,293,262.04	2,581,136.57
1956–57 Pool Account	25,083,690.12	25,035,310.23	48,379.89
1955–56 Pool Account	41,953,923.81	41,940,290.73	13,633.08
1954–55 Pool Account	39,679,620.35	39,667,096.81	12,523.54
1953–54 Pool Account	25,411,407.89	25,403,549.07	7,858.82
1952–53 Pool Account	58,282,438.38	58,276,232.93	6,205.45
1945–59 to 1951–52 Pool Accounts	338,593,419.92	338,208,506.83	384,913.09
	562,878,899.08	559,824,248.64	3,054,650.44

Coarse Grains:			
1957–58 Pool Account—Oats	2,072,426.92	2,034,632.16	37,794.76
1957–58 Pool Account—Barley	6,120,929.76	6,040,011.77	80,917.99
1956–57 Pool Account—Barley	7,570,416.35	7,558,933.92	11,482.43
1955–56 Pool Account—Oats	8,169,672.90	8,167,744.31	1,928.59
1955–56 Pool Account—Barley	15,217,219.17	15,214,172.82	3,046.35
1954–55 Pool Account—Oats	3,779,605.60	3,778,238.91	1,366.69
1954–55 Pool Account—Barley	6,536,611.93	6,534,586.05	2,025.88
1953–54 Pool Account—Oats	5,631,130.40	5,628,624.57	2,505.83
1953–54 Pool Account—Barley	9,833,495.41	9,831,468.79	2,026.62
1952–53 Pool Account—Oats	10,949,996.58	10,948,304.62	1,691.96
1952–53 Pool Account—Barley	21,408,203.67	21,403,543.74	4,659.93
1949–50 to 1951–52 Pool Accounts—Oats	49,932,002.61	49,921,468.59	10,534.02
1949–50 to 1951–52 Pool Accounts—Barley	60,997,201.72	60,990,216.81	6,984.91
	208,218,913.02	208,051,947.06	166,965.96
TOTAL—all Accounts	$ 1,614,333,618.12	$ 1,610,068,526.66	$ 4,265,091.46

The CHAIRMAN: Exhibit No. VI, agreed?
Agreed to.

Exhibit VI

THE CANADIAN WHEAT BOARD

STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES
To 31st July 1959

	Original Provisions	Payment Costs and Other Adjustments to 31st July 1958	Payment Costs Year Ended 31st July 1959	Exchange, Commissions and Other Adjustments 1958–59 Year	Balance of Original Provisions	Net Interest Credits on Surplus Funds to 31st July 1959	Balance as at 31st July 1959
WHEAT:							
1957–58 Pool Account	$ 158,163.71	$ —	$ 80,276.17	$ 43,045.89	$ 34,841.65	$ 81,518.37	$ 116,360.02
1956–57 Pool Account	141,738.03	102,127.63	30,240.04	3,779.41	5,590.95	103.973.04	109,563.99
1955–56 Pool Account	159,644.57	144,429.11	3,144.84	27.07	12,043.55	36,384.37	48,427.92
1954–55 Pool Account	161,410.82	165,192.77	1,801.70	43.49	(5,627.14)	21,087.19	15,460.05
1953–54 Pool Account	139,557.42	114,005.31	1,050.36	1.51	24,500.24	11,803.34	36,303.58
1952–53 Pool Account	168,509.10	189,881.75	973.69	2.65	(22,348.99)	185,190.90	162,841.91
1951–52 Pool Account	262,601.16	274,496.58	465.68	.66	(12,361.76)	72,223.44	59,861.68
1950–51 Pool Account	225,907.74	284,511.45	467.32	.32	(59,071.35)	50,645.46	(8,425.89)
1945–49 Pool Account	450,052.01	585,265.53	10,868.23	1,286.91	(147,368.66)	351,115.72	203,747.06
	1,867,584.56	1,859,910.13	129,288.03	48,187.91	(169,801.51)	913,941.83	744,140.32
COARSE GRAINS:							
1957–58 Pool Account—Oats	47,440.68	—	29,972.63	3,059.60	14,408.45	5,801.95	20,210.40
1957–58 Pool Account—Barley	79,554.74	—	46,041.31	8,394.75	24,758.68	18,235.64	42,994.32
1956–57 Pool Account—Barley	80,152.07	47,260.77	9,224.58	410.19	23,256.53	20,773.25	44,029.78
1955–56 Pool Account—Oats	58,293.43	51,973.73	995.00	.72	5,323.98	6.116.49	11,440.47
1955–56 Pool Account—Barley	81,599.80	71,156.38	1,215.38	1.09	9,226.95	18,045.07	27,272.02
1954–55 Pool Account—Oats	60,307.99	43,547.52	799.31	.27	15,960.89	12,674.05	28,634.94
1954–55 Pool Account—Barley	79,903.89	59,131.98	869.60	.24	19,902.07	19,097.89	38,999.96
1953–54 Pool Account—Oats	69,995.33	59,641.49	487.27	.09	9,866.48	14,498.41	24,364.89
1953–54 Pool Account—Barley	80,287.94	68,948.76	457.30	.38	10,881.50	21,974.57	32,856.07
1952–53 Pool Account—Oats	74,171.79	69,322.08	527.74	—	4,321.97	15,513.85	19,835.82
1952–53 Pool Account—Barley	94.111.14	91,897.96	559.26	.06	1,653.86	41,486.63	43,140.49
1951–52 Pool Account—Oats	86,315.60	93,152.92	116.01	.39	(6,953.75)	10,788.26	3,834.54
1951–52 Pool Account—Barley	78,000.10	87,302.57	127.76	.25	(9,430.48)	8,348.18	(1,082.30)
1950–51 Pool Account—Oats	59,846.99	68,336.89	118.31	.10	(8,608.31)	5,013.59	(3,594.72)
1950–51 Pool Account—Barley	63,076.03	68,237.15	127.45	.17	(5,288.74)	7,023.20	1,734.46
1949–50 Pool Account—Oats	81,867.67	61,424.47	100.99	66.01	20,276.20	9,061.85	29,338.05
1949–50 Pool Account—Barley	88,713.98	66,742.24	100.99	30.28	21,840.47	10,116.65	31,957.12
	1,263,639.17	1,008,076.91	92,200.89	11,964.59	151,396.78	244,569.53	395,966.31
TOTAL—all Accounts	$ 3,131,223.73	$ 2,867,987.04	$ 221,488.92	$ 60,152.50	($ 18,404.73)	$ 1,158,511.36	$1,140,106.63

The CHAIRMAN: Exhibit No. VII, agreed?
Agreed to.

THE CANADIAN WHEAT BOARD

Exhibit VII

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS
For the year ended 31st July 1959

ADMINISTRATIVE AND GENERAL EXPENSES:	
Salaries—Board members, officers and staff	$ 2,211,190.27
Unemployment insurance	16,499.60
Advisory Committee—travelling expenses and per diem allowance	835.65
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building, Winnipeg	233,365.83
Telephone —exchange service and long distance calls	38,485.01
Telegrams, cables and telex expense	22,291.52
Postage	76,206.19
Printing, stationery and supplies	187,500.72
Office expenses	20,328.11
Advertising	278.03
Travelling expenses	49,713.18
Traveling expenses—Inspectors	36,810.10
Legal fees and court costs	3,043.06
Audit fees	48,900.00
Tabulating equipment—rental and sundries	174,140.41
Repairs and upkeep of office machinery and equipment	6,507.87
Grain market publications and services	5,816.37
Bonds and insurance	4,871.73
Grain Exchange dues	3,130.00
Express, freight and cartage on stationery, etc	14,864.55
Depreciation on furniture, equipment and automobiles	27,621.03
Contributions to Pension Fund, actuarial and other expenses	126,557.02
	$ 3,308,956.25

ALLOCATIONS TO OPERATIONS:		
1. Marketing of Producers' grain (including cost of distributing interim payments, if any):		
1958–59 Pool Account—Wheat	$ 1,228,197.71	
1958–59 Pool Account—Oats	124,411.51	
1958–59 Pool Account—Barley	416,581.02	
1957–58 Pool Account—Wheat	976,481.20	
1957–58 Pool Account—Oats	60,113.20	
1957–58 Pool Account—Barley	120,593.04	
		$ 2,926,377.68
2. Distributing final payments to Producers:		
(*a*) Wheat:		
1957–58 Pool Account	80,276.17	
1956–57 Pool Account	30,240.04	
1955–56 Pool Account	3,144.84	
1954–55 Pool Account	1,801.70	
1953–54 Pool Account	1,050.36	
1952–53 Pool Account	973.69	
1951–52 and prior Pool Accounts	11,801.23	
		129,288.03
(*b*) Coarse Grains:		
1957–58 Pool Account—Oats	29,972.63	
1957–58 Pool Account—Barley	46,401.31	
1956–57 Pool Account—Barley	9,224.58	
1955–56 Pool Account—Oats	995.00	
1955–56 Pool Account—Barley	1,215.38	
1954–55 Pool Account—Oats	799.31	
1954–55 Pool Account—Barley	869.60	
1953–54 Pool Account—Oats	487.27	
1953–54 Pool Account—Barley	457.30	
1952–53 Pool Account—Oats	527.74	
1952–53 Pool Account—Barley	559.26	
1951–52 and prior Oats and Barley Pool Accounts	691.51	
		92,200.89
3. Western Grain Producers Acreage Payment		101,089.65
4. Allocation authorized by Order-in-Council P.C. 1959–112 from Special Account—Undistributed Payment Accounts in partial payment of administrative and general expenses incurred in connection with the Prairie Grain Advance Payments Act		60,000.00
		$ 3,308,956.25

PART III

AUDITORS' REPORT

MILLAR, MACDONALD & CO.

Chartered Accountants

The Canadian Wheat Board,
Winnipeg, Manitoba.

We have examined the Consolidated Balance Sheet of The Canadian Wheat Board as at 31st July 1959 and the statements of operations and supporting schedules for the crop year ended on that date and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Board, the accompanying Consolidated Balance Sheet and statements of operations and supporting schedules are properly drawn up so as to exhibit a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1959, and the results of its operations for the crop year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MILLAR, MACDONALD & CO.,
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st December 1959.

PART IV

THE CANADIAN WHEAT BOARD

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS UNDER THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT

As at 31st July 1959

For the Crop Years 1957-58 and 1958-59

1957-58 Crop Year:		
Cash advances to Producers	$35,203,467.00	
Less: Advances repaid by Producers	35,147,643.00	
		$ 55,824.00
1958-59 Crop Year:		
Cash advances to Producers	34,369,653.00	
Less: Advances repaid by Producers	32,503,045.68	
		1,866,607.32
Balance to be refunded by Producers as at 31st July 1959		1,922,431.32
Bank interest to 31st July 1959 payable by the Government of Canada under the provisions of Section 15 (a) of the Prairie Grain Advance Payments Act	996,409.38	
Less: Amount paid to 31st July 1959	985,035.10	
		11,374.28
		1,933,805.60
Deduct:		
Interest received on default payments and minor adjustments	1,847.31	
Less: Miscellaneous bank charges	104.33	
		1,742.98
Liability to the Banks as at 31st July 1959		$ 1,932,062.62

AUDITORS' REPORT

We have examined the above Statement of Advance Payments to Producers under the Prairie Grain Advance Payments Act as at 31st July 1959, for the crop years 1957-58 and 1958-59, and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the above Statement of Advance Payments to Producers is properly drawn up so as to exhibit a true and correct view of the result of transactions on this account as at 31st July 1959, according to the best of our information, the explanations given to us, and as shown by the records separately maintained by The Canadan Wheat Board for transactions under the Prairie Grain Advance Payments Act.

MILLAR, MACDONALD & CO.,
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st December 1959.

TABLE I

ACREAGE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1932-1959

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
			(Thousands of Acres)			
1932	26,395	8,533	3,154	706	454	39,242
1933	25,177	8,945	3,032	520	236	37,910
1934	23,296	9,115	2,962	619	218	36,210
1935	23,293	9,478	3,187	649	297	36,904
1936	24,838	8,674	3,724	562	469	38,267
1937	24,599	8,579	3,562	808	233	37,781
1938	24,946	8,518	3,687	655	202	38,008
1939	25,813	8,227	3,607	1,014	288	38,949
1940	27,750	7,818	3,622	943	364	40,497
1941	21,216	8,204	4,779	744	1,030	35,973
1942	20,653	9,528	6,365	1,227	1,510	39,283
1943	16,026	11,266	7,682	447	2,955	38,376
1944	21,900	9,731	6,535	581	1,191	39,938
1945	22,430	9,785	6,516	422	848	40,001
1946	23,731	8,470	5,788	643	865	39,497
1947	23,357	7,818	7,035	1,124	1,724	41,058
1948	22,820	7,516	6,082	2,225	1,880	40,523
1949	26,524	7,355	5,617	1,095	290	40,881
1950	26,382	7,520	6,205	1,041	541	41,689
1951	24,385	8,312	7,530	1,047	1,086	42,360
1952	25,372	7,560	8,145	1,153	1,027	43,257
1953	25,517	6,490	8,599	1,421	908	42,935
1954	24,707	6,715	7,568	687	1,148	40,825
1955	21,964	7,788	9,638	665	1,809	41,864
1956	22,064	8,658	8,181	452	3,010	42,365
1957	20,446	7,805	9,209	455	3,462	41,377
1958	20,244	7,584	9,369	419	2,602	40,218
1959①	22,557	7,882	8,107	435	2,368	41,349

①Preliminary—basis estimate of November 18, 1959. Source: Dominion Bureau of Statistics.

TABLE II

YIELD PER ACRE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1932–1959

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed
			(Bushels)		
1932	16.0	28.8	20.0	10.3	5.8
1933	10.4	19.8	15.6	6.0	2.4
1934	11.3	18.9	15.1	5.9	3.8
1935	11.3	25.8	19.7	12.9	5.3
1936	8.1	15.7	14.1	5.7	3.7
1937	6.4	16.6	17.5	5.3	3.0
1938	13.5	27.2	21.8	14.3	5.9
1939	19.1	28.1	22.5	13.5	6.8
1940	18.5	29.3	22.9	13.0	7.9
1941	14.0	21.9	20.0	13.0	6.4
1942	25.6	51.7	37.6	18.4	10.1
1943	16.7	33.3	25.7	11.8	6.1
1944	17.9	36.1	26.4	12.4	7.2
1945	13.1	25.5	21.0	10.8	7.0
1946	16.6	28.9	23.1	11.3	7.6
1947	13.7	24.5	18.6	10.8	7.6
1948	15.6	29.6	23.3	11.1	9.3
1949	12.9	25.8	19.4	7.2	6.8
1950	16.6	33.9	25.3	10.6	8.3
1951	21.7	40.9	31.1	15.2	7.8
1952	26.7	45.8	34.5	19.4	10.4
1953	23.7	42.5	29.2	18.9	10.0
1954	12.3	29.2	22.1	15.7	9.3
1955	22.6	37.2	25.3	18.5	10.3
1956	25.0	46.2	32.0	14.0	11.5
1957	17.8	30.0	22.7	13.8	5.5
1958	17.1	31.6	25.4	12.9	8.6
1959①	17.7	33.4	27.0	14.6	8.9

①Preliminary—basis estimate of November 18, 1959. Source: Dominion Bureau of Statistics.

TABLE III

TOTAL PRODUCTION OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES

1932-1959

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
			(Thousands of Bushels)			
1932	422,947	245,726	63,114	7,270	2,640	741,697
1933	263,004	177,422	47,243	3,104	563	491,336
1934	263,800	172,040	44,742	3,664	827	485,073
1935	264,096	244,854	62,625	8,379	1,563	581,517
1936	202,000	135,862	52,617	3,201	1,730	395,410
1937	156,800	142,413	62,418	4,280	694	366,605
1938	336,000	232,000	80,200	9,340	1,185	658,725
1939	494,000	231,500	81,000	13,700	1,950	822,150
1940	513,800	229,000	83,000	12,250	2,875	840,925
1941	296,000	179,600	95,500	9,691	6,643	587,434
1942	529,000	492,700	239,200	22,632	15,180	1,298,712
1943	267,800	374,700	197,700	5,288	18,130	863,618
1944	391,700	350,900	172,500	7,186	8,619	930,905
1945	294,600	249,300	136,600	4,551	5,970	691,021
1946	393,000	245,000	133,700	7,289	6,569	785,558
1947	320,000	191,700	131,000	12,150	13,040	667,890
1948	356,000	222,800	142,000	24,721	17,450	762,971
1949	341,000	189,900	109,000	7,900	1,973	649,773
1950	439,000	255,200	157,000	11,050	4,483	866,733
1951	530,000	340,000	234,000	15,935	8,450	1,128,385
1952	678,000	346,000	281,000	22,320	10,700	1,338,020
1953	604,000	276,000	251,000	26,900	9,100	1,167,000
1954	305,000	196,000	167,000	10,790	10,700	689,490
1955	497,000	290,000	244,000	12,300	18,700	1,062,000
1956	551,000	400,000	262,000	6,350	34,600	1,253,950
1957	364,000	234,000	209,000	6,300	18,900	832,200
1958	346,000	240,000	238,000	5,400	22,500	851,900
1959①	399,000	263,000	219,000	6,360	21,000	908,360

①Preliminary—basis estimate of November 18, 1959. Source: Dominion Bureau of Statistics

23320-5—5½

TABLE IV

CANADIAN WHEAT SUPPLIES AND DISPOSITION

Crop Years 1934-35 to 1958-59

Crop Year	SUPPLIES				DISPOSITION			
	Inward Carryover① August 1st		Production①	Total Supplies	Domestic Disappearance②		Exports① Wheat and Flour	Total① Outward Carryover July 31st
	Farm	Commercial			Farm	Commercial		
	(Thousands of Bushels)							
1934-35	8,733	194,169	275,849	478,751	49,276	49,872	165,751	213,852
1935-36	7,861	205,991	281,935	495,787	69,934	44,065	254,425	127,363
1936-37	5,520	121,843	219,218	346,581	57,281	42,477	209,773	37,049
1937-38	3,999	33,050	180,210	217,259	54,574	42,563	95,586	24,536
1938-39	5,061	19,475	360,010	384,546	70,942	50,659	160,034	102,911
1939-40	4,682	98,229	520,623	623,534	82,488	47,899	192,674	300,473
1940-41	17,286	283,187	540,190	840,663	86,281	43,047	231,206	480,129
1941-42	13,954	466,175	314,710	794,839	90,953	54,306	225,828	423,752
1942-43	10,446	413,306	556,067	979,819	101,459	69,033	214,701	594,626
1943-44	197,207	397,419	282,377	877,003	96,087	80,630	343,755	356,531
1944-45	53,871	302,660	414,859	771,390	86,856	83,515	342,946	258,073
1945-46	28,650	229,423	316,320	574,393	78,023	82,662	340,108	73,600
1946-47	27,203	46,397	411,601	485,201	77,406	78,796	242,858	86,141
1947-48	25,988	60,153	338,506	424,647	76,952	75,003	194,982	77,710
1948-49	39,162	38,548	381,413	459,123	75,818	48,565	232,329	102,411
1949-50	43,423	58,988	366,028	468,439	74,792	56,310	225,137	112,200
1950-51	12,389	99,811	466,490	578,690	83,588	64,938	240,961	189,203
1951-52	22,260	166,943	553,678	742,881	96,847	73,031	355,825	217,178
1952-53	19,262	197,916	701,973	919,151	86,649	63,790	385,527	383,185
1953-54	93,716	289,469	634,040	1,017,225	91,562	51,907	255,081	618,675
1954-55	231,860	386,815	331,981	950,656	102,691	59,308	251,909	536,748
1955-56	137,855	398,893	519,178	1,055,926	98,785	65,307	312,260	579,574
1956-57	204,205	375,369	573,040	1,152,614	88,523	66,149	264,396	733,546
1957-58	323,160	410,386	385,508	1,119,054	94,931	64,376	320,293	639,454
1958-59	231,900	407,554	371,730	1,011,184	100,922	66,714	294,546	549,002③
1959-60③	130,000	419,002	413,520	962,522				

①Source: Dominion Bureau of Statistics.

②A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1958-59 inclusive, but for Prairie Provinces only for earlier years.

③Preliminary.

TABLE V

CANADIAN OATS SUPPLIES AND DISPOSITION

Crop Years 1934-35 to 1958-59

Crop Year	SUPPLIES				DISPOSITION			
	Inward Carryover ① August 1st		Production①	Total Supplies	Domestic Disappearance③		Net② Exports	Total① Outward arryover July 31st
	Farm	Commercial			Farm	Commercial		
	(Thousands of Bushels)							
1934-35	19,333	11,727	321,120	352,180	288,647	19,200	17,863	26,471
1935-36	20,071	6,400	394,348	420,819	352,243	12,681	15,515	40,380
1936-37	31,186	9,194	271,778	312,158	258,694	25,697	9,501	18,266
1937-38	15,231	3,035	268,442	286,708	238,578	20,404	8,228	19,499
1938-39	16,120	3,379	371,382	390,881	315,512	13,549	12,934	48,887
1939-40	39,654	9,233	384,407	433,294	349,645	13,127	12,591	46,931
1940-41	39,781	7,150	380,526	427,457	350,986	21,257	13,651	41,563
1941-42	37,102	4,461	306,052	347,615	285,653	21,494	11,861	28,607
1942-43	24,173	4,434	641,488	670,095	426,285	31,146	63,323	149,341
1943-44	118,404	30,937	461,567	610,908	366,248	61,444	74,737	108,479
1944-45	69,423	39,056	474,044	582,523	343,960	54,510	85,798	98,255
1945-46	64,825	33,430	351,234	449,489	257,476	70,660	43,861	77,492
1946-47	51,087	26,405	360,860	438,352	259,301	79,808	29,759	69,484
1947-48	52,566	16,918	270,190	339,674	212,496	69,085	10,202	47,891
1948-49	37,593	10,298	345,305	393,196	248,544	60,925	23,220	60,507
1949-50	48,363	12,144	304,595	365,102	238,887	60,763	20,547	44,905
1950-51	33,579	11,326	401,768	446,673	272,851	43,248	35,397	95,177
1951-52	59,481	35,696	493,886	589,063	361,000	49,059	70,646	108,358
1952-53	57,836	50,522	471,117	579,475	318,382	51,313	65,371	144,409
1953-54	90,660	53,749	413,971	558,380	316,850	45,061	70,700	125,769
1954-55	97,250	28,519	306,401	432,170	279,974	45,982	22,247	83,967
1955-56	53,400	30,567	399,451	483,418	309,997	50,173	4,142	119,106
1956-57	71,200	47,906	524,517	643,623	354,294	44,433	18,681	226,215
1957-58	172,100	54,115	380,599	606,814	385,690	40,024	24,184	154,916
1958-59	108,000	46,916	400,951	555,867	389,201	40,174	7,513	118,979④
1959-60④	80,000	38,979	417,933	536,912				

①Source: Dominion Bureau of Statistics.

②Source: Board of Grain Commissioners—includes rolled oats and oatmeal.

③A residual item. Farm disappearance is computed by adding inward farm carryover and production and deduct therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1958-59 inclusive, but for Prairie Provinces only for earlier years.

④Preliminary.

TABLE VI

CANADIAN BARLEY SUPPLIES AND DISPOSITION

Crop Years 1934-35 to 1958-59

Crop Year	SUPPLIES				DISPOSITION			
	Inward Carryover[1] August 1st		Production[1]	Total Supplies	Domestic Disappearance[3]		Net[2] Exports	Total[3] Outward Carryover July 31st
	Farm	Commercial			Farm	Commercial		
	(Thousands of Bushels)							
1934-35	1,839	9,254	63,742	74,835	49,803	3,956	15,057	6,019
1935-36	2,022	3,997	83,975	89,994	66,022	6,062	7,676	10,234
1936-37	4,199	6,035	71,922	82,156	53,126	6,678	17,556	4,796
1937-38	1,476	3,320	83,124	87,920	57,951	8,594	14,744	6,631
1938-39	3,178	3,453	102,242	108,873	73,713	7,536	14,820	12,804
1939-40	7,347	5,457	103,147	115,951	81,538	11,081	10,678	12,654
1940-41	7,075	5,579	104,256	116,910	83,929	19,351	2,722	10,908
1941-42	6,505	4,403	110,401	121,309	85,142	23,288	2,058	10,821
1942-43	5,112	5,709	256,037	266,858	134,259	29,559	33,761	69,279
1943-44	41,314	27,965	208,365	277,644	140,751	54,841	36,103	45,949
1944-45	23,379	22,570	187,326	233,275	117,194	47,755	39,407	28,919
1945-46	17,819	11,100	148,792	177,711	85,452	57,906	4,416	29,937
1946-47	13,884	16,053	146,852	176,789	76,674	63,693	7,658	28,764
1947-48	16,492	12,272	139,886	168,650	73,990	59,481	3,730	31,449
1948-49	17,373	14,076	152,281	183,730	80,873	48,742	24,446	29,669
1949-50	18,482	11,187	118,044	147,713	71,868	34,653	20,837	20,355
1950-51	11,324	9,031	167,495	187,850	77,263	29,688	27,403	53,496
1951-52	17,854	35,642	245,435	298,931	110,248	35,707	73,472	79,504
1952-53	21,476	58,028	291,572	371,076	109,105	28,227	122,077	111,667
1953-54	38,235	73,432	262,121	373,788	101,758	32,378	93,742	145,910
1954-55	96,810	49,100	175,196	321,106	116,775	31,967	80,876	91,488
1955-56	42,310	49,178	251,102	342,590	128,262	34,680	68,700	110,948
1956-57	50,465	60,483	269,065	380,013	117,882	37,815	81,537	142,779
1957-58	80,980	61,799	215,993	358,772	122,605	37,705	80,297	118,165
1958-59	57,500	60,665	244,764	362,929	122,424	41,908	70,444	128,153[4]
1959-60[4]	57,000	71,153	225,550	353,703				

[1]Source: Dominion Bureau of Statistics.

[2]Source: Board of Grain Commissioners—exports include barley malt and pot and pearl barley for the years 1946-47 to 1958-59 but bulk barley only for earlier years.

[3]A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports—marketings are basis all Canada for years 1940-41 to 1958-59 inclusive, but for Prairie Provinces only for earlier years.

[4]Preliminary.

TABLE VII

CANADIAN GRAIN STORAGE POSITION

1935 to 1959—As at July 31st

Year	Visible Stocks of all Grain as at July 31st①							Total Rated Capacity② as at Dec. 1st
	Wheat	Oats	Barley	Rye	Flaxseed	U.S. and Foreign Grain③	Total	
	(Thousands of Bushels)							
1935	205,991	6,400	3,997	3,088	309	—	219,785	420,644
1936	121,843	9,194	6,035	3,415	262	193	140,942	421,856
1937	33,050	3,035	3,320	330	455	272	40,462	423,063
1938	19,475	3,379	3,453	923	217	6,728	34,175	422,824
1949	98,229	9,233	5,457	2,541	114	3,898	119,472	424,290
1940	283,187	7,150	5,579	4,733	557	3,685	304,891	510,158
1941	466,175	4,461	4,403	4,459	605	2,556	482,659	601,191
1942	413,306	4,434	5,710	3,150	1,005	6,925	434,530	604,254
1943	397,419	30,937	27,965	9,182	3,346	895	469,744	605,988
1944	302,660	39,056	22,570	4,550	2,825	2,502	374,163	603,792
1945	229,423	33,430	11,100	1,519	2,178	167	277,817	575,882
1946	46,397	26,405	16,053	515	1,006	378	90,754	510,053
1947	60,153	16,918	12,272	475	356	359	90,533	505,197
1948	38,548	10,298	14,076	628	3,076	334	66,960	507,756
1949	58,988	12,144	11,187	7,731	10,501	349	100,900	513,243
1950	99,811	11,326	9,031	5,300	4,361	8,407	139,236	520,181
1951	166,943	35,696	35,642	2,449	998	3,607	245,335	530,755
1952	197,916	50,522	58,028	6,748	2,055	668	315,937	542,668
1953	289,469	53,749	73,432	13,036	2,468	421	432,575	564,446
1954	386,815	28,519	49,100	6,425	1,548	1,449	473,856	583,417
1955	398,893	30,567	49,178	8,305	909	520	488,372	602,164
1956	375,369	47,906	60,483	6,208	2,067	450	492,483	624,839
1957	410,386	54,115	61,799	3,520	6,061	1,276	537,157	633,030
1958	407,554	46,916	60,665	4,032	4,722	965	524,854	640,182
1959	419,002	38,979	71,153	4,480	5,003	1,825	540,442	649,350

①Includes stocks in unlicensed mills and any stocks in licensed mills which have been transferred from elevator storage proper to the mill or feed plants for processing.
②Includes all storage: i.e., licensed and unlicensed, permanent and temporary.
③From 1935 to 1948 inclusive—stocks are for the week ending closest to July 31st in each case.

Source: Board of Grain Commissioners for Canada.

TABLE VIII

CANADIAN EXPORTS OF GRAIN AND GRAIN PRODUCTS

Crop Years 1934–35 to 1958–59

Crop Year	Wheat①	Wheat Flour②	Oats and Oats Products	Barley and Barley Products③	Rye	Flaxseed	Total
			(Thousands of Bushels)				
1934–35	144,375	21,376	17,863	15,057	1,187	12	199,870
1935–36	232,020	22,405	15,515	7,676	2,456	19	280,091
1936–37	189,407	20,365	9,501	17,556	3,663	178	240,640
1937–38	79,342	16,243	8,228	14,744	648	16	119,221
1938–39	139,315	20,719	12,934	14,820	787	31	188,606
1939–40	162,158	30,516	23,591	10,678	2,743	—	229,686
1940–41	184,907	46,300	13,651	2,722	1,958	55	249,593
1941–42	179,902	45,926	11,861	2,058	2,792	842	243,381
1942–43	158,112	56,588	63,323	33,761	2,004	5,202	318,990
1943–44	283,166	60,590	74,735	36,103	8,108	10,050	472,752
1944–45	280,289	62,657	85,798	39,407	6,188	4,327	478,666
1945–46	278,070	62,038	43,861	4,416	2,968	346	391,699
1946–47	163,388	79,470	29,759	7,658	5,269	61	285,605
1947–48	133,505	61,477	10,202	3,730	10,226	1,788	220,928
1948–49	184,235	48,094	23,220	24,446	10,239	4,413	294,647
1949–50	179,457	45,680	20,547	20,837	9,954	3,034	279,509
1950–51	185,039	55,921	35,397	27,392	9,367	4,131	317,247
1951–52	304,722	51,103	70,646	73,458	6,820	2,882	509,631
1952–53	329,026	56,501	65,371	122,077	8,993	4,060	586,028
1953–54	208,835	46,246	70,700	93,741	16,835	5,172	441,529
1954–55	211,288	40,622	22,247	80,876	9,311	6,345	370,689
1955–56	272,260	40,000	4,142	68,700	12,918	11,583	409,603
1956–57	230,856	33,540	18,681	81,537	5,448	21,582	391,644
1957–58	279,912	40,381	26,184	80,298	5,446	13,650	445,871
1958–59	257,421	37,125	7,513	70,444	3,222	14,276	390,001

①Wheat exports include Bagged Seed Wheat for the years 1955–56 to 1958–59.

②Wheat Equivalent.

③Barley exports include Barley malt and pot and pearl barley for the years 1946–47 to 1958–59 but bulk barley only for earlier years.

Source: Board of Grain Commissioners for Canada.

TABLE IX

DISTRIBUTION OF CANADIAN WHEAT AND WHEAT FLOUR EXPORTS BY SELECTED AREAS

Crop Years 1941–42 to 1958–59

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central② America (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total①
				(Thousands of Bushels)				
1941–42	149,774 (66.3%)	26,471 (11.7%)	18,634 (8.3%)	10,519 (4.7%)	2,080 (0.9%)	14,940 (6.6%)	3,410 (1.5%)	225,828 (100.0%)
1942–43	150,232 (70.0%)	24,579 (11.4%)	14,862 (6.9%)	9,568 (4.5%)	1,482 (0.7%)	12,220 (5.7%	1,757 (0.8%)	214,700 (100.0%)
1943–44	114,522 (33.4%)	37,240 (10.8%)	159,838 (46.5%)	10,272 (3.0%)	1,710 (0.5%)	18,979 (5.5%)	1,194 (0.3%)	343,755 (100.0%)
1944–45	152,598 (44.5%)	86,619 (25.3%)	41,942 (12.2%)	8,912 (2.6%)	4,175 (1.2%)	27,449 (8.0%)	21,250 (6.2%)	342,945 (100.0%)
1945–46	151,491 (44.6%)	88,180 (25.9%)	13,047 (3.8%	10,163 (3.0%)	5,128 (1.5%)	38,175 (11.2%)	33,922 (10.0%)	340,106 (100.0%)
1946–47	160,983 (66.4%)	38,448 (15.8%)	1,695 (0.7%)	10,031 (4.1%)	7,022 (2.9%)	9,820 (4.0%)	14,859 (6.1%)	242,858 (100.0%)
1947–48	160,707 (82.4%)	14,802 (7.6%)	140 (0.1%)	8,455 (4.4%)	2,804 (1.4%)	1,178 (0.6%)	6,896 (3.5%)	194,982 (100.0%)
1948–49	151,728 (65.3%)	26,099 (11.2%)	5,544 (2.4%)	9,040 (3.9%)	4,578 (2.0%)	11,031 (4.7%)	24,309 (10.5%)	232,329 (100.0%)
1949–50	130,285 (57.9%)	28,932 (12.8%)	13,747 (6.1%)	10,535 (4.7%)	7,022 (3.1%)	9,633 (4.3%)	24,983 (11.1%)	225,137 (100.0%)
1950–51	101,556 (42.1%)	52,792 (21.9%)	21,222 (8.8%)	10,555 (4.4%)	10,396 (4.3%)	9,980 (4.1%)	34,460 (14.4%)	240,961 (100.0%)
1951–52	127,510 (35.8%)	97,916 (27.5%)	38,981 (11.0%)	11,428 (3.2%)	17,278 (4.9%)	12,568 (3.5%)	50,144 (14.1%)	355,825 (100.0%)
1952–53	122,854 (31.9%)	121,162 (31.4%)	23,140 (6.0%)	8,356 (2.2%)	25,976 (6.7%)	21,753 (5.6%)	62,286 (16.2%)	385,527 (100.0%)
1953–54	82,020 (32.2%)	63,350 (24.8%)	7,974 (3.1%)	11,140 (4.4%)	19,528 (7.7%)	11,297 (4.4%)	59,772 (23.4%)	255,081 (100.0%)
1954–55	101,814 (40.4%)	75,820 (30.1%)	5,235 (2.1%)	10,712 (4.3%)	8,685 (3.4%)	7,572 (3.0%)	42,071 (16.7%)	251,909 (100.0%)
1955–56	109,446 (35.4%)	127,210 (41.1%)	8,256 (2.7%)	9,294 (3.0%)	6,751 (2.2%)	8,200 (2.7%)	40,025 (12.9%)	309,182 (100.0%)
1956–57	90,435 (34.5%)	101,242 (38.7%)	7,548 (2.9%)	7,028 (2.7%)	6,610 (2.5%)	2,615 (1.0%)	46,319 (17.7%)	261,979 (100.0%)
1957–58	104,061 (32.9%)	101,141 (32.0%)	8,920 (2.8%)	8,787 (2.8%)	8,223 (2.6%)	2,165 (0.7%)	82,776 (26.2%)	316,073) (100.0%
1958–59	100,887 (34.9%)	87,511 (30.3%)	5,012 (1.7%)	8,291 (2.9%)	7,234 (2.5%)	10,845 (3.8%)	69,134 (23.9%)	288,914 (100.0%)

①Excludes seed exports and quantities lost in wreck.

②Includes Newfoundland up to 1949–50.

Source: Board of Grain Commissioners for Canada.

TABLE X

DISTRIBUTION OF CANADIAN OATS[1]—EXPORTS BY SELECTED AREAS

Crop Years 1941–42 to 1958–59

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central[3] America (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
				(Thousands of Bushels)				
1941–42	194	425	3,421	106	—	—	6	4,877[2]
	(4.0%)	(8.7%)	(70.1%)	(2.2%)	—	—	(0.1%)	(85.1%)
1942–43	63	316	61,550	398	—	—	—	62,327
	(0.1%)	(0.5%)	(98.8%)	(0.6%)	—	—	—	(100.0%)
1943–44	—	—	71,902	266	—	—	—	72,168
	—	—	(99.6%)	(0.4%)	—	—	—	(100.0%)
1944–45	5,145	1,378	69,708	409	77	—	928	77,645
	(6.6%)	(1.8%)	(89.8%)	(0.5%)	(0.1%	—	(1.2%)	(100.0%)
1945–46	3,076	18,741	13,264	738	69	1,099	524	37,511
	(8.1%)	(50.0%)	(35.4%)	(2.0%)	(0.2%)	(2.9%)	(1.4%)	(100.0%)
1946–47	10,760	7,453	849	379	7	269	2,075	21,792
	(49.5%)	(34.2%)	(3.9%)	(1.7%)	—	(1.2%)	(9.5%)	(100.0%)
1947–48	—	4,092	1,215	103	4	—	—	5,414
	—	(75.6%)	(22.4%)	(1.9%)	(0.1%)	—	—	(100.0%)
1948–49	—	3,059	18,245	89	18	—	16	21,427
	—	(14.3%)	(85.1%)	(0.4%)	(0.1%)	—	(0.1%)	(100.0%)
1949–50	—	1,945	17,089	68	24	—	16	19,142
	—	(10.2%)	(89.2%)	(0.4%)	(0.1%)	—	(0.1%)	(100.0%)
1950–51	—	4,073	30,562	55	18	—	9	34,717
	—	(11.7%)	(88.0%)	(0.2%)	(0.1%)	—	—	(100.0%)
1951–52	—	10,957	58,573	36	4	—	9	69,579
	—	(15.7%)	(84.2%)	(0.1%)	—	—	—	(100.0%)
1952–53	564	4,694	59,527	37	4	—	31	64,857
	(0.9%)	(7.2%)	(91.8%)	(0.1%)	—	—	—	(100.0%)
1953–54	1,542	2,383	65,878	74	2	—	35	69,914
	(2.2%)	(3.4%)	(94.2%)	(0.1%)	—	—	(0.1%)	(100.0%)
1954–55	2,494	4,241	14,811	68	15	—	6	21,635
	(11.5%)	(19.6%)	(68.5%)	(0.3%)	(0.1%)	—	—	(100.0%)
1955–56	413	1,297	1,867	40	7	—	—	3,634
	(11.4%)	(35.8%)	(51.5%)	(1.1%)	(0.2%)	—	—	(100.0%)
1956–57	149	513	17,615	37	26	—	—	18,340
	(0.8%)	(2.8%)	(96.0%)	(0.2%)	(0.2%)	—	—	(100.0%)
1957–58	3,879	399	21,581	27	9	—	—	25,895
	(15.0%)	(1.5%)	(83.4%)	(0.1%)	—	—	—	(100.0%)
1958–59	3,376	2,234	1,430	11	4	—	—	7,055
	(47.8%)	(31.7%)	(29.3%)	(0.2%)	—	—	—	(100.0%)

[1] Includes Oats as grain only.
[2] Includes 725,000 bushels (14.9%) bagged grain destination unknown.
[3] Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE XI

DISTRIBUTION OF CANADIAN BARLEY EXPORTS BY SELECTED AREAS

Crop Years 1941–42 to 1958–59

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central① America (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
				(Thousands of Bushels)				
1941–42	—	131	1,690	234	—	—	—	2,058②
	—	(6.4%)	(82.1%)	(11.4%)	—	—	—	(99.9%)
1942–43	—	—	33,472	289	—	—	—	33,761
	—	—	(99.1%)	(0.9%)	—	—	—	(100.0%)
1943–44	—	—	35,805	298	—	—	—	36,103
	—	—	(99.2%)	(0.8%)	—	—	—	(100.0%)
1944–45	—	3,609	35,794	4	—	—	—	39,407
	—	(9.2%)	(90.8%)	—	—	—	—	(100.0%)
1945–46	—	755	3,661	—	—	—	—	4,416
	—	(17.1%)	(82.9%)	—	—	—	—	(100.0%)
1946–47	—	2,845	4,058	—	—	—	—	6,903
	—	(41.2%)	(58.8%)	—	—	—	—	(100.0%)
1947–48	—	1,378	1,155	145	—	—	—	2,678
	—	(51.5%)	(43.1%)	(5.4%)	—	—	—	(100.0%)
1948–49	—	10,832	10,647	229	—	—	22	21,730
	—	(49.8%)	(49.0%)	(1.1%)	—	—	(0.1%)	(100.0%)
1949–50	—	1,300	16,202	—	—	—	21	17,523
	—	(7.4%)	(92.5%)	—	—	—	(0.1%)	(100.0%)
1950–51	160	11,127	10,588	—	—	—	1,200	23,075
	(0.7%)	(48.2%)	(45.9%)	—	—	—	(5.2%)	(100.0%)
1951–52	7,656	36,627	10,220	—	1	—	15,411	69,915
	(11.0%)	(52.4%)	(14.6%)	—	—	—	(22.0%)	(100.0%)
1952–53	16,085	53,190	24,085	—	1	—	25,496	118,857
	(13.5%)	(44.7%)	(20.3%)	—	—	—	(21.5%)	(100.0%)
1953–54	19,639	13,438	36,921	2	—	—	20,044	90,044
	(21.8%)	(14.9%)	(41.0%)	—	—	—	(22.3%)	(100.0%)
1954–55	48,538	5,106	19,086	4	2	—	4,356	77,092
	(63.0%)	(6.6%)	(24.8%)	—	—	—	(5.6%)	(100.0%)
1955–56	22,685	5,733	28,855	1	3	—	7,037	64,314
	(35.3%)	(8.9%)	(44.9%)	—	—	—	(10.9%)	(100.0%)
1956–57	32,369	10,726	21,562	—	—	—	12,224	76,881
	(42.1%)	(14.0%)	(28.0%)	—	—	—	(15.9%)	(100.0%)
1957–58	36,743	6,745	21,457	—	—	—	10,175	75,120
	(48.9%)	(9.0%)	(28.6%)	—	—	—	(13.5%)	(100.0%)
1958–59	41,524	6,947	10,152	1	2	—	5,751	64,376
	(64.5%)	(10.8%)	(15.8%)	—	—	—	(8.9%)	(100.0%)

①Includes Newfoundland up to 1949–50.

②3,000 bushels (0.1%) bagged grain—Destination unknown.

Source: Board of Grain Commissioners for Canada.

TABLE XII

PRODUCERS' MARKETINGS—WESTERN CANADIAN GRAINS

Crop Years 1934–35 to 1958–59

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total①
			(Thousands of Bushels)			
1934–35	227,445	31,736	13,756	1,088	430	278,625
1935–36	214,342	30,990	15,776	2,793	986	268,623
1936–37	163,457	29,039	21,519	1,619	1,353	219,578
1937–38	124,574	28,975	23,471	1,462	372	184,551
1938–39	289,447	32,336	24,360	3,393	747	354,471
1939–40	425,531	34,635	21,881	5,214	1,586	492,380
1940–41	456,660	32,150	20,791	5,048	2,572	517,221
1941–42	227,121	33,250	26,644	5,339	4,898	297,252
1942–43	267,340	120,689	85,571	9,777	11,359	494,736
1943–44	329,322	144,277	85,549	4,690	14,239	578,077
1944–45	351,384	134,615	75,690	4,122	7,154	572,965
1945–46	237,300	107,397	67,272	3,096	4,734	419,799
1946–47	334,618	99,856	67,553	5,577	4,808	512,412
1947–48	246,602	72,652	65,014	10,143	10,503	404,914
1948–49	293,987	85,924	70,252	17,502	15,166	482,831
1949–50	319,571	80,448	53,326	8,689	1,493	463,527
1950–51	367,845	102,688	83,414	7,441	3,254	564,642
1951–52	455,362	133,608	130,336	11,727	6,363	737,396
1952–53	535,989	119,750	165,036	15,926	8,155	844,856
1953–54	396,961	90,367	101,397	12,209	7,403	608,337
1954–55	319,780	70,221	112,568	13,191	8,792	524,552
1955–56	352,975	71,629	114,460	12,486	15,750	567,300
1956–57	362,454	69,254	120,661	4,063	29,013	585,445
1957–58	378,192	58,272	116,866	7,395	15,296	576,021
1958–59	367,722	39,280	122,838	4,667	17,469	551,976

①Totals for crop years 1934–35 to 1939–40 inclusive include platform loadings of coarse grains, not shown in the figures for each individual grain.

Source: Board of Grain Commissioners for Canada.

TABLE XIII

RAIL SHIPMENTS FROM WESTERN COUNTRY ELEVATORS

Crop Years 1944–45 to 1958–59

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
			(Bushels)			
1944–45	424,079,134	147,124,431	82,033,858	4,502,589	7,093,780	664,833,792
1945–46	297,307,308	110,204,349	67,685,661	2,960,473	5,135,814	483,293,605
1946–57	331,120,642	105,562,688	72,168,541	5,705,585	4,725,954	519,283,410
1947–48	247,005,399	75,656,162	66,070,399	9,785,253	9,860,350	408,377,563
1948–49	289,843,302	83,035,066	68,904,394	16,169,309	15,485,845	473,437,916
1949–50	308,377,624	80,930,369	53,615,249	9,634,397	1,537,866	454,095,505
1950–51	309,397,232	90,260,430	74,336,962	7,815,471	3,010,111	484,820,206
1951–52	429,643,419	121,922,070	114,449,354	9,607,348	5,704,183	681,326,374
1952–53	474,918,967	105,504,254	143,415,520	14,611,088	7,476,310	745,926,139
1953–54	335,834,138	108,061,751	117,237,168	11,545,394	7,683,349	580,361,800
1954–55	307,015,780	73,044,811	112,076,924	13,570,387	8,880,190	514,588,092
1955–56	335,327,038	64,685,499	112,830,912	12,113,521	14,864,570	539,821,540
1956–57	359,398,901	52,488,157	116,052,798	5,905,742	26,869,110	560,714,708
1957–58	374,274,519	67,183,898	118,665,238	7,093,960	15,540,433	582,758,048
1958–59①	349,074,497	43,164,860	106,162,755	4,621,645	16,200,558	519,224,315

①Subject to revision.

Source: Board of Grain Commissioners for Canada.

TABLE XIV

VESSEL SHIPMENTS OF PRINCIPAL GRAINS FROM THE LAKEHEAD

Crop Years 1941–42 to 1958–59

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
			(Bushels)			
1941–42	204,944,133	5,456,822	9,892,366	3,875,989	2,010,339	226,179,649
1942–43	171,325,422	36,303,618	32,438,575	1,590,318	5,669,143	247,327,076
1943–44	292,728,915	50,777,311	42,212,992	9,441,840	10,601,127	405,762,185
1944–45	324,730,999	99,252,739	55,567,863	5,664,591	5,500,932	490,706,944
1945–46	231,022,017	62,323,412	34,008,271	2,713,341	3,335,534	333,402,575
1946–47	175,806,761	50,311,335	31,221,973	4,776,225	1,339,983	263,456,277
1947–48	134,545,364	34,434,520	28,312,907	8,549,033	5,933,346	211,775,170
1948–49	159,860,617	39,725,647	37,918,784	12,320,244	9,624,601	259,449,893
1949–50	164,958,725	41,204,023	33,796,178	9,687,245	4,280,260	253,926,431
1950–51	141,708,034	45,064,802	34,476,555	8,871,808	3,630,491	233,751,690
1951–52	253,116,277	82,874,027	73,274,674	6,977,331	4,071,347	420,313,656
1952–53	251,809,101	81,132,026	109,096,288	10,678,063	6,044,005	458,759,483
1953–54	134,698,514	86,972,188	84,257,907	15,740,212	5,498,361	326,167,182
1954–55	164,733,648	46,327,223	82,368,609	10,781,923	5,741,783	309,953,186
1955–56	183,696,338	35,564,246	78,171,277	13,501,152	9,619,756	320,552,769
1956–57	170,796,094	47,645,206	72,775,293	5,889,581	13,585,437	310,691,611
1957–58	176,457,131	51,735,047	74,748,097	4,771,777	8,160,126	315,971,178
1958–59①	177,583,314	31,330,073	55,169,551	4,268,240	9,299,682	277,650,860

①Subject to revision.

Source: Dominion Bureau of Statistics—Grain Trade of Canada—Annual Editions.

TABLE XV

OVERSEAS CLEARANCES OF CANADIAN BULK GRAIN BY PORT AREAS

Crop Years 1939-40 to 1958-59

Crop Year	Atlantic① Coast	St. Lawrence	Lakehead Direct	Churchill	Pacific Coast	Total
			(Thousands of Bushels)			
1939–40	99,889	57,570	112	1,772	10,733	170,076
1940–41	108,481	63,235	3	—	4,107	175,826
1941–42	122,542	38,106	8	—	2,422	163,078
1942–43	127,847	15,437	10	—	1,598	144,892
1943–44	95,309	25,749	4	—	3,084	124,146
1944–45	135,505	106,942	8	—	8,644	251,099
1945–46	103,520	121,643	39	—	66,952	292,154
1946–47	37,220	87,175	—	2,929	61,715	189,039
1947–48	37,053	71,661	—	4,976	36,854	150,544
1948–49	34,974	99,956	—	5,314	60,696	200,940
1949–50	18,139	86,524	217	5,528	62,651	173,059
1950–51	21,383	94,840	119	6,768	68,481	191,591
1951–52	31,726	191,355	116	7,545	113,412	344,154
1952–53	42,185	240,786	533	8,621	121,374	413,499
1953–54	12,830	105,460	784	10,981	133,972	264,027
1954–55	40,759	133,888	158	12,245	98,428	285,478
1955–56	45,438	147,750	66	12,819	113,583	319,656
1956–57	28,495	117,393	—	16,250	138,968	301,106
1957–58	30,930	122,977	532	18,451	169,555	342,445
1958–59	31,110	108,061	12,027	18,723	154,107	324,028

①Includes U.S.A. Atlantic Ports.

Source: Board of Grain Commissioners for Canada.

TABLE XVI

WHEAT PRODUCTION IN THE FOUR MAJOR EXPORTING COUNTRIES

Crop Years 1946-47 to 1959-60

Crop Year	Canada	Argentina	Australia	United States	Total
			(Thousands of Bushels)		
1946–47	411,601	206,304	117,264	1,152,118	1,887,287
1947–48	338,506	238,800	220,117	1,358,911	2,156,334
1948–49	381,413	191,000	190,699	1,294,911	2,058,023
1949–50	366,028	189,017	218,221	1,098,415	1,871,681
1950–51	466,490	212,967	184,244	1,019,389	1,883,090
1951–52	553,678	77,162	159,725	980,810	1,771,375
1952–53	701,973	277,909	195,208	1,298,957	2,474,047
1953–54	634,040	227,800	199,000	1,169,484	2,230,324
1954–55	331,981	282,559	168,610	984,846	1,767,996
1955–56	519,178	192,904	195,589	936,761	1,844,432
1956–57	573,040	261,980	135,000	1,004,272	1,974,292
1957–58	370,508	213,500	97,300	950,662	1,631,970
1958–59	371,730	246,920	215,000	1,462,218	2,295,868
1959–60①	413,520	198,000	170,000	1,117,430	1,898,950

①Preliminary.

Source: For Canada—Dominion Bureau of Statistics.
For U.S.A.—U.S. Department of Agriculture.
For Argentina and Australia—
1946–47 to 1952–53—International Wheat Council.
1953–54 to 1959–60—Official sources of each country.

TABLE XVII

WORLD EXPORTS OF WHEAT AND WHEAT FLOUR BY PRINCIPAL EXPORTERS DISTRIBUTION BY QUANTITY AND PERCENTAGE OF WORLD TRADE

July–June Crop Years 1945–46 to 1958–59

Crop Year	Argentina	Australia	Canada	United States	Others	World Total
			(Millions of Bushels)			
1945–46	68	36	373	390	—	867
	(7.8%)	(4.2%)	(43.0%)	(45.0%)	—	(100.0%)
1946–47	60	47	229	397	43	776
	(7.7%)	(6.1%)	(29.5%)	(51.2%)	(5.5%)	(100.0%)
1947–48	102	96	205	485	41	929
	(11.0%)	(10.3%)	(22.1%)	(52.2%)	(4.4%)	(100.0%)
1948–49	61	122	225	504	83	995
	(6.1%)	(12.3%)	(22.6%)	(50.7%)	(8.3%)	(100.0%)
1949–50	87	114	232	299	94	826
	(10.5%)	(13.8%)	(28.1%)	(36.2%)	(11.4%)	(100.0%)
1950–51	103	127	226	366	120	942
	(10.9%)	(13.5%)	(24.0%)	(38.9%)	(12.7%)	(100.0%)
1951–52	30	99	345	475	115	1,064
	(2.8%)	(9.3%)	(32.4%)	(44.7%)	(10.8%)	(100.0%)
1952–53	29	99	384	317	150	979
	(3.0%)	(10.1%)	(39.2%)	(32.4%)	(15.3%)	(100.0%)
1953–54	110	71	278	217	193	869
	(12.6%)	(8.2%)	(32.0%)	(25.0%)	(22.2%)	(100.0%)
1954–55	132	93	253	274	219	971
	(13.6%)	(9.6%)	(26.1%)	(28.1%)	(22.6%)	(100.0%)
1955–56	115	102	301	346	190	1,054
	(10.9%)	(9.7%)	(28.6%)	(32.8%)	(18.0%)	(100.0%)
1956–57	98	126	267	549	310	1,350
	(7.3%)	(9.3%)	(19.8%)	(40.7%)	(22.9%)	(100.0%)
1957–58	77	61	313	402	333	1,186
	(6.5%)	(5.1%)	(26.4%)	(33.9%)	(28.1%)	(100.0%)
1958–59①	103	75	301	443	337	1,259
	(8.2%)	(5.9%)	(23.9%)	(35.2%)	(26.8%)	(100.0%)

①Subject to revision.

Source: For Canada—Board of Grain Commissioners for Canada.
All Others—Foreign Agricultural Service, United States Department of Agriculture.

TABLE XVIII

WHEAT ACREAGE IN SELECTED COUNTRIES
1948 to 1959

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
			(Thousand Acres)			
1948	354	1,325	170	10,456	2,241	11,526
1949	378	1,557	206	10,434	2,279	11,686
1950	430	1,611	210	10,673	2,506	11,661
1951	408	1,792	200	10,502	2,545	11,683
1952	415	2,002	183	10,616	2,948	11,570
1953	435③	2,249	175	10,426	2,854③	11,787
1954	470③	2,671	210	11,098	2,736③	11,785
1955	487③	2,681	166	11,253	2,894③	11,990
1956	464	2,840	164	7,000	2,830	12,350
1957	513	2,850	158	11,534	3,000	12,375
1958	542	2,200	190	11,404	3,200	12,300
1959②	492	—①	203	10,922	3,290	11,665

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
			(Thousand Acres)			
1948	1,824	244	780	211	11,342	2,279
1949	1,872	256	759	206	9,903	1,963
1950	1,883	225	838	215	11,063	2,479
1951	1,811	185	811	242	12,170	2,130
1952	1,779	203	820	250	13,673	2,031
1953	1,693	161	956	235③	16,178③	2,217
1954	1,658	272	1,068	250③	16,163③	2,456
1955	1,633	220	872	257③	17,757③	1,947
1956	1,625	212	980	195	18,125	2,293
1957	1,526	245	823	260	17,878	2,113
1958	1,480	274	698	261	—①	2,208
1959②	1,485	297	778	256	—①	1,925

①Not available. ②Preliminary. ③Including spelt.

Sources: For 1948–1955—International Wheat Council.
1956–1959—United States Department of Agriculture.

TABLE XIX

WHEAT PRODUCTION IN SELECTED COUNTRIES
1948 to 1959

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
			(Thousand Bushels)			
1948	12,656	14,896	9,334	280,485	73,771	226,016
1949	21,914	16,090	11,013	296,947	90,794①	259,838
1950	20,099	19,548	10,950	282,963	96,048①	285,646
1951	19,436	15,579	10,031	261,468	108,357①	255,810
1952	21,273	25,351	11,060	309,419	120,924①	289,173
1953	21,091	28,366	10,398	329,995	116,845①	332,788
1954	21,642	32,004	10,729	388,234	106,300①	267,604
1955	26,860	40,455	9,333	380,849	124,120①	349,249
1956	21,920	36,000	9,770	250,000	127,560	318,980
1957	27,590	28,700	10,030	407,200	140,630	310,000
1958	28,600	15,000	10,100	353,000	135,000	360,000
1959③	30,000	—②	11,000	405,000	145,000	315,000

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
			(Thousand Bushels)			
1948	33,077	11,237	25,797	7,168	159,675	88,144
1949	45,920	15,642	25,648	9,333	92,474	82,282
1950	49,163	10,839	27,154	8,378	142,272	97,297
1951	54,744	9,921	17,527	9,589	210,526	86,458
1952	56,475	12,015	28,731	10,251	241,609	86,127
1953	50,486	9,149	36,266	9,002①	298,726	99,465
1954	55,703	14,587	37,515	12,713①	184,086	103,911
1955	53,940	12,860	26,308	11,795①	257,794	97,040
1956	50,530	11,340	34,950	7,030	215,000	106,210
1957	48,870	14,430	26,125	11,390	250,000	100,165
1958	47,070	14,780	22,540	12,270	240,000	101,200
1959③	50,000	15,000	29,700	12,220	190,000	96,000

①Including spelt. ②Not available. ③Preliminary.

Sources: 1948–1955—International Wheat Council.
1956–1959—U.S. Department of Agriculture.

TABLE XX

IMPORTS OF WHEAT AND FLOUR INTO SELECTED COUNTRIES FROM ALL SOURCES

Crop Years ①1947–48 to 1958–59

Crop Year	Belgium Luxembourg	Brazil	Denmark	France	Germany (West)	Italy
			(Thousand Bushels)			
1947–48	28,513	23,038	3,123	42,586	133,821	86,568
1948–49	26,382	30,203	3,601	25,022	117,800	85,466
1949–50	22,193	41,667	919	21,936	96,232	42,027
1950–51	35,678	52,727	2,058	8,194	89,287	47,583
1951–52	27,007	50,082	1,984	25,022	84,988	66,396
1952–53	25,721	51,845	3,123	15,175	83,776	45,636
1953–54	27,484	59,929	4,850	9,994	87,670	22,891
1954–55	25,096	59,378	13,963	8,047	106,006	18,813
1955.56	17,527	62,464	11,942	16,939	93,880	26,713
1956–57	18,489	57,067	8,135	65,874	117,999	19,816
1957–58	15,752	46,055	5,629	9,384	96,243	13,922
1958–59②	18,093	75,229	5,846	20,150	89,331	2,892

Crop Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
			(Thousand Bushels)			
1947–48	35,384	28,256	5,181	15,800	—	194,595
1948–49	59,745	29,395	2,352	13,522	331	210,762
1949–50	75,178	20,760	1,470	12,346	12,236	172,659
1950–51	57,357	25,647	4,924	16,829	1,543	152,670
1951–52	62,097	32,702	8,708	12,383	3,932	182,506
1952–53	45,378	33,033	9,002	13,264	—	174,569
1953–54	86,972	34,098	1,139	15,506	37	143,888
1954–55	72,018	30,020	441	13,705	6,246	188,899
1955–56	83,408	33,437	2,241	9,921	3,454	193,051
1956–57	87,928	33,863	2,168	21,414	11,163	183,586
1957–58	89,541	37,578	4,982	13,492	10,722	187,830
1958–59②	90,287	44,559	7,092	11,879	—	194,753

①July-June year. ②Subject to revision.

Source: Food and Agricultural Organization of the United Nations—World Imports of Wheat and Wheat Flour.

TABLE XXI

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 1 NORTHERN WHEAT BASIS IN STORE FORT WILLIAM/PORT ARTHUR OR VANCOUVER

Crop Years 1943-44 to 1958-59

Crop Year	Initial Payment	Adjustment Payment	Interim Payment	Final Payment①	Total Realized Price②
			(Dollars per Bushel)		
1943-44	1.25	—	—	.123	1.373
1944-45	1.25	—	—	.189	1.439
1945-46	1.25	.50	—	.084	1.834
1946-47	1.35	.40	—	.084	1.834
1947-48	1.35	.40	—	.084	1.834
1948-49	1.55	.20	—	.084	1.834
1949-50	1.75	—	—	.084	1.834
1950-51	1.40	.20	—	.258	1.858
1951-52	1.40	.20	—	.236	1.836
1952-53	1.40	.20	.12	.099	1.819
1953-54	1.40	—	.10	.064	1.564
1954-55	1.40	—	.10	.151	1.651
1955-56	1.40	—	.10	.109	1.609
1956-57	1.40	—	.10	.088	1.588
1957-58	1.40	—	.10	.121	1.621
1958-59②	1.40	—	—	—	—

①Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. Levy.

②Pool account not closed out at date of report.

TABLE XXII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 2 CANADA WESTERN OATS BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949–50 to 1958–59

Crop Year	Initial Payment	Adjustment Payment	Final Payment①	Final Realized Price①
		(Cents per Bushel)		
1949–50	65	—	19.1	84.1
1950–51	65	10	9.8	84.8
1951–52	65	—	18.8	83.8
1952–53	65	—	9.1	74.1
1953–54	65	—	5.5	70.5
1954–55	65	7	8.7	80.7
1955–56	65	—	14.8	79.8
1956–57	65	—	—	65.0
1957–58	60	—	7.4	67.4
1958–59②	60	—	—	—

①Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

②Pool account not closed out at date of report.

TABLE XXIII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 3 CANADA WESTERN 6-ROW BARLEY BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949–50 to 1958–59

Crop Year	Initial Payment	Adjustment Payment	Final Payment①	Final Realized Price①
		(Cents per Bushel)		
1949–50	93	—	58.0	151.0
1950–51	93	20	21.1	134.1
1951–52	96	20	13.3	129.3
1952–53	96	15	13.5	124.5
1953–54	96	—	10.0	106.0
1954–55	96	10	4.5	110.5
1955–56	96	—	12.8	108.8
1956–57	96	—	6.0	102.0
1957–58	96	—	7.3	103.3
1958–59②	96	—	—	—

①Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

②Pool account not closed out at date of report.

The CHAIRMAN: Gentlemen, that finalizes the Canadian wheat board report and we will now go to the supplementary report.

Mr. MCNAMARA: Mr. Chairman, may I just give certain information to the gentlemen who was asking about the barley—Mr. Forbes, I believe?

Mr. FORBES: Yes.

Mr. MCNAMARA: This is about purchases from other than producers. This represented barley from government inspection samples and special purchases from other than producers of 980 bushels. It was not for terminal overages, but samples that had been accumulated and were turned over to us.

Mr. FORBES: That goes back to the credit of the producer?

Mr. MCNAMARA: Yes, that is right.

The CHAIRMAN: The supplementary report of the Canadian wheat board on the 1958-59 pool accounts—wheat, oats and barley.

1958-59 Pool Account—Wheat

1. *Receipts and Disposition*

RECEIPTS

Receipts of wheat in the 1958-59 Pool were 508,673,837.5 bushels.* This total included 366,994,151.9 bushels delivered by producers between August 1, 1958 and July 31, 1959; an additional 1,914,908.2 bushels acquired from other than producers; and 139,764,777.4 bushels transferred from the 1957-58 Pool to the 1958-59 Pool as at May 15, 1959.

DISPOSITION OF STOCKS

The disposition of stocks of wheat in the 1958-59 Pool, including completed sales, weight losses in transit and in drying, and stocks transferred from the 1958-59 Pool to the 1959-60 Pool as at May 20, 1960, is shown in the following table:

	Bushels
Domestic sales	68,692,434.5
Export sales on a Class II basis	96,886,890.7
Export sales under the terms of the International Wheat Agreement	194,570,003.3
Weight losses in transit and in drying	28,672.8
	360,178,001.3
Transfer to the 1959-60 Pool Account—Wheat	148,495,836.2
Total	508,673,837.5

Export and domestic sales (including weight losses) from the 1958-59 Pool amounted to 508,673,837.5 bushels. Of the export sales, 194,570,003.3 bushels were sold under the terms of the International Wheat Agreement. Domestic sales were 68,692,434.5 bushels.

Priced open sales contracts and unsold stocks in the Pool as at May 20, 1960 were transferred to the 1959-60 Pool Account. The transfer was authorized by Order in Council P.C. 1960-809, June 14, 1960.

*Total receipts were adjusted upward by 396,616.5 bushels as compared with receipts shown on Page 7 of the Annual Report of The Canadian Wheat Board for 1958-59.

The following table shows the principal grades of wheat transferred to the 1959-60 Pool Account as at May 20, 1960:

Grade (Including Toughs and Damps)	*Bushels*
No. 2 Manitoba Northern	86,136,815.4
No. 3 Manitoba Northern	36,284,129.6
No. 4 Manitoba Northern	6,345,156.5
No. 2 C.W. Amber Durum	3,688,923.2
No. 3 C.W. Amber Durum	4,629,502.5
Extra No. 4 C.W. Amber Durum	609,819.3
No. 4 C.W. Amber Durum	917,680.3
Other grades	9,883,809.4
Total	148,495,836.2

Stocks transferred from the 1958-59 Pool to the 1959-60 Pool amounted to 148,495,836.2 bushels. Of these stocks, 38,848,074.7 bushels were covered by priced open sales contracts and were transferred to the 1959-60 Pool at contract prices. Remaining unsold stocks in the amount of 109,647,761.5 bushels (including unpriced open sales contracts) were transferred to the 1959-60 Pool at the Board's quoted prices as at the close of business on May 20, 1960. In pricing unsold stocks of wheat the Board estimated the volume of these stocks which would be sold basis Board quoted prices (a) in store Fort William/Port Arthur; (b) in store Vancouver; and (c) in store Churchill. On the basis of this estimate unsold stocks of wheat were transferred at the Board's quoted prices for these three positions. In respect to the transfer the Board did not consider it necessary to make provision for subsequent market risk. Carrying charges subsequent to the date of transfer were fully provided for from funds allocated to the 1959-60 Pool under the Temporary Wheat Reserves Act.

The CHAIRMAN: Any comments?

Some Hon. MEMBERS: No.

The CHAIRMAN: No. 2. May we take those statements as read, agreed?

Agreed to.

2. *1958-59 Pool Account—Wheat*

The following table shows the operating results of the 1958-59 Pool Account from August 1, 1958 to the closing date of the Pool, May 20, 1960:

	Bushels	
1. Wheat acquired by the Board:		
(*a*) Producers' deliveries, August 1, 1958 to July 31, 1959.	366,994,151.9	
(*b*) Purchases from 1957-58 Pool Account	139,764,777.4	
(*c*) Wheat otherwise acquired①	1,914,908.2	
Total wheat acquired	508,673,837.5	
	(Value)	(Value)
2. Cost of wheat acquired		$ 704,295,884.29
3. Proceeds of sales—August 1, 1958 to May 20, 1960	$ 554,419,883.96	
Sales value of stocks transferred to the 1959-60 Pool Account as at May 20, 1960②	246,470,435.69	
		800,890,319.65
4. Gross surplus as at May 20, 1960		96,594,435.36
5. Operating costs—August 1, 1958 to May 20, 1960:		
(*a*) Carrying charges on wheat stored in country elevators	45,459,739.84	
(*b*) Storage on wheat stored in terminal elevators	10,985,187.09	
(*c*) Net interest paid on Agency wheat stocks	4,892,350.69	
	61,337,277.62	
Less: Carrying charges received under the Temporary Wheat Reserves Act	42,959,442.41	
Net carrying charges paid	18,377,835.21	
(*d*) Bank interest, Board inter-account interest, exchange and bank charges	4,180,073.88	
(*e*) Additional freight (net)	17,241.81	
(*f*) Handling, stop-off and diversion charges	441,323.23	
(*g*) Drying charges	39,145.38	
(*h*) Administrative and general expenses	2,244,219.91	
		25,299,839.42
6. Surplus on operations of the Board on 1958-59 Pool Account—Wheat, for the period August 1, 1958 to May 20, 1960		$ 71,294,595.94

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

②For details of transfer see Page 1.

The CHAIRMAN: No. 3.

3. *Application of the Temporary Wheat Reserves Act*

In each crop year during the effective period of the legislation, the Government of Canada provides funds for carrying charge purposes to the extent that the quantity of wheat upon which the Board is paying carrying charges on August 1st of each crop year is in excess of 178 milion bushels on the basis of the carrying charge rates in effect immediately prior to August 1st of each crop year. On August 1, 1959 the quantity of wheat upon which the Board was paying carrying charges was 416,894,745.5 bushels.* This figure exceeded the basic stocks of 178,000,000.0 bushels by 238,894,745.5 bushels. Therefore, during the crop year 1959-60 the Government of Canada paid carrying charges on the latter quantity of wheat. The rate of carrying charges paid was .04987 cent per bushel per day. Funds paid or to be paid to the Board under the Temporary Wheat Reserves Act during the crop year 1959-60 amount to $43,604,072.28. The Board recommended and the Governor in Council approved (Order in Council P.C. 1960-835, June 17, 1960) the following allocation of these funds between the two operating Pool Accounts:

1958-59 Pool Account	$32,410,770.86
1959-60 Pool Account	11,193,301.42
Total	$43,604,072.28

The allocation of funds in 1959-60 was made on the same basis as in the previous crop year. Since stocks of wheat in the 1958-59 Pool remained in excess of 238,894,745.5 bushels from August 1, 1959 to February 4, 1960, all funds accrued under the Temporary Wheat Reserves Act were applied to the 1958-59 Pool Account between these dates. From February 5, 1960 to the date of the closing of the 1958-59 Pool Account on May 20, 1960 funds were allocated to the 1958-59 Pool on the basis of its average wheat stocks for this period in relation to the total wheat stocks upon which carrying charges were paid under the Act. Subsequent to May 20, 1960 and up to July 31, 1960 all funds received under the Act are for the account of the 1959-60 Pool Account.

The 1958-59 Wheat Account received the following allocations under the Temporary Wheat Reserves Act:

Crop year 1958-59	$10,548,671.55
Crop year 1959-60	32,410,770.86
Total	$42,959,442.41

From August 1, 1955 to July 31, 1960 funds provided under the Temporary Wheat Reserves Act have been allocated to Pool Accounts for wheat in the following amounts:

1954-55 Pool Account	$ 23,230,623.04
1955-56 Pool Account	29,191,306.19
1956-57 Pool Account	33,137,106.47
1957-58 Pool Account	39,574,057.35
1958-59 Pool Account	42,959,442.41
1959-60 Pool Account	11,193,301.42
Total	$179,285,836.88

*Confirmed by Order in Council P.C. 1959-1600, December 18, 1959.

The CHAIRMAN: Any comments?

Agreed to.

The CHAIRMAN: No. 4.

4. *Surplus for Distribution to Producers*

As shown in the operating statement on Page 2, the surplus on the 1958-59 Pool Account—Wheat, as at May 20, 1960 was $71,294,595.94 before providing for the interim payment authorized by Order in Council P.C. 1960-176, February 12, 1960.

The interim payment involved the distribution of $36,699,415.19 and was in the amount of 10 cents per bushel on all grades of wheat delivered by producers to the 1958-59 Pool.

After allowing for the interim payment, the Prairie Farm Assistance Act levy on the interim and final payments, the cost of issuing the final payment, and estimated interest earnings subsequent to May 20, 1960, the net final surplus for distribution to producers was $33,919,322.24 as shown in the following table:

Surplus on operations of the Board as at May 20, 1960		$71,294,595.94
Deduct: Interim payment		36,699,415.19
		34,595,180.75
Deduct: Prairie Farm Assistance Act levy	$713,320.58	
Cost of issuing final payment	156,602.68	869,623.26
		33,725,257.49
Add: Estimated additional interest earned from May 20, 1960 to date of distribution		194,064.75
Balance for final distribution to producers		$33,919,322.24

On producer's deliveries of 366,994,151.9 bushels, the average final payment was 9.2425 cents per bushel. The distribution of final payment cheques to producers was authorized by Order in Council P.C. 1960-810, June 14, 1960.

The CHAIRMAN: Any comments?

Agreed to.

The CHAIRMAN: Then we will proceed to No. 5.

5. *Comments on the 1958-59 Pool Account—Wheat*

Operating costs incurred by the Board in the period from August 1, 1958 to May 20, 1960 applicable to the 1958-59 Pool were $25,299,839.42 after crediting funds paid to the Board by the Government of Canada under the provisions of the Temporary Wheat Reserves Act. Operating costs consisted of the following:

(a) *Carrying Charges—$18,377,835.21.*

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country and terminal elevators and in mill positions were $61,337,277.62. These carrying charges amounted to 16.7134 cents per bushel on producers' marketings of 366,994,151.9 bushels. Of the funds received from the Government of Canada under the Temporary Wheat Reserves Act, the sum of $42,959,442.41 was allocated to the 1958-59 Pool Account, or the equivalent of 11.7058 cents per bushel on producers' deliveries

to the Pool. After applying these funds the actual carrying charges paid by the Board for producers' account amounted to $18,377,835.21 or 5.0076 cents per bushel.

(b) *Net Interest, Exchange and Bank Charges, etc.—$4,180,073.88*

This item comprises bank interest, exchange and bank charges, and interest paid to or received from other Board accounts.

(c) *Additional Freight (Net)—$17,241.81*

This item consists chiefly of additional freight paid on wheat shipped from Saskatchewan stations to the Pacific Coast against the Fort William/Port Arthur freight differential and on low grade wheat shipped from Alberta stations to the Lakehead. The item also includes freight credits on wheat shipped to Churchill.

(d) *Handling, Stop-off and Diversion Charges—$441,323.23*

These charges were incurred in shipping wheat to interior terminals for storage and in diverting wheat for shipment to Churchill.

(e) *Administrative and General Expenses—$2,244,219.91*

Administrative and general expenses of the Board applicable to the 1958-59 Pool Account were the equivalent of .6115 per cent per bushel on producers' marketings of 366,994,151.9 bushels.

The CHAIRMAN: Are there any comments on the 1958-59 pool accounts-wheat?

Agreed to.

The CHAIRMAN: No. 6.

6. *Realized Prices*

The Following table shows initial payments, interim payments, final payments and total prices realized by producers for the principal grades of wheat delivered to the 1958-59 Pool Account basis in store Fort William/Port Arthur or Vancouver, after deduction of net operating costs, including carrying charges, interest and administrative expenses:

	① Initial Payment	① Interim Payment	① Final Payment	① Realized Price
	(dollars per bushel)			
RED SPRING WHEAT GRADES				
No. 1 Manitoba Northern	1.40	.10	.09569	1.59569
No. 2 Manitoba Northern	1.36	.10	.10069	1.56069
No. 3 Manitoba Northern	1.32	.10	.06507	1.48507
No. 4 Manitoba Northern	1.25	.10	.05161	1.40161
No. 5 Wheat	1.08	.10	.19846	1.37846
No. 6 Wheat	1.02	.10	.24867	1.36867
Feed Wheat	.96	.10	.28726	1.34726

	① Initial Payment	① Interim Payment	① Final Payment	① Realized Price
	(dollars per bushel)			
AMBER DURUM GRADES				
No. 1 C.W. Amber Durum	1.40	.10	.18192	1.68192
No. 2 C.W. Amber Durum	1.36	.10	.17055	1.63055
No. 3 C.W. Amber Durum	1.32	.10	.12847	1.54847
Extra No. 4 C.W. Amber Durum	1.29	.10	.15472	1.54472
No. 4 C.W. Amber Durum	1.25	.10	.07886	1.42886
No. 5 C.W. Amber Durum	1.08	.10	.19846	1.37846
No. 6 C.W. Amber Durum	1.02	.10	.24867	1.36867

①Prior to deduction of Prairie Farm Assistance Act levy.

Mr. RAPP: That is all on the record already.

The CHAIRMAN: No. 7.

7. *Board Quoted Prices—1958-59 Pool*

The selling operations of the 1958-59 Pool extended from May 18, 1959* to May 20, 1960 and as in the case of previous Pools the Board during this period continued to quote separate selling prices for wheat basis in store Fort William/Port Arthur basis in store Pacific Coast ports and basis in store Churchill. The following table shows monthly average Board asking prices for No. 1 Northern Wheat basis in store the positions as indicated for the marketing period of the 1958-59 Pool:

	Monthly Average Asking Prices		
		No. 1 Northern	
	Ft. Wm./Pt. Ar.	Vancouver	Churchill
	(dollars per bushel)		
May 18-31, 1959	1.67⅞	1.76¼	1.75¼
June	1.67⅜	1.75¾	1.74¾
July	1.67⅛	1.75½	1.74½
August	1.65¾	1.74⅛	1.73⅛
September	1.64¾	1.73⅛	1.72⅛
October	1.64⅛	1.72½	1.71½
November	1.64⅝	1.72¼	1.73¼
December	1.65⅜	1.71¼	1.73⅝
January, 1960	1.66	1.71½	1.74¼
February	1.65¾	1.70⅝	1.74
March	1.64¾	1.69⅞	1.71⅞
April	1.66⅜	1.71½	1.73⅞
May 1-20	1.67	1.73½	1.75¼

Throughout the period of marketing operations of the 1958-59 Pool the pricing of wheat by the Board followed a trend similar to that which existed during the selling period of the preceding Pool. In respect to wheat in store Vancouver and Churchill, the Board's asking prices continued to reflect the lower forwarding costs to destinations overseas as compared to shipments from the Lakehead via St. Lawrence ports. The foregoing table shows that the fluctuations in the Board's asking prices for No. 1 Northern Wheat basis in store the three positions as noted were within a narrow range during the period under review and were related chiefly to changes in the exchange value of the Canadian dollar.

Resulting from the opening of the St. Lawrence Seaway the Board extended its pricing policy to include daily quotations for wheat c.i.f. St. Lawrence ports and to provide for the quotation of prices at intermediate Seaway ports as required. This policy was continued throughout the selling period of the 1958-59 Pool.

During the same period the Board also continued to export flour adjustment policy which resulted in a charge to the 1958-59 Pool Acount of $3,565,552.40.

As in the case of the previous Pool the Board by regulation of the Governor in Council was required to sell wheat in the domestic market at the same price at which it sold wheat for export for registration under the International Wheat Agreement.

In the selling period of the 1958-59 Pool, market conditions had a much broader effect on the Board's asking prices for grades of Amber Durum Wheat as compared to the asking prices for the corresponding grades of Red Spring Wheat. The following table shows monthly average Board prices for No. 1

Canada Western Amber Durum, together with the high and low prices recorded monthly for the period from May 18, 1959 to May 20, 1960. All prices are basis in store Fort William/Port Arthur.

	High	Low	Average
	(dollars per bushel)		
May 18-31, 1959	1.90¼	1.89⅝	1.89⅞
June	1.89⅞	1.88½	1.89⅜
July	1.89⅜	1.82⅛	1.86½
August	1.82¼	1.80⅝	1.81⅜
September	1.81½	1.75	1.80¼
October	1.75¾	1.74¾	1.75½
November	1.76⅜	1.74⅞	1.75⅝
December	1.78	1.75⅝	1.76⅞
January, 1960	1.78⅜	1.77¾	1.78
February	1.77⅞	1.77½	1.77¾
March	1.77½	1.75⅜	1.76½
April	1.78⅜	1.76½	1.77⅞
May 1-20	1.80⅞	1.78⅜	1.79½

*The 1957-58 Pool Account was closed on May 15, 1959.

As shown by the preceding table the Board's asking price for No. 1 Canada Western Amber Durum Wheat declined steadily from May, 1959 to October, 1959, but recovered moderately during the latter part of the marketing period of the 1958-59 Pool. During the period under review the Board's asking prices for grades of Amber Durum Wheat were the same for sales in the domestic market, for export sales on a Class II basis and for export sales under the International Wheat Agreement.

The range of Board asking prices for the principal grades of Durum Wheat during the period of marketing operations of the 1958-59 Pool is set forth in the following table:

	Range of Board Asking Prices	
	High	Low
	(dollars per bushel)	
No. 2 C.W. Amber Durum	1.87¼	1.68¾
No. 3 C.W. Amber Durum	1.73¼	1.61¼
Extra No. 4 C.W. Amber Durum	1.73¼	1.60⅞
No. 4 C.W. Amber Durum	1.64⅛	1.46⅛

There was a substantial increase in the sale of Durum Wheat in export markets during the selling period of the 1958-59 Pool, but sales of Durum Wheat in the domestic market remained virtually unchanged from the previous Pool. Total sales of Durum Wheat in export and domestic markets credited to the 1958-59 Pool amounted to 26.1 million bushels and consisted principally of the grades No. 2, No. 3, Extra No. 4 and No. 4 Canada Western Amber Durum. In the preceding Pool total Durum sales were 19.4 million bushels which also consisted principally of the four grades mentioned above. However, although there was a substantial increase in the exportation of Durum Wheat during the period under review, stocks in Canada continued to exceed normal market requirements.

Agreed to.

The CHAIRMAN: No. 8.

8. *Exports*

The following table shows the exports of Canadian wheat and flour for the period from May, 1959 to April, 1960 which corresponds approximately to the selling period of the 1958-59 Pool Account, together with comparative figures for the preceding Pool, as revised:

	1959-60[1]	1958-59
	(million bushels)	
May, 1959	32.6	39.0
June	30.9	30.9
July	19.8	25.7
August	24.4	25.8
September	25.6	18.5
October	26.2	29.4
November	32.7	25.7
December	24.3	23.5
January, 1960	16.3	21.3
February	19.1	21.7
March	19.7	22.6
April	17.9	22.7
Total	289.5	306.8

[1] Subject to revision.

Exports of wheat (including flour) for the period from May, 1959 to April, 1960 were 289.5 million bushels as compared to 306.8 million for the corresponding period in 1958-59, or a decrease of 17.3 million bushels. In the period from May, 1959 to December, 1959 the volume of exports reached approximately the same level for the corresponding period in the preceding year. Most of the decline in exports occurred in the last four months of the marketing period of the 1958-59 Pool Account.

The CHAIRMAN: Any comments?

Agreed to.

The CHAIRMAN: No. 9.

9. *General Comment*

There have been two dominant features in the world wheat picture during the period under review; production in 1959 remained at a high level, and competition for markets increased in intensity.

World production of wheat, at 8,095 million bushels, was below the record levels of 1958, but remained well above the average of 7,454 million bushels for the ten-year period, 1950-59. Production declined slightly in North America, South America and Asia, but increases were realized in all Western European countries except Portugal and Italy. Total Western European production in 1959, at 1,415 million bushels, was approximately 200 million bushels above the ten-year average and resulted in lower import requirements in these major commercial markets.

In the United States, wheat production declined from 1,462 million bushels in 1958 to 1,128 million bushels in 1959, but in spite of this the carryover of American wheat at July 1, 1960 is expected to be up by some 40 million bushels over the previous year. Argentina and Australia, the other two traditional competitors for the world's wheat markets, harvested near-normal crops.

During the 1958-59 crop year, and in subsquent months, the U.S.S.R. has continued efforts to increase her trade in wheat. Russian exports have been concentrated in the Eastern European area, but in addition she has had some success in those western markets where quality is not a prime consideration. As a result of internal policies which have stimulated wheat production beyond domestic needs, other countries such as Italy, Spain, Sweden and even Greece, have exported wheat during the period under review. These periodic exporters have increased competition for available markets and in many instances have tied their sales to direct bilateral trade arrangements.

During the period under review the United States has continued and intensified wheat disposal activities, particularly in underdeveloped countries. While United States exports have shown an increase in total, her sales on a commercial basis have actually declined.

In spite of these competitive factors Canada has been able to maintain her level of commercial sales to a large degree. The United Kingdom has continued to be Canada's largest market for wheat by a wide margin. Japan has maintained her position as our Number Two customer with a new record of wheat purchases. Germany remains our third largest customer, although increased production and import policy in that country has resulted in reduced sales during the current period. In general, our traditional commercial markets have continued to be good customers for high quality Canadian wheat. Notwithstanding Canada's success in maintaining the level of exports to traditional commercial markets, it is necessary to increase our sales to fringe markets if total exports are to reach desired levels and our supply position is to be resolved. For the most part such markets are in underdeveloped and financially troubled countries, to whom non-commercial wheat transactions are most attractive and are available, in increasing degree, from some of our export competitors.

Mr. KORCHINSKI: Mr. Chairman, I have a question and I do not know where in the world to ask it, but perhaps this is a good time to ask it.

The Minister of Agriculture in Alberta, speaking to the annual meeting of the U.G.G. in Calgary, said a German industrial firm had approached them with a trade agreement in exchange for grain. Apparently there was said to be some complications. As a result, the barter agreement did not come up. I wonder what complications there might be in such a case; whether we lose a lot of sales as a result of restrictions; and what has been the experience of the board in such cases?

Mr. MCNAMARA: In so far as the board are concerned, we only sell for cash. We are not interested in barter because with Germany they probably wanted to barter, say, Volkswagens for wheat.

Mr. KORCHINSKI: It was farm machinery in this case.

Mr. MCNAMARA: Farm machinery; and that has to be merchandised within Canada. Of course, in most of the markets we are selling wheat to, the balance of trade is in our favour, and they are looking for a chance to expand their market for their goods in Canada, which is only natural. Our experience has been, when barter has been involved in marketing wheat in Canada, to make the barter successful the suggestion has always been that the price of the wheat must be made ten or fifteen cents a bushel cheaper, to enable it to work out. That is probably the barrier that developed in this particular case. In selling as we do, very substantial volumes of wheat in commercial markets for cash, I think we would be very wrong if we were to make cheaper wheat available to these other customers because barter was involved. Barter in Canada is a very difficult thing; and even in the United States, I think their experience with barter, in so far as wheat is concerned, has disillusioned them to a great extent.

I might comment to the committee on a recent visit I made to Brazil. We are very interested in that Brazilian market; it is quite a potential market, but they have no money at all. They wanted to barter for coffee because they have a surplus of coffee. They will only barter on the basis that Canada takes coffee over and above what we buy on a cash basis. While we are anxious to sell wheat it is difficult to sell coffee in Canada, twice the amount of coffee that we can use in Canada. They completed a barter deal with Russia, and this is natural because the Russians have not been drinking coffee and they are now prepared to take it and start drinking coffee. But barters are very difficult things to work, unless you are prepared to make the price of the wheat very attractive under discount on commercial deals.

Mr. KORCHINSKI: I thought perhaps the wheat board was solely responsible for the handling of the grain in Canada; that is, western grain. I was very interested in hearing of Mr. Swartz, from Winnipeg, who made quite a success of selling grain in other countries; and I was wondering whether he was in competition with the wheat board?

Mr. MCNAMARA: No, Mr. Swartz is an agent of the Canadian wheat board, with Northern Sales, a very reliable, aggressive firm. I think that he probably takes credit for some of the activities of the Department of Trade and Commerce and the Canadian wheat board; but that is all right with me because he sells grain; and let us give him his head. He sells the grain as an agent of the wheat board, the same as the other companies do—Bunge, Dreyfus, Continental, Richardson's, Powell and McCabe's. He is a little more publicity-conscious, but he is a good agent and we are glad to have him.

Mr. KORCHINSKI: It is all right with me, but do we have many agents set up in Canada and elsewhere?

Mr. MCNAMARA: Yes, we have 26 agents of the board working on sales out of the east coast, and 19 out of the west coast. We work with reputable grain companies, including international companies and Canadian companies, and we are getting cooperation from them, they working as agents of the board.

Mr. KORCHINSKI: Inside or outside Canada?

Mr. MCNAMARA: Both: most companies have Canadian and international offices.

I would like to make a brief comment on this because I am satisfied the policy the board is using, working in with the trade, is proving very beneficial. I know it has been suggested we should have salesmen and supersalesmen out rapping on doors and ringing bells: I think this is a mistake; I think we are making more progress by utilizing the services of the Canadian grain trade, they are assisting us in selling wheat.

I know that when I first entered the grain business in the twenties, with pools, by going on direct selling at that time we antagonized the international trade and the buyers. Now they are working for us and are promoting the sales. I think the success we are having in the commercial market, to which I referred the other day, is largely due to the excellent relationship we have with the grain trade working with us.

Mr. ARGUE: What commission are they paid usually? What are their profits?

Mr. MCNAMARA: We do not pay them any commission at all, Mr. Argue. The amount of profit that they realize is what they can add to the price after they have paid us our basic price. The margin of profit due to competition is very, very small. I cannot go too far in what I am saying now. I do not want to give them the wrong impression, but I would be happier if the margins they were working on were a little more than they are because I think it would give more incentive to them to get out and push the sale of grain.

Mr. ARGUE: Can you give us some idea of the general margins?

Mr. MCNAMARA: I would say it runs from one eighth to one quarter a cent.

Mr. SOUTHAM: Mr. Chairman, I am assuming that we are having a general discussion before we wind our considerations up. This is a question that has been asked before. Mr. McIntosh and myself have been discussing this subject. He is not here this morning, but I will ask the question.

How does the wheat board determine its daily selling price for Canadian wheat offerings to domestic and foreign buyers? Is there any appreciable change in your methods of setting that up?

Mr. MCNAMARA: No. As a board we discuss prices every day during the morning sessions with the sales department. As a board we meet afterwards and we review the situation, and from the information that is made available to us from trade sources, and from our own office, we decide prior to the close of the market whether we are going to make any changes.

It will be appreciated that we try to stabilize prices. In the last few years there has not been wide fluctuation except in relation to the dollar exchange fluctuation, and within the pattern of grades. We have to keep changing the spread relationship between grades constantly, depending on the price and the demand for supply of particular grades. We are not only trying to stabilize our price level, but I think experience is showing that we are a great influence in respect to stabilizing the international price level. Other countries that are subsidizing, fix their subsidy after we announce our price.

Mr. SOUTHAM: What is the effect of the Canadian dollar now being at par? How does that affect our prospects for sales, say, this year?

Mr. MCNAMARA: As we get closer to par it helps our export.

Mr. SOUTHAM: I have another question, Mr. McNamara. The present prices posted for oats appears to be roughly 20 cents per bushel more than the farmers' initial payment. In other words, there appears to be a demand for this grain. Why, then, the apparent shortage at the lakehead when the demand still exists? Is this shortage at the lakehead due to the lag in placing shipping orders at country elevators or a lag in filling the orders on the part of the elevator operators?

Mr. MCNAMARA: No, there is really no shortage at the lakehead. It is true that the demand for oats, particularly on the domestic market, has improved, and the prices have improved in recent months. We have recently had priority movements of oats out of country elevators. We have no supplementary quota on oats this year and the delivery of oats has been quite low as compared to previous years when we had a supplementary quota in effect. Oat deliveries to June 22 were 16½ million bushels as compared to 28½ million bushels last year. I would point out that over the last two years we have been carrying abnormally large quantities of oats in the commercial position, country elevators and in terminals, with the result that storage costs on oats related to the value of the grain have been relatively high. The carrying charges on oats in this particular pool were about 9 cents per bushel. On a commodity worth about 70 cents per bushel that is a very high percentage on the value. The board has a deliberate policy this year of trying to get the quantity of oats, in commercial storage, at a lower level. The position is substantially below what it has been in previous years.

Mr. ARGUE: Mr. Chairman, I wonder if I could ask a question.

The CHAIRMAN: Mr. Southam has another question to ask.

Mr. SOUTHAM: I have one more question. I am asking this question on behalf of Mr. McIntosh who is not here. In a previous letter to the wheat board

Mr. McIntosh had asked a number of questions and received answers to all except number nine to number 13 inclusive. He asked me to ask Mr. McNamara if he was prepared to supply these answers now, or has he had notation of the questions. I do not know what he is referring to there, but you may take note of that and possibly contact Mr. McIntosh in that regard. He apologizes for being inadvertently away this morning.

Mr. MCNAMARA: I wrote to Mr. McIntosh. This is a problem which perhaps should not be discussed on the record because it actually has nothing to do with this particular committee; but Mr. Churchill, the minister is going to discuss this particular problem with Mr. McIntosh.

Mr. ARGUE: Mr. Chairman, I wonder if I could get some comment at this time from Mr. McNamara about the dangers of the common market to Canadian wheat exports. We had some discussion about this yesterday, but I see further statements to the effect that this may mean a 20 per cent loss in the sales of Canadian wheat to the countries involved in that common market. I think that would be a pretty serious thing to happen as far as Canada is concerned. Has this had any effect? Do you think that the 20 per cent loss is something that has happened, or likely to happen, or do you think that Canada will be able to hold this market? I know what you said about France and the soft wheats yesterday, but how much wheat do we export to the countries involved in the common market now? What is the size of that market?

Mr. MCNAMARA: We have got the statistics here, Mr. Argue, but generally speaking I think it is too difficult to accurately appraise just what the effect of the common market may be. There has been serious consideration given to this problem not only by the wheat board but by the officials of the Department of Trade and Commerce. At the present time there are representatives of the Department of Trade and Commerce attending meetings in Europe where there is further discussion in respect of this problem taking place.

Estimates have been made that the overall imports from the previous exporters could be reduced by 20 per cent. I am inclined to think that this figure is high. As I said yesterday, I may be too optimistic, but I do not think Canadian wheat will be as adversely affected as the wheat of other exporting countries, which are really supplying filler wheat. While I am hoping that we will be able to hold our position in this market, I think the common market pretty well offsets any possibility of our extending our sales, so it will be a case of holding the losses down. I personally do not think this will amount to more than 10 per cent. But I do think we are possibly faced with the reduction in the demand as a result of the common market. To offset that we are trying to expand and develop new commercial markets.

Mr. ARGUE: Is there any difficulty in the outer seven because of those arrangements?

Mr. MCNAMARA: I do not think so, Mr. Argue. I think that the quality of Canadian wheat is so well known in the United Kingdom and Switzerland, which are the main buyers in the outer seven, that we will maintain our position in those markets.

Mr. ARGUE: Would you say that if Canada were directly associated with the common market on an equal basis that we would be in a much better competitive position than we are now, and that the dangers of the common market to Canada would be very largely removed?

Mr. MCNAMARA: I do not think I am qualified to give a considered opinion on that. My concern would be that we might lose the benefit of our empire preference, and that might be more serious. This is something I just do not feel competent to give an opinion on.

Mr. ARGUE: I do not believe that Britain would retaliate if Canada were associated with the common market.

Mr. MCNAMARA: I do not think it would be a question of retaliation, but whether we could have the empire preference and, at the same time, be associated with the common market, I do not know.

Mr. ARGUE: You feel that the empire preference is more important and that we should not get into the common market?

Mr. MCNAMARA: I think the preferences we are receiving in respect of grain in the United Kingdom are of extreme value to us.

Mr. ARGUE: You feel that the preferences we receive are more valuable to us than anything we might gain from being associated with the common market?

Mr. MCNAMARA: That would be my personal opinion, yes.

Mr. ARGUE: Mr. Chairman, this seems to be a rather statu quo position, and considering the losses in exports this year, a further substantial loss in exports, the loss of exports last year, and the potential forecast of loss in exports next year into the common market; it makes the picture very very serious.

Mr. CLANCY: Mr. Chairman—

Mr. ARGUE: Mr. McNamara cannot make policy, but it is time the government made some new policies in regard to expanding Canadian sales of wheat before we get smothered in the surplus in the next few years.

Mr. RAPP: What would you do about the situation?

Mr. ARGUE: Do you want me to tell you? I will be quite happy to tell you. I think we should be following the policy of the United States as far as India is concerned. I think we should have had half of that deal with India instead of closing our eyes and letting somebody else get the trade.

The CHAIRMAN: Order, gentlemen.

Mr. ARGUE: I think we should be prepared to accept soft currencies.

The CHAIRMAN: Order.

Mr. ARGUE: Mr. Chairman, I am replying to a question.

The CHAIRMAN: We have been getting along very nicely this morning and we do not went to get into a schelemozzle now.

Mr. MCNAMARA: Mr. Chairman, I might give the committee this information.

The CHAIRMAN: Mr. McNamara has some further information here.

Mr. MCNAMARA: I have the information now that Mr. Argue asked for in respect of the volume of our exports to these common market countries. These figures are for 1958-59 crop year: Germany, 35 million; Belgium-Luxembourg, 10.9 million; Netherlands, 7.9 million; France, 1.3 million; Italy, 1.1 million, for a total of 56.2 million bushels of wheat, or representing 20 per cent of our exports for the year.

Is that the information you wanted, sir?

Mr. PASCOE: As a supplementary question, could you indicate whether our sales are going ahead this year, to a certain extent, to these countries?

Mr. MCNAMARA: Yes. The German imports are going to be reduced on account of the quality of their own crop and the volume available. Our sales to Belgium are holding up pretty well, and our sales to the Netherlands are about the same as last year. France has been a definite improvement, due to the Durum situation, and Italy, as well, have taken Durum wheat. However, France and Italy are surplus producing countries now, and we cannot count on them as a continuing market.

Mr. RAPP: Mr. Chairman, I do not think the meeting would be complete unless I asked one more question about another grain.

I would like to have the opinion of Mr. McNamara, who is our salesman for western grain, as to whether it would be in the best interests of the western producer of rapeseed, if this grain were brought under the jurisdiction of the Canadian wheat board. This year, more than ever, we will be seized with a big crop—or, at least, a big acreage of rapeseed, and, very likely, it will be twice as much as any previous years.

I would just like to have Mr. McNamara's opinion on this. Does he feel that this should be brought under the jurisdiction of the Canadian wheat board?

Mr. MCNAMARA: As I advised the committee last year, I think rapeseed is still a specialty crop and can be best merchandised outside the board. However, if the acreage continues to increase and the production becomes larger, and there is any question of carryover or unlimited surplus, I would reverse my opinion, and say we could handle it more efficiently. However, under the conditions prevailing in the last few years, and with the limited volume of rapeseed and flaxseed, I think the present marketing methods are better than giving us control. As you know, we are a big unwieldy organization, and I think the specialty crops are handled very efficiently outside the board.

Mr. RAPP: Some of the buyers from Europe who were here expressed concern over the point that they are never sure that they will be supplied with rapeseed from these countries.

But if the wheat board would handle rapeseed, these people would then know that they could deal more or less with the one agency, and I think that would be in the best interest of the producers.

The reason I say this is that not so long ago, when the French buyers were over here, they expressed their concern. They said: "We shall receive good quality rapeseed from Canada this year, but we do not know whether we shall have an opportunity to get the same quality of rapeseed next year."

Mr. MCNAMARA: This sort of thing could prevail, even if rapeseed were handled by the board, because when it is not in surplus supply, the rapeseed produced last year would be all sold. Therefore we would be dependent on the result of what the new crop will be, and therefore we could not give the buyer any more assurance.

Mr. RAPP: If there were a situation of a surplus quota, I feel it would be advisable to bring rapeseed under the jurisdiction of the Canadian wheat board.

Mr. MCNAMARA: That is right.

Mr. RAPP: I feel it would be in the best interest of the producers to have rapeseed handled by the wheat board.

Mr. MCNAMARA: I think the government would be well advised to look at the rapeseed problem under those conditions.

Mr. RAPP: Thank you very much.

The CHAIRMAN: I notice that the remainder of the report, the supplementary section, is more or less of a statistical nature. Is it agreeable of the committee that we take the balance as read?

Agreed.

1958-59 Pool Account—Oats

1. *Receipts and Disposition*

RECEIPTS

Receipts of oats in the 1958-59 Oats Pool were 52,836,722.8 bushels.* This total included 38,747,593.9 bushels delivered by producers from August 1, 1958 to July 31, 1959; an additional 13,959.1 bushels acquired from other than producers; and 14,075,169.8 bushels transferred from the 1957-58 Pool Account to the 1958-59 Pool Account.

DISPOSITION OF STOCKS

Completed sales from the 1958-59 Pool Account from August 1, 1958 to March 4, 1960 were 47,525,287.0 bushels. At March 4, 1960 unsold stocks of oats in the 1958-59 Pool amounted to 5,311,435.8 bushels, of which 4,169,000.0 bushels were covered by sales of futures. These stocks and futures contracts were transferred to the 1959-60 Pool Account in accordance with the provisions of Section 29 of the Canadian Wheat Board Act. Stocks of cash oats were transferred at the Board's quoted prices for the grades concerned on the closing date of the Pool; namely, March 4, 1960, less 1½ cents per bushel for subsequent carrying charges. Futures were transferred on the basis of market closing quotations for the relevant futures on March 4, 1960. The transfer was approved by Order in Council P.C. 1960-435, March 31, 1960.

2. 1958-59 POOL ACCOUNT—OATS

The following table shows the operating results of the 1958-59 Pool Account from August 1, 1958 to the closing of the Pool, March 4, 1960:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries, August 1, 1958 to July 31, 1959	38,747,593.9	
(b) Oats otherwise acquired①	13,959.1	
(c) Purchased from 1957-58 Pool Account—Oats	14,075,169.8	
Total oats acquired	52,836,722.8	
	(Value)	(Value)
2. Cost of oats acquired		$31,548,822.74
3. Proceeds of sales—August 1, 1958 to March 4, 1960	$34,977,686.75	
Transferred to 1959-60 Pool Account as at March 4 1960②	3,862,789.80	38,840,476.55
4. Gross surplus as at March 4, 1960		7,291,653.81
5. Operating costs—August 1, 1958 to March 4, 1960:		
(a) Carrying charges, including terminal storage	3,816,754.94	
(b) Interest and bank charges	127,884.19	
(c) Freight recovery on export oats	(62,504.03)	
(d) Brokerage and Clearing Association charges	9,644.43	
(e) Administrative and general expenses	195,413.35	4,087,192.88
6. Surplus on operations of the Board on 1958-59 Pool Account—Oats, for the period August 1, 1958 to March 4, 1960		$ 3,204,460.93

*Pool receipts were adjusted upward by 9,600.7 bushels as compared with receipts shown on Page 19 of the Annual Report of The Canadian Wheat Board for 1958-59.

①Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

②For details of transfers see above.

3. *Operating Costs*

Net operating costs applicable to the 1958-59 Oats Pool, including carrying charges, amounted to $4,087,192.88.

The principal item in operating costs was carrying charges of $3,816,754.94, or 9.8503 cents per bushel on producers' deliveries. Interest and bank charges were $127,884.19. Administrative costs totalled $195,413.35, or .5043 cent per bushel. Brokerage and Clearing Association charges were $9,644.43. Freight recoveries on oats shipped to Pacific Coast ports for export amounted to $62,504.03.

4. Surplus for Distribution to Producers

The surplus in the 1958-59 Oats Pool for distribution to producers was as follows:

Surplus on operations of the Board as at March 4, 1960		$ 3,204,460.93
Deduct: Prairie Farm Assistance Act levy	$ 31,851.70	
Cost of issuing final payment	37,266.37	69,118.07
		3,135,342.86
Add: Additional interest earned after March 4, 1960		17,975.71
Surplus for final distribution to producers		$ 3,153,318.57

As shown by the preceding table the final surplus for distribution to producers amounted to $3,153,318.57. On producers' marketings of 38,747,593.9 bushels, the average final payment was 8.138 cents per bushel.

The following table shows initial payments, final payments and prices realized by producers (basis in store Fort William/Port Arthur) for the principal grades of oats delivered to the Board in 1958-59 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administratives expenses:

	① Initial Payment	① Final Payment	① Realized Price
		(cents per bushel)	
No. 2 Canada Western	60	9.465	69.465
No. 3 Canada Western	57	8.120	65.120
Extra No. 1 Feed	57	7.530	64.530
No. 1 Feed	55	8.402	63.402
No. 2 Feed	50	9.770	59.770
No. 3 Feed	45	12.238	57.238

①Prior to deduction of Prairie Farm Assistance Act Levy.

The final payment on the 1958-59 Oats Pool was approved by Order in Council P.C. 1960-436, March 31, 1960. The issuance of the final payment cheques to producers commenced on April 4, 1960 and was completed on April 13, 1960.

5. *Purchases and Sales*

The following table shows Board purchases and net sales of oats, by months, and stocks of oats held by the Board at the end of each month for the account of the 1958-59 Pool:

	Purchases	Sales	Unsold Stocks
		(bushels)	
August, 1958	1,588,138.2	—	1,588,138.2
September	5,917,987.4	2,164.4	7,503,961.2
October	3,269,048.0	1,064,863.7	9,708,145.5
November	3,031,975.2	10,430.0	12,729,690.7
December	1,637,448.7	118,775.4	14,248,364.0
January, 1959	1,187,980.5	566,073.9	14,870,270.6
February	16,195,745.5①	10,556,784.7①	20,509,231.4
March	2,780,540.1	1,128,596.3	22,161,175.2
April	2,153,595.7	1,088,873.1	23,225,897.8
May	1,860,068.9	1,336,696.0	23,749,270.7
June	3,105,106.2	1,497,147.0	25,357,229.9
July	10,109,088.4	6,184,826.2	29,281,492.1
August	—	8,625,952.3	20,655,539.8
September	—	358,776.2	20,296,673.6
October	—	15,704,048.2	4,592,715.4
November	—	3,222,995.0	1,369,720.4
December	—	135,681.9	1,234,038.5
January, 1960	—	34,822.7	1,199,215.8
February	—	16,018.2	1,183,197.6
March 1-4	—	1,183,197.6②	—
	52,836,722.8	52,836,722.8	

During the month of August, 1958 all sales were for the account of the 1957-58 Pool. From September, 1958 through February, 1959 the bulk of the sales were made from the 1957-58 Pool Account. Sales were limited from March through June, 1959, but were relatively heavy during the summer and fall. Sales during December, 1959 and the first three months of 1960 were again light.

6. *Pricing*

The following table shows monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded each month from March, 1959 to March 1-4, 1960. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(cents per bushel)		
March, 1959	72¼	70¾	71½
April	71¾	69¾	70¾
May	70¾	70¼	70½
June	70¼	69¼	69⅞
July	70¾	70	70⅛
August	73½	70¾	71⅞
September	73½	72½	73
October	81¼	73¼	77⅝
November	81¼	76½	79⅜
December	77¾	71¾	75½
January, 1960	77¾	76¾	77⅛
February	76½	74½	75½
March 1-4	74¾	74	74⅜

①Includes 14,075,169.8 bushels purchased from the 1957-58 Pool Account and the sale of 10,468,000.0 bushels of futures to the 1957-58 Pool Account.

②Includes 5,311,435.8 bushels sold to the 1959-60 Pool Account and the purchase of 4,169,000.0 bushels of futures from the 1959-60 Pool Account.

There was little fluctuation in the price level for oats from March, 1959 to the end of September, 1959. In October and November prices strengthened under the influence of a limited demand for oats for export to the United Kingdom, and a demand for domestic usage due to unfavourable harvesting conditions in Western Canada. During the months subsequent to November, 1959, to the closing of the 1958-59 Pool Account on March 4, 1960, Board quoted prices for oats declined but remained at a level above the prices experienced in the earlier months of the marketing period of the 1958-59 Pool Account.

7. *General Comment*

Marketing conditions during the selling period of the 1958-59 Oats Pool were similar to those of the 1957-58 Pool, and while price levels were moderately higher demand remained limited. The supply of oats in commercial positions exceeded export and domestic demand throughout the operations of the 1958-59 Oats Pool and this increased the total operating costs applicable to the 1958-59 Pool, including carrying charges which amounted to $4,087,192.88, or 10.548 cents per bushel basis producers' deliveries.

The increased operating costs on the 1958-59 Pool were more than offset by the higher prices for oats which prevailed during the marketing period and, consequently, the surplus for distribution to producers resulted in an average payment of 8.138 cents per bushel as compared to 3.582 cents per bushel for the 1957-58 Pool.

For the period from March, 1959 to February, 1960 exports of oats were 6.5 million bushels as compared to 14.9 million bushels for the same period in the previous year. The decline was largely in shipments to the United States and the United Kingdom. At the same time the rate of utilization of western oats in the domestic market declined moderately. The volume of oats delivered by producers to the Board for the account of the 1958-59 Pool was the smallest on record, offsetting the decline in utilization.

During the selling period of the 1958-59 Pool a marked reduction was effected in commercial stocks of oats, but the farm stocks of oats as estimated by the Dominion Bureau of Statistics on March 31, 1960, in the amount of 135.0 million bushels remained unchanged from the estimate on the same date in the previous year. These stocks included oats for seed and substantial quantities required for feeding purposes on farms, in addition to supplies available for marketing.

Of total sales of 52,836,722.8 bushels, 33,852,000.0 bushels were sold in the futures market.

1958-59 Pool Account—Barley

1. *Receipts and Disposition*

RECEIPTS

Receipts of barley in the 1958-59 Pool were 129,052,647.1 bushels.* This total included 122,389,605.8 bushels delivered by producers between August 1, 1958 and July 31, 1959; an additional 2,209.0 bushels received from other than producers; and 6,660,832.3 bushels transferred from the 1957-58 Pool as at February 27, 1959.

DISPOSITION OF STOCKS

Sales of barley from the 1958-59 Pool Account and weight losses in drying amounted to 114,748,344.7 bushels and 32,964.6 bushels, respectively, leaving 14,271,337.8 bushels of unsold stocks to be transferred to the 1959-60 Pool Account in accordance with the provisions of Section 29 of the Canadian Wheat

*Pool receipts were revised upward by 15.7 bushels as compared with receipts shown on Page 23 of the Annual Report of The Canadian Wheat Board for 1958-59.

Board Act. These latter stocks consisted principally of No. 1 Feed, No. 2 Feed and No. 3 Feed Barley. Of the total transfer, 11,703,000.0 bushels were covered by sales of futures. Stocks of cash barley were transferred as at the close of business on March 4, 1960 on the basis of the Board's quoted prices for the grades concerned, less 1½ cents per bushel for subsequent carrying charges. Futures were transferred on the basis of market closing quotations for the relevant futures on March 4, 1960. The transfer was approved by Order in Council P.C. 1960-435, March 31, 1960.

2. *1958-59 Pool Account—Barley*

The following table shows the operating results of the 1958-59 Pool Account from August 1, 1958 to the closing date of the Pool, March 4, 1960:

	Bushels	
1. Barley acquired by the Board:		
(a) Producers' deliveries, August 1, 1958 to July 31, 1959	122,389,605.8	
(b) Barley otherwise acquired①	2,209.0	
(c) Purchased from 1957-58 Pool Account—Barley	6,660,832.3	
Total barley acquired	129,052,647.1	
	(Value)	(Value)
2. Cost of barley acquired		$ 116,084,601.01
3. Proceeds of sales—August 1, 1958 to March 4, 1960	$ 115,261,462.07	
Transferred to 1959-60 Pool Account as at March 4, 1960②	13,060,659.26	
		128,322,121.33
4. Gross surplus as at March 4, 1960		12,237,520.32
5. Operating costs—August 1, 1958 to March 4, 1960:		
(a) Carrying charges, including terminal storage	6,599,518.49	
(b) Interest and bank charges	188,991.84	
(c) Freight recovery on export barley	(723,062.60)	
(d) Diversion charges on export barley	122,630.03	
(e) Drying charges	49,837.15	
(f) Brokerage and Clearing Association charges	14,791.05	
(g) Administrative and general expenses	566,862.16	6,819,568,12
6. Surplus on operations of the Board on 1958-59 Pool Account—Barley, for the period August 1, 1958 to March 4, 1960		$ 5,417,952.20

①Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

②For details of transfer see above.

3. *Operating Costs*

The principal item in operating costs was carrying charges of $6,599,518.49, or 5.392 cents per bushel on producers' deliveries to the Pool. Interest and bank charges amounted to $188,991.84. Diversion charges on barley shipped to the Pacific Coast for export totalled $122,630.03. Freight recoveries on these West Coast shipments were $723,062.60. Drying charges, and brokerage and Clearing Association charges were $49,837.15 and $14,791.05, respectively. Administrative and general expenses amounted to $566,862.16, or .4632 cent per bushel on producers' deliveries of 122,389,605.8 bushels.

Net operating costs applicable to the 1958-59 Barley Pool were $6,819,568.12.

4. *Surplus for Distribution to Producers*

The surplus in the 1958-59 Barley Pool for distribution to producers was as follows:

Surplus on operations of the Board as at March 4, 1960		$ 5,417,952.20
Deduct: Prairie Farm Assistance Act Levy	$ 53,893.97	
Cost of issuing final payment	66,741.00	120,634.97
		5,297,317.23
Add: Additional interest earned after March 4, 1960		38,185.43
Surplus for final distribution to producers		$ 5,335,502.66

As shown by the preceding table the final surplus for distribution to producers was $5,335,502.66. On producers' marketings of 122,389,605.8 bushels, the average final payment was 4.359 cents per bushel.

The following table shows initial payments, final payments and prices realized by producers (basis in store Fort William/Port Arthur) for the principal grades of barley delivered to the Board in 1958-59 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	① Initial Payment	① Final Payment	① Realized Price
		(cents per bushel)	
No. 2 C.W. Six-Row	98	4.681	102.681
No. 3 C.W. Six-Row	96	4.681	100.681
No. 4 C.W. Six-Row	88	4.401	92.401
No. 2 C.W. Two-Row	91	9.681	100.681
No. 3 C.W. Two-Row	88	6.048	94.048
No. 1 Feed	87	3.021	90.021
No. 2 Feed	83	5.851	88.851
No. 3 Feed	76	9.847	85.847
Tough No. 3 C.W. Six-Row	92	6.181	98.181
Tough No. 3 C.W. Two-Row	84	7.548	91.548
Tough No. 1 Feed	83	4.521	87.521
Tough No. 2 Feed	79	7.351	86.351
Tough No. 3 Feed	72	11.347	83.347

①Prior to deduction of Prairie Farm Assistance Act Levy.

The final payment on the 1958-59 Barley Pool was approved by Order in Council P.C. 1960-436, March 31, 1960. The issuance of the final payment cheques to producers commenced on April 14, 1960 and was completed on April 22, 1960.

5. *Purchases and Sales*

The following table shows Board purchases and net sales of barley, by months, and stocks of barley held by the Board at the end of each month for the account of the 1958-59 Pool:

	Purchases	Sales	Unsold Stocks
		(bushels)	
August, 1958	619,497.4	11,494,081.2	(10,874,583.8)
September	6,918,202.2	3,791,870.2	(7,748,251.8)
October	9,599,516.4	5,175,936.9	(3,324,672.3)
November	9,987,616.7	6,273,534.3	389,410.1
December	12,237,941.9	298,617.5	12,328,734.5
January, 1959	11,128,856.5	12,003,355.9	11,454,235.1
February	15,830,274.3①	12,165,912.1①	15,118,597.3
March	9,419,735.5	7,183,447.0	17,354,885.8
April	6,644,022.9	2,178,674.6	21,820,234.1
May	6,859,074.9	1,848,616.6	26,830,692.4
June	11,373,138.7	3,850,360.5	34,353,470.6
July	28,430,970.7	17,739,201.3	45,045,240.0
August	—	16,749,086.2	28,296,153.8
September	—	2,708,476.0	25,587,677.8
October	—	20,247,220.4	5,340,477.4
November	—	1,643,316.5	3,697,160.9
December	—	560,135.2	3,137,025.7
January, 1960	—	353,220.6	2,783,805.1
February	—	204,677.5	2,579,127.6
March 1–4	—	2,579,127.6②	—
	129,048,848.1	129,048,848.1	

As in previous Pools, the marketing of barley was divided into two categories; one involving the merchandising of barley for malting and other industrial uses, and the other dealing with the merchandising of feed barley delivered to the Pool.

Barley accepted as suitable for malting, pearling or other industrial uses is normally merchandised in the crop year in which it is marketed by producers. There was a decline in the demand for barley for malting purposes from the United States, but the demand for malting barley for domestic usage remained at a relatively high level. The decline in demand from the United States resulted from the fact that barley production in the Midwestern States was exceptionally high in malting qualities and, therefore, acceptable to the malting and brewing industries of that country. However, despite the decline in the United States market, the demand for export and domestic malting barley still remained at a sufficiently high level to permit the Board to allow producers over-quota delivery privileges of one carlot of barley suitable for malting, provided a sample of such barley had been accepted by a maltster or a shipper on a premium basis.[3]

During the period from August 1, 1958, to February 27, 1959 the market for feeding grades of barley continued in the main to be supplied from the 1957-58 Pool Account. Feeding grades of barley in the 1958-59 Pool Account came under sale in volume subsequent to the closing of the 1957-58 Barley Pool on February 27, 1959. The demand for feeding grades of barley for export and domestic utilization was maintained throughout the marketing period of the 1958-59 Pool at a level which permitted the Board to establish supplementary quotas for the delivery of these grades of barley by producers.[3] As

[1] Includes 6,660,832.3 bushels of cash grain purchased from the 1957-58 Pool Account and the sale of 6,661,000.0 bushels of futures to the 1957-58 Pool Account.

[2] Includes 14,271,337.8 bushels of cash grain sold to the 1959-60 Pool Account and the purchase of 11,703,000.0 bushels of futures from the 1959-60 Pool Account.

[3] For details of barley delivery quotas for 1958-59, see Page 4 of the Annual Report of The Canadian Wheat Board for the crop year 1958-59.

shown by the preceding table substantial sales of barley were made in the months of March, July, August and October, 1959.

6. *Pricing*

The following table shows monthly average quotations for No. 1 Feed Barley, together with high and low prices recorded each month from August 1, 1958 to March 1-4, 1960. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(cents per bushel)		
August, 1958	97	92¼	95
September	97¼	92	95⅛
October	98¾	96½	97¾
November	96¾	95¾	96⅜
December	97¼	95½	96⅜
January, 1959	99	96¾	97⅝
February	100	98	99⅛
March	100½	99	100
April	99½	96½	98⅜
May	97½	96¼	96¾
June	95¾	90¾	92⅝
July	91¼	90½	90⅞
August	94¾	91	93⅜
September	94¾	93¼	94
October	96¾	93¾	95½
November	97½	93½	95½
December	96½	92½	95½
January, 1960	97¼	95¾	96¾
February	97¼	94	95⅞
March 1-4	93¾	93¼	93½

Board quoted prices for No. 1 Feed Barley strengthened during the period from August 1, 1958 to March, 1959, but then followed a downward trend until the fall of 1959 when prices strengthened moderately due chiefly to the crop damage resulting from unfavourable harvesting conditions and to an improvement in the demand for barley.

7. *General Comment*

During the 1958-59 Pool a broad export demand for barley from overseas markets continued but there was a reduction in the demand for malting grades of barley from the United States. In the crop year 1958-59 total barley exports were 64.4 million bushels as compared to 75.1 million bushels for the previous crop year. Throughout the period of the 1958-59 Pool the United Kingdom constituted the largest export market for Canadian barley, followed by the United States and Japan.

Domestic sales of barley were well maintained throughout the selling period of the 1958-59 Pool.

The overseas marketing of barley continued to be very competitive. Canadian participation in export markets for feeding grades of barley depended upon competitive selling prices in respect to available supplies from other exporting countries and in respect to alternative feed grains.

Of total sales of 129,052,647.1 bushels, 56,286,000.0 bushels were sold in the futures market.

Statements of Operations and Auditors' Report

Following herewith are the final Statements of Operations for the 1958-59 Pool Account—Wheat, for the period from August 1, 1958 to May 20, 1960, and for the 1958-59 Pool Accounts—Oats and Barley, for the period from August 1, 1958 to March 4, 1960. These statements are preceded by the Auditors' Report.

All of which is respectfully submitted.

W. C. McNAMARA,
Chief Commissioner.

W. RIDDEL,
Assistant Chief Commissioner.

W. E. ROBERTSON,
Commissioner.

J. T. DALLAS,
Commissioner.

AUDITORS' REPORT

MILLAR, MACDONALD AND CO.

Chartered Accountants

To The Canadian Wheat Board,
Winnipeg, Manitoba.

We have examined the Statements of Operations of The Canadian Wheat Board which set forth the results of the Board's operations on 1958-59 Pool Account—Wheat for the period from 1st August 1958 to 20th May 1960 and on 1958-59 Pool Accounts—Oats and Barley for the period from 1st August 1958 to 4th March 1960 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Board, the accompanying Statements of Operations are properly drawn up so as to exhibit a true and correct view of the results of the operations of The Canadian Wheat Board on 1958-59 Pool Accounts—Wheat, Oats and Barley for the periods indicated above, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
14th June, 1960.

THE CANADIAN WHEAT BOARD

1958–59 Pool Account–Wheat

STATEMENT OF OPERATIONS

For the period 1st August 1958 to 20th May 1960

	Bushels		Amount	
Wheat acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur or Vancouver	366,994,151.9		$ 485,078,168.42	
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver	1,914,908.2		2,582,569.36	
Purchased from 1957–58 Pool Account—Wheat	139,764,777.4		216,635,146.51	
		508,673,837.5		$ 704,295,884.29
Wheat sold:				
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:				
Domestic	68,692,434.5			
Export sales at Class II prices	96,886,890.7			
Export sales under the terms of the International Wheat Agreement	194,560,003.3			
Sales to the 1959–60 Pool Account—Wheat	148,495,836.2			
Weight losses in transit and in drying	28,672.8			
		508,673,837.5		800,890,319.65
Surplus on wheat transactions				96,594,435.36
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on wheat stored in country elevators		$45,459,739.84		
Storage on wheat stored in terminal elevators and mills		10,985,187.09		
Net interest paid to agents on agency wheat stocks		4,892,350.69		
		61,337,277.62		
Less: Carrying charges received under the Temporary Wheat Reserves Act		42,959,442.41		
			18,377,835.21	
Bank interest, exchange and bank charges on net interest on other Board accounts			4,180,073.88	
Net additional freight on wheat shipped from country stations to terminal positions			17,241.81	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals			441,323.23	
Drying charges			39,145.38	
Administrative and general expenses to 20th May 1960			2,244,219.91	
				25,299,839.42
Surplus on operations of the Board on the 1958–59 Pool Account—Wheat, for the period 1st August 1958 to 20th May 1960				$ 71,294,595.94

THE CANADIAN WHEAT BOARD

1958–59 Pool Account—Oats

STATEMENT OF OPERATIONS

For the period 1st August 1958 to 4th March 1960

	Bushels			Amount	
Oats acquired:					
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur	38,747,593.9			$21,573,468.21	
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur	13,959.1			7,935.71	
Purchased from 1957–58 Pool Account—Oats	14,075,169.8			9,967,418.82	
		52,836,722.8			$31,548,822.74
Oats sold:					
Completed sales at realized prices basis in store Fort William/Port Arthur	47,525,287.0			34,977,686.75	
Sales to 1959–60 Pool Account—Oats	5,311,435.8			3,862,789.80	
		52,836,722.8			38,840,476.55
Surplus on oats transactions					7,291,653.81
Deduct: Carrying costs, interest, administrative and general expenses, etc:					
Carrying charges:					
Carrying charges on oats stored in country elevators			$ 3,289,859.35		
Storage on oats stored in terminal elevators			526,895.59		
				3,816,754.94	
Interest and bank charges				127,884.19	
Freight recovered on shipments of oats to Pacific Coast ports for export				(62,504.03)	
Brokerage and Clearing Association charges				9,644.43	
Administrative and general expenses to 4th March 1960				195,413.35	
					4,087,192.88
Surplus on operations of the Board on the 1958–59 Pool Account—Oats, for the period 1st August 1958 to 4th March 1960					$ 3,204,460.93

THE CANADIAN WHEAT BOARD

1958–59 Pool Account—Barley

STATEMENT OF OPERATIONS

For the period 1st August 1958 to 4th March 1960

	Bushels		Amount	
Barley acquired:				
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur	122,389,605.8		$ 109,612,081.07	
Barley otherwise purchased at Board initial prices basis in store Fort William/Port Arthur	2,209.0		1,803.51	
Purchased from 1957–58 Pool Account—Barley	6,660,832.3		6,470,716.43	
		129,052,647.1		$ 116,084,601.01
Barley sold:				
Completed sales at realized prices basis in store Fort William/Port Arthur	114,748,344.7		115,261,462.07	
Sales to 1959–60 Pool Account—Barley	14,271,337.8		13,060,659.26	
Weight losses in drying	32,964.6		—	
		129,052,647.1		128,322,121.33
Surplus on barley transactions				12,237,520.32
Deduct: Carrying costs, interest, administrative and general expenses, etc:				
Carrying charges:				
Carrying charges on barley stored in country elevators		$ 5,416,969.67		
Storage on barley stored in terminal elevators		1,182,548.82		
			6,599,518.49	
Interest and bank charges			188,991.84	
Freight recovered on shipments of barley to Pacific Coast ports for export			(723,062.60)	
Diversion charges on shipments of barley to Pacific Coast ports for export			122,630.03	
Drying charges			49,837.15	
Brokerage and Clearing Association charges			14,791.05	
Administrative and general expenses to 4th March 1960			556,862.16	
				6,819,568.12
Surplus on operations of the Board on the 1958–59 Pool Account—Barley, for the period 1st August 1958 to 4th March 1960				$ 5,417,952.20

Now, gentlemen, that concludes the hearing of the Canadian wheat board. So on behalf of the members of the committee I wish to extend to them our sincere appreciation for their coming down here and presenting their report in such an able manner. I mean Mr. McNamara and his associates; and we shall be looking forward to hearing from you again next year.

Mr. MCNAMARA: Thank you very much, gentlemen.

The CHAIRMAN: Gentlemen, the board of grain commissioners are here and we will be carrying on with them immediately.

Is it the wish of the committee that we meet again after the orders of the day at 12:00 o'clock and go on until 1:00 o'clock. We could thereby save an hour.

Agreed.

Thank you. I now call on the board of grain commissioners, Mr. Milner and his associates.

Gentlemen, will you come to order. We will proceed with Mr. Milner and his associates. We are very delighted to have Mr. Milner of the Board of Grain Commissioners with us today. We did not expect to have him with us quite so soon; but we will get the preliminaries over with—we will soon have to leave for the orders of the day—and then we will come back at 12:00 o'clock. Will you then please bring with you the reports that you have in your offices; and Mr. Milner will have more reports for us.

I will ask Mr. Milner to introduce his associates here.

Mr. R. W. MILNER (*Chief Commissioner, Board of Grain Commissioners*): Thank you, Mr. Chairman. I have with me Commissioner McConnell; Dr. Irvine, from our laboratory staff; our chief grain inspector, Mr. Conacher; secretary of our board, Mr. MacLeod; our chief statistician, Mr. Baxter; and our assistant statistician, Mr. Freeman.

When I asked yesterday if there was any chance of our coming up today, I was told, no; but things happened quickly around here today, and I am perfectly prepared to go ahead now with reading this report. Copies of the report were given to the secretary.

Mr. MILNER: What is the wish of the committee? Do you wish me to have this report read?

The CHAIRMAN: I would suggest that we have the first part of it read and then after we come back we all will have copies of the report.

Mr. MILNER: Thank you. I will ask the secretary to read the report.

Mr. W. J. MACLEOD, (*Secretary, Board of Grain Commissioners for Canada*):

Winnipeg, Manitoba,
January 22, 1960.

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
Ottawa, Canada.

Sir:

We beg to submit herewith report of the board of grain commissioners for Canada for the year 1959 in compliance with Section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1958 to July 31, 1959, expenditures and revenue for the fiscal year April 1, 1958 to March 31, 1959, and summarizes the major activities of the board for the 1959 calendar year.

Grain Supplies and Disposition—Crop Year 1958-59

Exports and domestic needs exceeded new grain production during the 1958-59 crop year and Canadian grain holdings declined for the second consecutive season. The July 31, 1959, storage totals were some 13 per cent below the previous year's carryover and 28 per cent below the record supplies held at the close of 1956-57.

Canadian grain stocks on August 1, 1958, included 928 million bushels of wheat, oats, barley, rye and flaxseed held either in licensed storage or in farm bins or in transit between positions. The 1958 crops of 371.7 million bushels of wheat and 8.0 million bushels of rye were relatively unchanged from the previous season's levels but improved yields of the other three principal grains resulted in slightly heavier production of oats (401 millions), barley (244.8 millions) and flaxseed (22.8 million bushels). Inward carryover augmented by 1958 production made available approximately 1,976 million bushels of these five grains, combined, for domestic needs and exports, 139 million bushels less than the total grain supplies available in the preceding season.

Canada exported from these supplies 377.8 million bushels either as grain or in the form of wheat flour, a drop of 58.4 million bushels from the 1957-58 overseas and U.S. movement. Domestic requirements for feed, seed, commercial products and human consumption rose still further during 1958-59 absorbing a record 788 million bushels of the five principal grains. The combined export and domestic movement—1,165.9 million bushels—while lighter than the 1,215 millions total disappearance recorded for 1957-58, still more than offset the 1958 production and the 810.6 million bushels of grain on hand in Canada on July 31, 1959, reflected a reduction of 117.7 millions from the preceding year-end carryover.

The lighter export movement resulted in a general backing up within the entire handling system. The Pacific-Coast loadings fell off from the record level set in 1957-58 but still held above previous levels notwithstanding the fact that these ports were strike-bound during the early portion of the season. Movement through the Great Lakes-Atlantic system also fell off as a result of the reduced clearances to United States points. The overseas total by way of the Eastern system declined only slightly from the previous season although the early movement of ocean boats into Great Lakes following the opening of the St. Lawrence Seaway resulted in a diversion of ocean loadings from St. Lawrence ports to direct shipping at Fort William-Port Arthur.

Marketings

Storage congestion still limited the primary movement into the licensed system. Western country elevator average stocks held at high levels throughout the season and despite the development of storage space in certain areas the overall volume of primary marketings at 557.7 million bushels was 23.0 millions below the 1957-58 total. Primary receipts at western country elevators accounted for 546.2 million bushels of this total with a further 5.5 millions delivered to interior mills and terminals, .2 millions marketed over country loading platforms and 5.8 millions delivered direct to licensed eastern elevators. This latter quantity of eastern grown grain, chiefly wheat, was slightly higher than the eastern marketings of the past several years.

Country Elevator Shipments

The controlling influence of Canada's export trade on country grain shipments was directly illustrated by the 1958-59 carlot movement from country elevators. Reflecting back into country loadings, the 58.4 million

bushel total reduction in overseas clearances was paralleled by a 59.3 million bushel drop in the total quantities put on rails at western country elevators. The cut-back in loadings closely paralleled the overseas reduction not only on grain for grain basis but also in the east-west distribution of these shipments.

Terminal Handlings

The drop in United States imports of Canadian grain was most noticeable in Lakehead handling statistics. Shipments from Fort William-Port Arthur to United States ports fell off from 47.6 million bushels in 1957-58 to only 16.3 millions in 1958-59. Correspondingly Fort William-Port Arthur unloads of the five principal grains combined, at 287.8 million bushels, were down 38.2 million bushels from 1957-58 receipts. Total shipments to all points including direct overseas amounted to 278.2 million bushels by lake and 11.4 millions by rail for an all-grain total of 289.6 million bushels compared with 326.9 millions in 1957-58. The 1958-59 Lakehead vessel traffic included 11.9 millions of direct overseas loadings, all but .6 millions of which moved during the spring period when the first influx of ocean boats came into the Great Lakes system through the St. Lawrence Seaway.

The 1958-59 wheat export movement through the port of Churchill amounted to 18.4 million bushels. A further cargo of .3 million bushels of oats moved overseas. The 1958 shipping season total, including the 1.8 millions of wheat shipped prior to July 31, 1958, established a new season record for wheat shipping via this port with 55 vessels carrying 19.6 million bushels. This record was further surpassed during the 1959 season when 58 overseas vessels carried 21.8 millions of wheat via the northern route.

Pacific coast ports strike-bound during late August and September shipped 154.1 million bushels of grain on ocean vessels, 15.5 million less than the record 1957-58 export loadings but still the second highest ocean movement in the history of that sector. The crop year total included 106.5 millions of wheat, 3.7 million bushels of oats, 36.9 millions of barley, .3 millions of rye and 6.7 million bushels of flaxseed. The barley and flaxseed shipments constituted record crop year volumes for these two grains via Pacific Coast ports.

Eastern Elevator Handlings

The closing three months of the 1958-59 season presented an entirely new situation for Canada's Eastern elevators. With the St. Lawrence Seaway open, ocean boats of economical size could now move all the way up to the head of the inland system and conversely the large upper-lake vessels could carry their full cargo from Fort William-Port Arthur direct to St. Lawrence ports. The ocean vessel movement direct from the Head of the Lakes accounted for 11.3 million bushels of grain during that three-month period. What portion of this would have been otherwise exported via St. Lawrence ports is impossible to assess. However, loadings at Montreal, Sorel, Three Rivers and Quebec during the 1958-59 season fell off approximately 15 million bushels to a total of 108.1 millions of the five principal Canadian grains combined. At the same time the opening of the St. Lawrence Seaway gave rise to a substantial increase in the export movement of United States grains via St. Lawrence Canadian elevators and these latter ports handled for export approximately 17 million bushels of U.S. grain during the spring period alone. The ability of the upper lake vessels to move directly to St. Lawrence ports with consequent savings over the former transfer movement resulted in a substantial increase in direct unloads at the river ports. From the opening of the Seaway to July 31, 20.7 millions bushels of grain were unloaded at Montreal and below direct from the Lakehead compared with only 3.2 millions during the corresponding 1958 period.

There was little change in the grain handling levels at the Maritime ports of Saint John and Halifax. Shipments from these elevators during 1958-59 totalled 31.1 million bushels made up of 29.7 millions of wheat, 1.3 millions of flaxseed and small parcels of oats and barley. An initial test movement of western grain direct by vessel from Fort William-Port Arthur to Halifax for Maritime domestic use took place during the closing period of the crop year. The potential of this movement remains to be assessed.

Exports

Canada's exports of the five principal grains, together with clearances of wheat flour, totalled 377.8 million bushels in the 1958-59 crop year. These shipments were made up of 252.2 million bushels of wheat, moved through licensed elevator channels, 36.7 millions of wheat flour (in terms of wheat equivalent), 7.0 millions of oats, 64.4 million bushels of barley, 3.2 millions of rye and 14.3 million bushels of flaxseed. Compared with last year's clearances, all grains except flaxseed registered a decline; wheat dropped 23.5 millions behind last year's level, wheat flour 3.7 millions, oats 18.9 million bushels, barley 10.7 millions and rye 2.2 millions. The minor increase in flaxseed overseas shipments of .6 millions had little significance in the overall total decline of 58.4 million bushels for the five grains and wheat flour combined. The total 1958-59 exports are still some 60.4 million bushels ahead of the long-run average of the Canadian yearly export movement.

During the season under review, Canada maintained its position as one of the leading world exporters of grain. The bread grain and flour clearances (including rye) represented 25.3 percent of the total world movement in these commodities. The total exports of Canadian oats and barley combined, represented 18 percent of the world exports, some 4 percent better than the ratio established in the crop season 1957-58.

Domestic Usage

Canada's domestic grain requirements for seed, feed and industrial processing for food and other products were expanded by 9 million bushels during 1958-59 to involve a total of 788 million bushels of wheat, oats, barley, rye and flaxseed combined. Crop year balances indicate that domestic disappearance accounted for slightly heavier quantities of all grains excepting rye. Canadian utilization of the two principal feed grains, oats and barley, has risen steadily each year since 1954-55 and these expanding feed grain requirements have been the principal factor in 137 million bushel growth in total domestic grain usage over that same period. Again, as in previous years, the bulk of the 1958-59 increase involved direct feeding from farm stocks with the portion of total domestic usage represented by grain handled through licensed elevator channels remaining relatively steady at 170 million bushels. Of this latter movement the industrial requirements for domestic flour, food, distilling, malting and crushing absorbed approximately 75 million bushels. Preliminary calculations of domestic usage by individual grains compared with revised data for the 1957-58 season are as follows: wheat 73.9 (61.6), oats 43.8 (44.3), barley 48.0 (43.0), rye 1.2 (1.5), flaxseed 3.1 (3.5) million bushels.

Carryover

The increase in domestic usage partially compensated for the decline in exports and the 1,165 million bushels combined export and domestic movement still exceeded 1958 new production by 117.7 million bushels, reducing the year-end total carryover by this amount. Individually by grains the principal reduction was in the closing stocks of wheat which totalled 549.0 millions

according to the elevator returns and estimates of farm carryover, compared with the 639.5 million bushels in elevators and farm bins on August 1, 1958. The July 31, 1959, carryovers of oats and rye were down while those of barley and flaxseed reflected slight increases over the inward supply level, as follows, with 1958 data in brackets: oats 119.0 (154.9), barley 128.2 (118.2), rye 7.9 (10.1) and flaxseed 6.5 (5.6) million bushels, representing combined holdings east and west, on farms, in licensed elevators and in transit between positions at the year ending. The closing stock total of 810.6 million bushels of the five principal grains reflected a reduction of 309.6 million bushels during the past two years from the all-time record Canadian grain carryover held on July 31, 1957—1,120.2 million bushels.

Mr. MILNER: If I might make a suggestion, Mr. Chairman, the reading the secretary is now doing, which was suggested by the chairman, covers statistics which are all covered in the wheat board report. I have no objection to going ahead in that fashion, but if the committee would like to save time I just point out you have had all this information before. As I say, I have no objection to having the secretary read it, if you want it.

The CHAIRMAN: I do not think it is necessary. During our hearings of the wheat board, instead of having it read, the members just asked questions, and they went along with each item and saved a lot of time.

Mr. MILNER: On page 10, right up to the end of the section headed "carryover"—all the paragraphs up to there have been dealt with by the wheat board, and you have questioned them in connection with those paragraphs. Up to the end of where it says "carryover," and commencing at "licensing and bonding," I suggest the secretary might start to read from there, because this is information you have not previously had.

The CHAIRMAN: Is that agreed?

Agreed to.

Mr. MILNER: Thank you.

Mr. MACLEOD:

Licensing and Bonding

The total licensed storage capacity at July 31, 1959 was 641,946,250 bushels including 11,381,400 bushels in supplementary annexes to country elevators. Licences were in effect for 5,428 country, terminal, mill and eastern elevators; an increase of 5,286,500 bushels in capacity and a decrease in licenses of 32 compared with the corresponding figures as at July 31, 1958. The major changes in capacity were an increase of 8.7 million bushels in country elevators and a decrease of 3.2 million bushels in supplementary storage.

The CHAIRMAN: Any comments?

Mr. PASCOE: I wonder if Mr. Milner would indicate the decrease in the number of licences?

Mr. MILNER: The number of licences?

Mr. PASCOE: Yes, the decrease.

Mr. MILNER: That was occasioned by the fact that a lot of elevators amalgamated with other elevators, and certain elevators closed, where purchases were made from other companies, and so one elevator operated the two.

Mr. PASCOE: There is an increase in the capacity?

Mr. MILNER: Yes, that is right.

Mr. NASSERDEN: How much grain remains in supplementary storage now?

Mr. MILNER: We will get it for you, sir.

Mr. CLANCY: "Supplementary storage"—does that mean the annex to the elevator, or outside supplementary storage like skating rinks, and so on?

Mr. BAXTER: That is outside supplementary storage, skating rinks.

The CHAIRMAN: Yes, Mr. Gundlock?

Mr. GUNDLOCK: I do not necessarily want to ask the question now, but I want to know where I should ask a question regarding the grain commissioners' office that does the grading, particularly in Lethbridge.

Mr. MILNER: You can ask your question now if you wish, sir.

Mr. GUNDLOCK: I would like to ask the question because I understood you were going to do away with it.

Mr. MILNER: No, sir, we did consider that because the cost of operating that office was something in the neighbourhood of $21,000 and we had revenues of about $6,000. We thought it prudent to look at this situation to see if something could be done to save some money. After having made an examination of it we decided that we would continue the office in operation because it was supplying service to a lot of farmers there.

Mr. GUNDLOCK: I am glad to hear that.

Assistant Commissioners

Through its four assistant commissioners, the board kept in close touch with the operation of licensed country elevators in the western division. During the year 1959, the assistant commissioners inspected 676 elevators in Manitoba, 1,047 in northern Saskatchewan, 391 in southern Saskatchewan, and 1,620 in Alberta, a total of 3,734. This inspection included checks on scales, sieves and certain other equipment; deductions for shrinkage and Prairie Farm Assistance Act Levy; and posting of current board regulations applying to country elevators.

Complaints originating from country points totalled 19, as compared with 31 in the previous year.

The CHAIRMAN: Is there any reason why the secretary should read these paragraphs or would you just like to ask questions as we go along?

Mr. RAPP: I would just like to ask one question. There are four assistant commissioners, and I wonder if those are the same commissioners as last year, or if there has been a change made?

Mr. MILNER: We only have 3 assistant commissioners at the moment, sir. It is the prerogative of the government to appoint assistant commissioners, and when they are appointed we will be notified, I presume.

Mr. RAPP: I understand that there is only supposed to be three assistant commissioners, but there are four assistant commissioners shown there.

Mr. MILNER: Yes, that is correct. We have always had four. There is one in Manitoba, two in Saskatchewan and one in Alberta.

Disposition of complaints investigated was as follows:

	Manitoba	Saskatchewan	Alberta	Total
No grounds for complaint	4	1	—	5
Settlement effected	2	7	1	10
Outside jurisdiction of Board	—	1	1	2
Complaint withdrawn	—	2	—	2
Totals	6	11	2	19

The assistant commissioners received and handled numerous inquiries on various matters related to country elevator operation. They also discussed accumulated overages with elevator agents concerned.

Prosecutions

No penalties were levied during 1959 for breaches of the Canada Grain Act or the board's regulations.

Mr. MILNER: This is the top item on page 11.

Mr. PASCOE: I see that eleven cases were in Saskatchewan. What is the nature of the complaints received? Are they received from farmers?

Mr. MILNER: We have the total file here, sir, but they were complaints that originated as a rule with the farmers in connection with their operations with the country elevator.

Mr. PASCOE: I see that most of them were settled.

Mr. MILNER: Yes. As a matter of fact all the complaints that we had last year, which we received from producers, were started out with the complaint, followed by an investigation of the complaint, and then when the complaint had been settled, a statement was acquired from the person making the complaint to the effect that the complaint had been settled to his satisfaction. Those files are all complete, so the complaints which were made were all settled to the satisfaction of the individuals complaining, and this is all cleaned up.

Shortages and Overages, Country Elevators

The smaller volume of country shipments during 1958-59 reduced the opportunities for weighing over country elevators and weigh-ups totalled 1,801 compared with 1,867 completed during the previous crop year. The audit of these weigh-ups indicated no significant change in the pattern of shortages and overages as will be noted from the summary table shown below:

ELEVATORS REPORTING	1958-59	1957-58
Shortages	534	493
Neither overages nor shortages	6	10
Overages of less than .25%	846	973
Overages of .25% to .50%	316	288
Overages over .50%	99	103
Total elevators weighed over	1,801	1,867

The board summoned 101 agents of country elevator licensees to appear at hearings held at Winnipeg, Regina Saskatoon, Calgary and Edmonton, in connection with excessively high overages. At these sessions, members of the board interviewed the agents and examined records concerning their operations in the presence of senior officials of the companies concerned.

Mr. GUNDLOCK: Here we go.

Mr. RAPP: It is now eleven o'clock. Perhaps we should adjourn.

Mr. ROGERS: I notice here that there were 534 shortages during the last year, and so on down the line, but in the aggregate there are overages, are there not.

Mr. MILNER: Yes, sir.

Mr. ROGERS: My question is this: I do not understand this and I would like to know why these overages have to go back to the elevator companies rather than the producer. I know this works both ways, but I think it works one way most of the time.

Mr. MILNER: I believe it does too, but I do not know how you can get anything better than what you have now, sir. We have what is known as a

shrinkage allowance in the handling of grain which is set by our board at three-eighths of one per cent. I think you should bear in mind that all elevator agents are bonded.

We did attempt once to reduce the shrinkage allowance, with the result that we had a number of shortages. It is our best judgment that if we change the shrinkage allowance, which we have, it will inevitably lead to improper practices by agents at country elevators in order to protect themselves against the bonding companies and against further shortages.

We know that there is an overage in these country elevators, but I would like to point out to you, sir, that when you have 846 weigh-overs with less than one quarter of one per cent shortage, overage that is about as close as ordinary people can use scales in a country elevator. You could weigh on it, and I could weigh on it, and we would not do much better than that—and we could be as careful as we possibly could.

Mr. ROGERS: I quite agree with you. I weighed out two carloads of seed wheat one time, and lost $186.

Mr. MILNER: Yes. I remember one time, during my travels, when I saw one of my agents letting a farmer weigh his load. I asked him what was going on, and he said that he could make more money for the company that way than any other way.

Mr. SOUTHAM: Mr. Chairman, I have a supplementary question. I quote:

> The board summoned 101 agents of country elevator licensees to appear at hearings held at Winnipeg, Regina, Saskatoon, Calgary and Edmonton, in connection with excessively high overages. At these sessions, members of the board interviewed the agents and examined records concerning their operations in the presence of senior officials of the companies concerned.

Mr. Commissioner, what was the result of the summoning of these 101 agents?

Mr. MILNER: We very seldom have a repeat on these fellows. The people who came in were people with overages of over .35, and we do not call them into these hearings if they had not over that amount. I think it is very beneficial to have these meetings.

Mr. FORBES: Would you care to say what elevator companies that applied to particularly?

Mr. MILNER: I think it would give you a wrong impression. Some elevator companies can get a lot of their elevators weighed over, and you might draw the wrong conclusion. That is information we do not give out.

Mr. FORBES: Is there a certain amount of publicity given to those so that, in effect, it would help to police the trade itself?

Mr. MILNER: Yes.

The CHAIRMAN: As it is now 11 o'clock, gentlemen, we will have to adjourn until 12 o'clock.

Mr. FANE: Before you adjourn, Mr. Chairman, may I suggest that as the Prime Minister is bringing forward a bill of rights this morning, there may be some members who want to hear him.

I think the house should be as full as possible on such an occasion and, if you reconvene at 12 o'clock, you can count me as one who will be absent.

EVIDENCE

MONDAY, July 4, 1960.
9:00 a.m.

The CHAIRMAN: Gentlemen, we now have a quorum. I believe we left off on Friday at page 11, at "Shortages and Overages", when we had some discussion. Are there any further questions you wish to ask Mr. Milner?

Mr. R. W. MILNER (*Chief Commissioner, Board of Grain Commissioners*): The last question asked was asked by Mr. Forbes, I think it was, and it was whether the meetings which were held in the country were of benefit, in our view. Was that right, Mr. Forbes?

Mr. FORBES: I believe I have forgotten now.

Mr. MILNER: Mr. McConnell attended all those meetings and if you wish it, I would like him to tell you what he thinks about it. He has not been a commissioner with the board for very long.

Overage hearings are constituted a little differently now than they were previously, and we now insist upon the senior people of the companies being there with their agents. We believe it is beneficial. I now call on Mr. McConnell.

Mr. G. N. MCCONNELL (*Commissioner, Board of Grain Commissioners*): Mr. Chairman and gentlemen: I would like to spend a few minutes in which to run over the picture, because the man who is not here today, and the man who is concerned about the question of shortages and overages, is the country elevator agent.

We have some 5,000 country elevator agents in Canada. To me they have done a remarkably good job over the last ten or 12 years, and under very difficult conditions; I mean congested conditions.

When you realize that they have taken in an average of 500 million bushels a year for the last 15 years—and in two of those years over 800 million, and in another year over 700 million, I think you will agree that they have done a remarkably good job. They have to work under difficult conditions at times, and I mean congestion, which makes it very difficult for them; and I also think, and I am sure you will agree with me, that we have not been able to have as many as we would like to have of weighovers. If we could weighover, let us say, from 3,500 to 4,000 elevators a year, I think we could come up with a much better picture.

Three years ago we had 1,400 elevators weighed, and last year, 1,800, and again this year about 1,800. And again, when we call in the agent at the meetings with the grain officials, we find that often there have been six, seven, or eight years when he has not had a weighover. I think everyone will admit that the agent would appreciate knowing how he is handling his business over that period of time, and he is concerned about it. The result is that we meet very worried men. They are worried about their positions, and the natural thing is that they do not want to be short.

I want to say this about the country elevator agent: he is a very respected citizen in his own community. Some of them have purchased grain all their lives in the same town, at the same elevator; they have been delivering grain to the one elevator for some 20 years, and to the same agent.

Certainly these men do not like to be called before the board of grain commissioners. They feel it is a bit of a stigma upon their operations and upon their character. But that is not the thing. These are honest men who are trying to do an excellent job, and they are doing it, in my opinion.

But there are other difficulties which arise. A lot of elevators are built in a very low locality, where in the spring and fall water gets in and there is freezing, with the result that their scales get out of order. That is the most common reason we are given by the country elevator agent at the meetings.

And also, in their weighing, they are entitled under the act to take dockage to the extent of one-half of one per cent. They clean a lot of grain for seed particularly in Manitoba and Saskatchewan; but this is not so true for Alberta.

In those years of good crops, the farmer is not concerned about coming back for his screenings. If the agent cleans it heavy, he will take from two, to five, to seven bushels of grain, and the farmer will say that he will come back to get it, but he does not come. So naturally, it is not picked up, it remains there on the agent's books as an overage, because it is not signed off as screenings.

We try to do something about this. We give it a lot of publicity. We have booklets of which Mr. MacLeod has a copy, and they are put in the hands of the farmers. Those booklets set out the farmer's rights and privileges, and what he can do.

We also on occasion throughout the country attend public entertainments, and fairs, and whatever, such as sports events, when these booklets are made available. These are all good features. But in the overall picture I feel that the greatest good would come about if we could have more weighovers, so that the country elevator agent would have an opportunity to find out if he is performing the business in the way it should be done, and is thus able to do a better job. I would like to say this on behalf of the agents.

The CHAIRMAN: Thank you.

Mr. KORCHINSKI: I have a question on this matter: I think you indicated that there were not enough weighovers. Is that because you have insufficient staff to carry them out?

Mr. MILNER: We do not carry on the weighovers. The companies themselves perform the weighovers. But the elevators are so full that you cannot weigh them over, at best you can only estimate them.

You have seen annexes on your sidings full of grain. In order to determine what there is in such an annex, you do it by a matter of measurement. But that is a very inaccurate way and we do not accept an estimate for a weighover. It has to be actually weighed over. So the only thing you can do is to get the amount of grain in the annex down to the point where you can actually weigh it over.

Mr. PASCOE: Mr. Chairman, it says here that 101 country elevator agents were summoned for excessively high overages. My question is in two parts: what do they do when they find these overages and, secondly, can it be broken down into how many agents were summoned in the different provinces?

Mr. MILNER: Yes, sir, it can be broken down. As a matter of fact, in the year under review, there were 16 in Manitoba, 74 in Saskatchewan, and 11 in Alberta. This makes a total of 101. And I think I should say something else in connection with that.

If you will look at the figures you will see that for those with an overage of over one-half of one percent there were only 99 agents, and when you compare that with the total number of elevators weighed over, it is not very much. But the companies themselves discharged a lot of those agents who had excessive overages, so that they are not available to us; and by the time we get around to calling them up, and by the time we get the cut-off, they have gone.

As a lot of you know, I was general manager of a large grain company for most of my years, I have handled a great many agents. And I can tell you, quite frankly, that the thing I hated most, was this question of country elevator overages, because they were the only things which I felt I could not explain on a platform.

I do not know how to get away from having overages. I do not know how you can stop it. As I started to tell you, when last we met, if you reduced the shrinkage allowance below ⅝ of one per cent, and the agent started to have shortages, the bonding company would start coming around to the elevator company inquiring about every last thing that the agent did. If he plays a game of poker, or if he takes the odd drink, they find out about everything; and the agent certainly does not want the bonding company coming around talking to him.

The natural thing is that he will immediately start to protect himself in ways of which we do not approve. This is my last year, by the way, and I can tell you that after 51 years in this business, my advice is to leave this shrinkage allowance alone, and do not suggest changes in it.

We are working hard, and the elevator companies are working hard, and when the figure for total overage this year is only one-half of one per cent on grain, I do not think you can get much closer than that. In fact, I do not hold out hope that you can get much better than that. One-half of one per cent is not a large overage.

There are certain places where there are overages, and when you get to these places, you deal pretty roughly with them, and we do; and when we find various companies where the man has had a big overage, and where we do not like his attitude towards the hearing committee, we would not license an elevator where that man was employed. Those are rather drastic actions; but we are doing our best to clean it up. I do not know that I can say much more than that about it; but that is my sincere advice—that the thing to do is to leave it the way it is. Let the board continue working; and Mr. McConnell and Mr. Loptson, and whoever else is appointed when I leave, I am sure are going to work as hard as they possibly can to get these overages down.

The CHAIRMAN: Mr. Rogers?

Mr. ROGERS: Mr. Chairman, Mr. Milner has clarified just what I was going to ask. I am very glad you brought it up.

Mr. MILNER: Thank you.

Mr. SMALLWOOD: Mr. Chairman, I would like to congratulate Mr. McConnell on his report on these overages. I do not think they are as serious as we are worried about. I am very pleased there are only 11 in Alberta who have overages. I have had experience with the elevator men, and they are an honest bunch of men, in the majority. And I realize you have a good deal of trouble in weighing these elevators.

I know of an instance where an elevator had to be weighed over and they had to get a string of boxcars in to get the elevator weighed out. I feel the majority of these elevator men are doing an honest job. They are not trying to beat the farmer; and if the farmer is on his toes he knows whether he is being beaten or not. In my own instance, I can guess the weight of bushels of grain in my truck within five bushels of each load that I haul to the elevator.

Mr. MILNER: I would like to point out to the committee two more things in connection with country elevator agents—perhaps three. This is always a sore point with the committee, and I do not blame you for worrying about it when you see it. When you see it in total, it looks like a lot of grain; but on the average, it is not so much. It is on account of the big handling that we have.

But the Canadian Grain Act, section 107, says:

> The operator and manager of every licensed country elevator shall afford full facilities to any person by whom grain is delivered to such elevator to verify the correct weight of the grain delivered as the same is being weighed.

We have put out, I think, between 10,000 and 15,000 of these which we printed just a few years ago, which tells the farmers the rights they have in dealing with the country elevator. We do all we can to educate them. We cannot do more than that; and a lot of farmers, if they become suspicious of the weights in an elevator, will weigh their trucks heavy and light over the town scales. We have seen them do that: I have seem them do it. In fact, in places where it had been suggested that perhaps our agent was not right, I, myself, got the farmers to put their loads over the town scales, and then had them weighed in our elevator.

No person likes bad weights, and particularly the elevator agent does not like them, if he is an honest man; and there is a very high percentage of honest men among elevator agents. That is my opinion.

If you think for a minute how we appoint elevator agents, you will see what I mean. If we are going to appoint an elevator agent at any point, we would go looking for a young fellow who was well respected and well liked in the district. If he had a lot of aunts, uncles and cousins farming, so much the better. But we would certainly look for a man who was well respected. When we get through finding this man, we turn him over to the bonding company, and they go over him very, very carefully before they issue a bond. You have appointed a man because he is well liked and respected in the district; and you are turning him over to the bonding company, and they can find nothing against him. I suggest to you that that is a more rigid examination than most people get who deal with the public in the matter of weights.

I say this, that I do not like the overages; but I do not know what we can do to correct it.

Mr. SMALLWOOD: In Saskatchewan there are 64 or 74 elevators with overages. Is that one particular line of elevators?

Mr. MILNER: No, it is not; it belongs to a number of elevators.

Mr. SMALLWOOD: It is broken down into what line?

Mr. MILNER: There is nothing significant in the number that applies to any particular elevator company—I can tell you that.

Mr. SMALLWOOD: You have not got that broken down into line?

Mr. MILNER: No, there is nothing significant in it. The reason is twofold: the reason it is more in Saskatchewan is because there are more elevators there; and the crop in Saskatchewan was not very heavy and they could get down to weighover elevators.

The CHAIRMAN: Regulations and orders—any comment?

Regulations and Orders

Regulations No. 17 and No. 23 were revised, effective August 1, 1959, to bring their provisions into line with current administrative and statistical procedures.

Regulation No. 20 was amended on September 2, 1959, by deleting the word "trimming" from the paragraph containing the maximum charge for discharging grain to vessels at licensed eastern elevators in the Upper St. Lawrence area.

Order No. 1-1958-59 was extended to continue in effect during the 1959-60 crop year. This deals with delivery and shipment of artificially dried grain at country points.

By Order No. 1-1959-60, dated November 6, 1959, the Board established the grade designation "Rejected—Dried", applicable to western grain damaged through artificial drying.

Orders No. 2 and No. 3 dated November 20, 1959 and November 26, 1959, respectively, placed restrictions on the mixing of "Rejected—Dried" wheat and barley with other grades of grain at terminal elevators.

Mr. MILNER: These regulations and orders are just to bring the accounting procedures in line with machine work we are doing now in the statistics branch.

Committees on Grain Standards

The Board constituted Committees on Western and Eastern Grain Standards for the Crop Year 1959-60 as provided in Section 25 of the Canada Grain Act. Personnel of these Committees is listed in Appendix A.

A meeting of the Western Committee was held at Winnipeg on October 22, 1959. The members received numerous reports relating to quality of crops grown in the 1959 season and to various other matters in connection with grading of grain, and also selected and settled standard samples and standard export samples for various grades of Western grain.

The Eastern Committee met in Toronto on August 19, 1959, and in Montreal on October 28, 1959, and established standard samples for grades of grain grown in Eastern Canada.

Both groups authorized continued use of previously selected standard samples in instances where suitable recent samples for established grades were not available.

Mr. PASCOE: Mr. Chairman, this is a question I asked of the wheat board here. I have not got the wheat board report with me; but I think it is 1.36, or something, of No. 1, and I wondered why the standard was down so much.

Mr. MILNER: That is a recurring question each year. As you know, we have what are known as statutory grades and commercial grades. I think that perhaps, as we have the chief inspector here, I will let him answer this question for you, as to why there is not as much No. 1 northern as there usually is.

We had one of the members of the committee—and we were very glad to have him up there—Mr. Korchinski, who took advantage of the fact that we asked them if they would come up. He visited us and he looked at the inspection department. So I suggest to you gentlemen that when you come through Winnipeg, we will be very glad to have you, and you can see how we operate.

On your question in connection with No. 1 northern, Mr. Conacher, will you deal with it?

Mr. M. J. CONACHER (*Chief Inspector, Board of Grain Commissioners*): Mr. Chairman, in considering this question it is important to realize that the grades do not change; that is, the statutory grades, which include No. 1 Manitoba northern. This grade, of course, is defined in the Canada Grain Act, and so long as the definition remains unchanged, the grading remains unchanged. In my 39 years as a grain inspector, I can honestly and truthfully say that the grade of No. 1 northern has not been changed; it remains constant from one year to another.

Therefore, the amount of No. 1 northern that we have depends on the amount that is produced and the amount that is shipped. There was a significant improvement last year, during the crop year which we are considering, and we had 1.91 of red spring wheat grading No. 1 northern.

The year before it was .3. You may be interested to know that this year, up to the end of May, it is approximately 1.1 per cent.

The reason in each case has been weather. We have had shrunken wheat; we have had weathered wheat; and added to that we have had the variety problem, as well as the question of the method of threshing. Selkirk wheat generally has not matured as well as the older varieties. This is one reason why we have less No. 1 northern. Another reason is—and this is probably the main reason—the diflerence in harvesting methods. Wheat that is harvested by straight combine, or by combine harvesting in swath, does not mature and does not develop the same colour as it does in the stook. These are the two main reasons.

Mr. SMALLWOOD: Do you grade on colour, or protein?

Mr. CONACHER: Protein is not a factor in grading.

Mr. CLANCY: That protein business came up before, and I am asking for an an opinion. I have read articles on this protein grading. Do you think it is feasible, or would it improve the farmer's return from his grain?

Mr. MILNER: Gentlemen, as far as protein grading is concerned, I have this to say: I would always be opposed to protein grading of Canada's crop, for this reason, that I think that you could separate, or grade No. 1 northern wheat, into two classes, we will say, with protein—1, 2, or 3 northern wheat, or any grade.

I do not think you would get very much of a premium for higher protein content; and if you skimmed off from your grades the higher protein, what would be left, or the residue of the crop, would be known to be of the low protein, and the buyers on the other side would be bidding you for poor filler wheat.

So that as far as Canada is concerned, a good average protein is the best thing for Canada to sell its crop. I have been in most of the countries in Europe, and I will say this, that in any of the countries I have visited I have never had a man, who is a buyer of grain, tell me that he has had grain from Canada that was not somewhat better than the certificate which accompanied the grain. In other words, in our own inspection of the grain we are most particular to see that our grain is above the standard as set for export. There is the question of the quality of protein as well as quantity of protein. The quality of our protein is much higher. I would say that millers in the other countries—the importing countries—would prefer our protein at 13.2 or 13.3 per cent to 14 per cent protein on hard wheat out of the gulf, for instance. So it is not all a question of protein content. We have to deal as well with quality of protein. If you would like to discuss further the technical aspects of the protein, we have Dr. Irvine with us from the laboratory.

He will talk to you, if you wish, on protein grading.

Mr. FORBES: Before you do that, you made reference to standard and commercial grades.

Mr. MILNER: No. I said statutory grade and commercial grade.

The CHAIRMAN: What is the pleasure of the committee?

Mr. MILNER: Would you like to have Dr. Irvine discuss proteins?

Some Hon. MEMBERS: Yes.

Dr. G. N. IRVINE, (*Board of Grain Commissioners*): Mr. Chairman, as Mr. Milner has pointed out, there is a great deal of talk at one time and another on protein content. Generally, this is brought about by people who are concerned with protein grain and other competing wheats. Canada produces a wheat which is a very strong type of wheat. This country generally refers to the type of protein it has as high quality and strong protein. The protein level

of such wheat has some importance in its blending value, but it is the strength of the protein which is of major importance in supporting other wheats. With other wheats available on the world market which are not as strong as our wheats, they can only give it support by blending with our wheats. You have the American winter wheats with a 14 per cent protein and the strength of that wheat is comparable to Canadian wheat of perhaps 12½ per cent or less protein. Therefore, we never have had any suggestion from Europe that people would be pleased to pay premiums for high protein Canadian wheat in the same sense they are willing to pay high prices for protein content in other wheats.

Mr. PASCOE: What would you call a good average protein wheat?

Dr. IRVINE: Canadian wheat on the average is around 13.5 per cent.

Mr. ROGERS: It is generally conceded that in the Peace river country, for instance, there is a protein deficiency. Is that right?

Mr. MILNER: In certain areas of Canada, not only in the Peace river area. In the Peace river area it is not quite so high protein as in other areas. We have the same situation developed in wooded areas as well.

Mr. MCINTOSH: Last year we were concerned about losing some of our Japanese market to the Russians because the Japanese were experimenting in the use of Russian wheat as a substitute for Canadian wheat. Was it the protein content they were experimenting with, or was it some other factor?

Dr. IRVINE: So far as I know the Japanese merely were looking into the question of how suitable Russian wheat would be. The Japanese, for instance, for some years have been importing certain amounts of United States hard winters. Currently Russian wheat is not quite as good, in our opinion, as the United States hard winters which is generally available. If you have a wheat from which you must make bread, then you can blend with that "X" per cent of Canadian hard red spring wheat, a larger percentage of American hard winter wheat, or even a larger percentage of Russian wheat and achieve roughly the same result in the end.

Mr. MCINTOSH: Is there something we have in our wheat that the Russian wheat has not?

Dr. IRVINE: The strength of the protein content of Canadian wheat is considerably higher than the Russian wheat. We have tested the Russian wheat which the Japanese took in and have confirmed this.

Mr. SOUTHAM: Is it not true that the high percentage of protein in Canadian wheat puts it in a special position.

Dr. IRVINE: This is true; but one of the things we try to avoid in sales is to make an issue of the protein content of our wheat. It is high; it has been high for years; but the major selling point of Canadian wheat is the strength of its protein content. It can go down or up depending on the crop we have, but even when the protein content is down the strength or quality of the protein is still there.

Mr. ROGERS: How does our winter wheat compare with the United States winter wheat?

Dr. IRVINE: That is difficult to say. As it is grown now the protein content tends generally to be lower. The general strength of the wheat is similar to some of the American winter wheats. It is a question of variety. In studies we did with the plant breeders we have evidence in the areas where winter wheats are grown that Canada can produce winter wheats of a variety which is fully equal to American spring wheats.

Mr. SMALLWOOD: There is a stretch in Alberta where they can get No. 1 wheat and we on the C.N.R. line east of Edmonton cannot buy No. 1 grade.

I think that for many years we have had better wheat than they, but they say they have more protein. Lots of years we cannot buy No. 1 down our line.

Mr. MILNER: The question was asked about protein. It is a subject which always has come up. I asked the laboratory to start a series of studies about 2½ years ago.

I made arrangements with the superintendents on the other side to get samples of arrivals of wheat from other countries. Since that time we have been regularly collecting samples of arrivals of American wheat, Argentinian, Australian, and wheat from the gulf and Russia. We are running milling and baking tests on those wheats and trying them in mixes such as they would be doing on the other side. We now have a great deal more data than we used to have in relation to the value of Canadian wheat as opposed to other wheat. It distinctly confirms my opinion we should not be changing our method of grading to include protein.

Mr. SOUTHAM: Following that up, according to the statistics, the graph on the statistics, is there any indication that the average level has been deteriorating or increasing? We have often heard reference made to farming practices; and we have had the criticism, particularly from Europe, that we are not putting back fertilizers, and so on. Is there any tendency for the average quality to be in the descendency?

Mr. MILNER: The doctor can tell you, perhaps in a more technical fashion, what the figures have shown.

Dr. IRVINE: There is no evidence at the present time to indicate that any such thing as you suggest has in fact occurred. It is a little difficult to deal with the trend in protein content, because tests must be taken over a considerable range of years. For instance, three years ago, and prior to that, we had a period of five years of low-protein crops. These were large crops, and we had a great deal of comment from Europe that our varieties were poor, that we were using too much fertilizer, that we were going for high yields, and so on. We assured them that this was not so, but that it was an environmental factor. Subsequently, very fortunately, we have had three years of high-protein crops, including the last year, which was considerably higher than the average and, I think, about the three highest protein contents we have had. Under comparable conditions of yield and farm practices we have no evidence there has been a drop in protein content as a result of farm practices, or the land running out.

Mr. MILNER: I have the average protein content which my statistician gave to me. I will read the figures, by years, up to the present.

In 1947-48 it was 14.1; then 13.6; 13.4; 13.7; 13.8. Then we came into those years where we had big crops. In 1952-53 it was 12.7; 1953-54, 12.9; 1954-55, 12.6; 1955-56, 13; 1956-57, 12.4; 1957-58, 14; 1958-59, 13.8; and this past year, the one that we are in now, 14.2.

Mr. MCINTOSH: In your research to determine why the content has dropped in the crop year, what factors do you attribute the drop in the content—to the moisture or climatic conditions?

Mr. MILNER: Dr. Irvine can answer it.

Dr. IRVINE: Generally speaking, agromatic data from all over the world indicates an inverse relationship between protein content and yield of grain. This is generally thought to be the result of environment, where the wheat plant tends to produce a certain amount of protein per acre, let us say. Where you have a large number of bushels per acre its protein content is distributed over a larger number of kernels, and each kernel has a smaller content; or where you have conditions leading to a smaller number of plants per acre they have greater protein.

Mr. MCINTOSH: In other words, if you sowed less bushels per acre you would have a higher protein content crop?

Dr. IRVINE: That is generally true. In plant breeding work the plant breeders always sow in such a way to get their best growing conditions and high yields. Under these conditions the protein content of that wheat, in any given year, is roughly one per cent above the average for the crop year.

Mr. HENDERSON: I come from the Peace river—

Mr. MILNER: I know; and I was not criticising the Peace river.

Mr. HENDERSON: We were growing Garnet wheat. It was a beautiful sample, but the elevator agent we dealt with—Grain Growers—all our lives suggested we get out of it. It was a pure, registered seed. We got out and went into Thatcher. Now I hear a different story altogether about protein. I have often thought I should go back into Garnet.

Mr. MILNER: I think the doctor would tell you it was the colour of the flour.

Mr. HENDERSON: Mr. McIntosh told me.

Mr. MCINTOSH: No, Mr. Forbes told you. You should eat brown bread.

Mr. MILNER: It is the quality of the protein, which is so important in Canadian wheat, and the quality of the protein in Garnet wheat is not the same as the standard of quality we aim at in the development of new varieties. It is a different type of protein. Under the same conditions of work in the bakeshop it can be used too; but the great majority of customers are used to the protein quality we produce in the Thatcher and the Marquis type, and Garnet is not of that type.

Mr. PASCOE: I do not know whether this is the proper place to bring it up or not, but you are talking about the testing of the protein content of wheat. We hear quite frequently about the danger of strontium 90 in the wheat. Is this a good place to ask if any tests are being made on that?

Mr. MILNER: I think probably I would prefer to make a very short statement with respect to that, and I would not like to be pushed on it, because that information should come from elsewhere. Our laboratory has assisted, to some extent, in the determination of the amount of strontium 90. That is all I care to say about it.

Mr. PASCOE: You are testing for it?

Mr. MILNER: No, we are not testing for it, but we are helping to test.

Mr. ARGUE: It is lower now than it has been?

Mr. MILNER: That is correct.

Mr. ARGUE: The Americans quit testing, and the Russians.

Mr. ROGERS: To go back to the protein content. Doctor, would you say that to an extent the maturity itself has a tendency to increase the protein content? I mean, the longer the wheat matures, by reason of thinner seeding?

Dr. IRVINE: There is some indication that is true. There appear to be only certain areas of the world where you can grow the quality of protein we have in our wheat. Generally speaking, where you can grow that quality of protein the quantity of protein also tends to be high. This, presumably, is related to the hours of sunshine you have, the length of time to maturity, and so on. That is, we can grow varieties of wheat in western Canada which have a very poor quality of protein but, at the same time, have a very high quantity of protein grown along side our normal varieties the plant breeders produce varieties 1 or 2 per cent above our regular varieties, but the quality of this protein is very weak.

Mr. RAPP: Mr. Chairman, we read and hear that the Russian climate, the Siberian climate is very close to ours in Canada. Over the last few years the Russians have opened up big territories in Siberia and there they plant wheat.

Is this wheat very similar to our winter wheat—if anybody knows something about it?

Some Hon. MEMBER: Our spring wheat.

Mr. RAPP: Yes, the spring wheat.

Dr. IRVINE: Mr. Chairman, this is a question, of course, that has been in existence for many, many years. All the old text books, for instance, would make the statement that the best wheats of the world, and the strongest wheats of the world, are grown in western Canada and in parts of Russia. The Russian text books, which are now being put out, leave out the statement in respect of western Canada, and say that the strongest wheats in the world, of course, are grown in Russia.

When a Russian delegation was over here several years ago I had a discussion in this regard with them and asked them if they could send samples of their top quality spring wheats. I have never received any samples. We have never tested their wheat in our testing program, which includes only wheats commercially being made available to the European market. We have never tested any spring wheats. The wheats we have tested have all so far been winter wheats, and there has never been a sample which shows even any approach to the quality of our wheats.

Mr. HENDERSON: We have lots of daylight in the Peace river country, lots of daylight.

Mr. RAPP: The reason I asked this question was because of statements appearing in the press over the last two or three, or four years, that the Russians have plowed up millions of acres of land in Siberia. If it turns out that they grow wheats similar to ours it might really upset the applecart.

Mr. MILNER: Gentlemen, Mr. Conacher, our chief inspector, was sent over to Russia not too long ago with Dr. Anderson. They made an extensive visit to Russia, and saw a good deal of that country. Perhaps Mr. Conacher could say a little bit about those things he saw while he was there.

Mr. CONACHER: The reason I was not at the meetings of this committee last year was that Dr. Anderson and I were in the U.S.S.R.

During our visit in late June we were in southwestern Siberia, the Altai region, as it has been referred to. This is an area which has been brought under the plow since the spring of 1954. The area is roughly equivalent to the entire grain producing area of western Canada. Their average annual rainfall during the growing season is approximately two inches less than we get in our drier belt across the southern strip of the western prairies, so producing a crop here is most questionable.

They moved into this area on the calculated risk of losing one crop in five years. They have fared somewhat worse. With us, during this visit, was a Mr. Lisenkov, the senior agronomist in the U.S.S.R. He is a most well informed man in his own field. He told us that the Russians are having trouble developing a variety which will produce quantity and quality. He said, at this time last year, they had a variety which would produce 2 per cent higher protein than their average, which would be about one per cent higher protein than our average; but he said in order to introduce this variety they would have to sacrifice the yield to the extent of something like 20 per cent. He did say that they were expecting to realize in the course of a few years something around 95 per cent yield with one per cent increased protein. This protein percentage will be at least comparably equal to ours.

In our favour is this; they have all of our varieties. Our varieties are readily available. If anyone wants to get all of our western Canadian varieties he only needs to obtain a bushel of our high grade wheat at the export level,

and a plant breeder can pick them all out. They have all of our varieties. None of our varieties produce satisfactorily there. They are having to find their own varieties.

No doubt they are a threat to us in this field.

Mr. RAPP: Are you speaking of the steppe areas of Siberia?

Mr. CONACHER: This Altai area is the steppe area in the southwest corner of Siberia, and the north eastern area of Ne Kazakstan.

Mr. DANFORTH: Mr. Chairman, that was a very interesting statement that we just heard in respect of Russia.

I would like for a moment, if I may, to go back to the question of protein. We have heard of quality and quantity in respect of protein. I would like to clear this up in my own mind.

Does quality refer to the chemical composition of the protein itself, and is it possible that, as far as food value is concerned, the more quantity of protein in the food that you have would make it less valuable as a food, and the less protein it had would make it higher in quality? I cannot quite get that straight in my mind.

Dr. IRVINE: Mr. Chairman, on the question of quality of protein, this means two separate things, depending upon whether you are talking about the quality in terms of its bread-baking quality—the ability to make good bread under a variety of circumstances—or the nutritional quality of the wheat.

Now, the nutritional quality of wheat depends, of course, on how much protein it has; how much starch, how much fat, how much vitamin, and so on. Normally speaking high protein wheat would be considered to be nutritionally advantageous over low protein wheat. However, the value of the protein in various kinds of wheat, high or low in protein content, seems to be about the same. The difference in quality of protein between wheat proteins and, say, meat proteins is that wheat proteins are slightly lacking in amino acid lysine. This amino acid has more nutritional value for upgrading the quality of protein for nutritional purposes. There is a possibility that within the next five years lysine will be added to flour in the same way that certain vitamins are now added as a routine enrichment process. If this happens, the wheat protein will have the same nutritional value that meat proteins, and other animal proteins, have. When this happens, of course, then in respect of nutritional advantage, you can say that the higher quantity protein wheats will have nutritional advantages over the lower quality of protein wheats.

Mr. DANFORTH: Thank you, sir.

Mr. PASCOE: Mr. Chairman, I have a question to ask in respect to the next page, but it is connected with Mr. Conacher's trip to Russia, so perhaps I should ask it here.

It says that you, as the chief grain inspector, spent 20 days in the U.S.S.R. where you obtained information on grain production, handling and storage, grading, inspection, milling and baking, and on related research and development. Was a printed report made in this regard, and is it available?

Mr. MILNER: There was a confidential report made, Mr. Pascoe.

Mr. MCINTOSH: My question is exactly the same as Mr. Danforth's except that I still have not got this clear. When the doctor was talking about percentages of protein I take it that he was talking about the quantity of protein in the grain; and then when he made reference to the phrase "strongest wheat" comparing Russian wheats and ours, did he mean quality when he used the word "strongest"?

Dr. IRVINE: The word "strong" refers to the quality of the protein.

Mr. MCINTOSH: Percentage is related to quantity, and strong is related to quality?

Dr. IRVINE: That is correct.

The CHAIRMAN: Gentlemen, shall we proceed to the section headed inspection of grain?

Mr. SOUTHAM: Mr. Chairman, I do not want to interfere at this meeting, as far as the sequence of questions is concerned, but before we leave the section on research I was wondering if my question should properly be asked now.

The CHAIRMAN: We have not reached our consideration of the research section.

Mr. SOUTHAM: I beg your pardon?

The CHAIRMAN: We have not reached a consideration of the research section yet.

Mr. SOUTHAM: I was following along from Mr. Pascoe's question in regard to Mr. Conacher's trip to Russia, but I will defer it until we are considering the section under research.

INSPECTION OF GRAIN

Farmers in Western Canada generally had an extremely trying time in 1959. During spring and early summer, soil moisture varied very low in the central and southern areas, to adequate in northern and western areas, and excessive in Eastern Manitoba.

Drought conditions continued in July and August from Southeastern Alberta, across Southern Saskatchewan, to Southwestern Manitoba; crops were light through much of this area. Crop prospects were generally good through the rest of the prairies, and much high grade grain was harvested in central Saskatchewan and Manitoba.

Except for the southeastern part, Alberta crops were caught in the fields by rain and snow. The inclement weather extended across the northern districts of Saskatchewan and Manitoba, and caught late crops in Eastern Manitoba. Extensive, but variable damage occurred from early fall frosts. Over a widespread area across the north, winter came early with crops still unharvested; as the soil froze solid enough to support machines, threshing of damp grain got underway, but many farmers intend to leave their crops in the fields in the hope of dry weather for threshing in the spring. Grain dryers are being used on farms in many districts.

Such varied conditions have produced a wide range of grades. In the dry belt, wheat graded from Manitoba No. 1 Northern to No. 5 and Special grades; the first wheat threshed in the central areas was mostly No. 2 and No. 3 Manitoba Northern. Frost and weathering has done much damage in the west, north and east; grades of Manitoba No. 4 Northern and No. 5 wheat are common there.

Barley in the southern areas was well matured but often contained thin kernels; much good malting barley was produced in the central area, but the weather reduced much of the northern barley to Feed grades.

The first oats threshed were of good colour and quality, except for some of light weight from drought; late crops of oats have suffered much damage from weathering. Rye, which is confined more to southern and central regions, was generally harvested in good condition. Flaxseed that was threshed before the storms was practically all No. 1 Canada Western, but fall rains did much damage to this crop. The same applies to rapeseed; early crops were of excellent quality; late crops were severely damaged.

Promise of a substantial crop of Pea Beans in Southern Alberta led to the establishment of commercial grades by the Committee on Western Grain Standards; the colour was excellent, and the grade generally high as processing got underway.

Mr. PASCOE: Mr. Chairman, under the topic headed inspection of grain it says that grain dryers are being used on farms in many districts, and then further on it is said that the laboratory again offered a free testing service to farmers to help them to dry grain without damaging it. Was there much damage done by this drying process on farms?

Mr. MILNER: There was considerable damage?

Would you like to deal with that, Dr. Irvine?

Dr. IRVINE: Mr. Chairman, the tests that we made to help the farmers consisted of requests to the farmers to send samples of the grain in before they dried it, and samples after they dried it. Of 621 pairs of samples of that type that we examined, 449 indicated that the drying had been done satisfactorily. That is a percentage of 72.3. Forty-two pairs of samples, or 6.8 per cent indicated slight damage had been done; and 138 pairs of samples, or 20.9 per cent, showed that the wheat was distinctly damaged.

Now, those 130 distinctly damaged samples occurred, beginning when the farmers were setting up the driers and, certainly, in the latter stages, the amount of damage that has been done has been very much less.

The CHAIRMAN: Gentlemen, are there any further questions?

Mr. KORCHINSKI: Mr. Chairman, I have one question in connection with the grain that was harvested this spring, and I wondered if, perhaps, this would be the proper place to mention it. For example, probably No. 5, this spring, has not as high a nutritional value in it as the No. 5 that was harvested last fall. Could you give us something of a comparison here? How many bushels of No. 5, as harvested this spring, is equivalent to how many bushels that were harvested last year, in comparison to nutritional value?

Mr. MILNER: I will ask the doctor if he wants to take a whirl at that; I would not.

Mr. MCINTOSH: Why should there be a difference, if they are both grade 5?

Mr. MILNER: No. 5 wheat can be different for two reasons. You could have the heavy frosted No. 5 wheat in the Peace river area, and you could have the thin immature No. 5 wheat that comes from other places. We can find a sale for the heavy frosted No. 5 wheat, particularly to the Netherlands. It has a lot of flour making ability, whereas your thin, immature No. 5 wheat, while it is still No. 5 wheat, has not the same nutritional value as the heavy frosted wheat.

Mr. MCINTOSH: Well then, why do you grade them both No. 5?

Mr. MILNER: Because they both fall into the category of No. 5.

Mr. MCINTOSH: Then, what is the category of No. 5 wheat?

Mr. MILNER: Perhaps Mr. Conacher would answer your question.

Mr. CONACHER: The first point here, Mr. Chairman, is that all wheat grades have breadth. Our lower grades are much broader than our higher grades. No. 1 northern has a relatively narrow breadth. However, the range or breadth of No. 5 is great. The difference between No. 5 near the top of the grade and the bottom of the grade is obvious to anyone with normal eyesight. It is possible that we could stand it over the winter, and it would have the same weight and, probably, be of the same real quality in the spring as it was in the fall. However, it will have deteriorated in some ways. Normally, there will be some development of mildew and, maybe, some sprouting. There is some bloating of the kernels through wetting and drying, which may reduce the weight per

bushel. This generally happens, and it results in the grade being lower, normally.

Mr. KORCHINSKI: Is there a relationship between the weight of No. 5 and the nutritional value? Could you give an indication on that?

Dr. IRVINE: The point, I think, where nutritional value comes up, in connection with No. 5, is where you have a plump No. 5 which has, say, a high thousand kernel weight; it will have a fairly high ratio of endosperm—that is, stored protein, and so on, in relation to the bran which is largely fibre. When you have a wheat which is very low in thousand kernel weight—that is, small shrunken kernels, and so on—you have a much lower ratio of the endosperm to the bran. Now, for feeding value to the farmers, and use in compound feeds, the thin, shrunken No. 5, will have a much higher fibre content. Generally speaking, for feeding purposes, the fibre content must be a certain maximum level, and usually is guaranteed in the analysis given with the feed. So, that is the principal difference in the nutritional value.

Mr. MCINTOSH: Mr. Chairman, I have a further question. It is not connected and, possibly, should come up under complaints. Do you want me to hold it until that time?

The CHAIRMAN: Well, we will proceed now to research.

Research

Preliminary information on the quality of different grades of 1959 Western grain crops was presented at the October meeting of the Committee on Western Grain Standards, and later in the fall was published as two protein maps and four crop bulletins. Steadily increasing demand for the two quarterly bulletins on bread wheat and durum wheat cargoes shows how useful they have become to overseas buyers of Canadian wheat. Studies have been continued on the quality of wheat exported by other countries; the samples are collected with the help of the Canadian Wheat Board and Canadian Government Trade Commissioners. Comprehensive records of Canadian grain at various stages of marketing have been maintained throughout the year.

The Laboratory has continued to work closely with the Grain Inspection Branch by providing such services as were required to aid in grading and associated problems. Among the problems caused by the wet harvest, the most important concerns grain drying, especially on farms. The Laboratory, again offered a free testing service to farmers to help them to dry grain without damaging it. Tests of the quality of dried grain delivered by farmers to country elevators and of carlots shipped to terminal elevators have been made to assist the Chief Inspector with the grading of dried grain. Farmers and elevator agents have made good use of this service offered by the Laboratory, and by the end of the year many hundreds of samples had been submitted. The same laboratory service is being given to the Chief Inspector to assist him in controlling drying operations at terminal elevators.

As in previous years, the Laboratory made comprehensive quality tests on the tentative Standard and Export Standard samples prepared by the Chief Inspector, and provided information on the quality of samples used to make these Standard samples. Supervision of moisture testing and of equipment in inspection offices has continued; this equipment now includes electrical moisture meters as well as Brown-Duvel apparatus.

Laboratory services and technical advice to the Canadian Wheat Board, to Commercial Counsellors and Trade Commissioners, and to other Government agencies continued on about the same scale as last year, and close liaison has been maintained with cereal chemists in all parts of the world. The Laboratory has continued to take a leading part in quality studies of new varieties of spring

and durum wheat and malting barley that are sponsored by the Associate Committee on Grain Research. An active program of basic and applied research was maintained throughout the year, and several papers on various subjects have been published in the scientific literature.

The third award of the National Research Council Postdoctorate Fellowship, tenable in the Laboratory, was made to Dr. M. K. Narayanan of the Central Food Technological Research Institute, Mysore, India, who arrived in November. Dr. Bloksma, the second Fellow, had returned to Holland in July. Dr. R. Tkachuk and Dr. Cho Ching Tsen have joined the staff of the Basic Wheat Research Section, and Mr G. C. Martin came to the Applied Wheat Research Section Mr. R. R. Matsuo of the Basic Wheat Research Section, is on leave at the University of Alberta where he is studying for a Ph.D. degree; he was awarded a Fellowship presented by the Ogilvie Milling Company. Mr. M. H. Birnboim resigned his position as physicist at the end of the year. Total staff of the Laboratory is now 53.

During the year, the Laboratory was visited by several overseas technical missions and by scientists from various parts of the world. Dr. Anderson and Mr. Conacher, the Chief Grain Inspector, spent 20 days in the U.S.S.R. where they obtained information on grain production, handling and storage, grading, inspection, milling and baking, and on related research and development. Dr. Meredith attended the Congress of the European Brewing Convention in Rome, Italy, after which he visited Germany, Great Britain and Ireland. Other members of the professional staff attended scientific meetings in Canada and the United States.

The CHAIRMAN: Are there any comments on research?

Mr. SOUTHAM: In regard to research, I have a question. I do not know whether or not it comes under your department, but it could.

I am talking about the selling of grain and other competitive foods, and so on; and also the fact that we have been led to believe the last while that the per capita consumption of bread is going down in Canada. Have you conducted any research or made studies of what is causing this particular thing? I am thinking of the over-all sale of grain, and what research has been done in order to maintain markets and consumption of this particular commodity.

Mr. MILNER: We do put out a good many books—at least, pamphlets, with respect to the protein content. However, so far as carrying on any propaganda with respect to the nutritional value of grain, we have not done it, have we?

Dr. IRVINE: No.

Mr. MILNER: We do give specific instructions to the people in the other countries who are buyers.

Mr. SOUTHAM: But is that statement not true—that during the latter years, particularly the last ten or fifteen, that the per capita consumption of wheat, or bread, is going down in Canada?

Mr. MILNER: I will ask Mr. Conacher to comment on this.

Mr. CONACHER: Mr. Chairman, there is a well established pattern throughout the world. Where people are starving, as they are in many areas now, they are glad to get bread, and given the opportunity, they will increase their consumption of bread. Then, as they become sufficiently well established, as we are, and are able to afford beefsteaks, they eat less of the plainer food, bread. This is the pattern and, coupled with it, is something we have in Europe for a long time. Where bread forms an important high proportion of the diet, they produce a different kind of bread. They tend to produce heavy breads and, in the poorer areas of Europe, we see this. We see it in Russia itself. The Russian bread generally is heavy. They promised to improve the

quality of their bread to their own people—and this means to produce something of the kind of bread that we have, this light, white, fine textured loaf, because their standard of living is improving. They are getting more meat, vegetables and so on. This is the general pattern.

Mr. SOUTHAM: Thank you. Following on from that, I would like to comment about the marketing of grain—and I am referring to the national research council trying to get substitute markets, other than for human consumption. What progress has been made in that?

Mr. MILNER: You mean the industrial use of grain?

Dr. IRVINE: That aspect of wheat and grain is handled by the prairie regional laboratory of the national research council.

Mr. SOUTHAM: Well, what progress has been made for industrial use? Has there been anything developed in that respect?

Dr. IRVINE: There is nothing too significant to report at the present time although Canada, and the United States particularly, are doing a great deal of research work in this area. However, as yet, I do not think anyone has come up with any particularly significant new uses which have been found to be economical.

Mr. PASCOE: Could I follow up with one question. You talked about the heavy bread and the fine, white bread. Is there more wheat used in the heavy bread?

Dr. IRVINE: Normally speaking, for a good sized loaf, the heavier the loaf the more flour has gone into it, because with a lighter loaf you put in more water, thereby getting a lighter loaf—and, actually, there is less flour.

Mr. DANFORTH: Mr. Chairman, I have a supplementary question on that. Speaking of a lighter loaf, in comparison with a heavy one, gram per gram, is the heavy loaf more nutritional than the light one?

Dr. IRVINE: Its nutritional value would depend on how the loaf was made. For instance, in the countries to which Mr. Conacher was alluding, where you have a heavy loaf it is made from salt, water, yeast and flour.

In our own country bread is made from flour, salt, yeast, water, plus a fair amount of shortening, often as much as five per cent, and dried milk solids general around six per cent.

This changes the nutritional value of the bread. The nutritional value becomes higher with these added ingredients in it.

The other answer is: when you have flour which makes a very heavy load, it generally is low protein flour. So we would assume that nutritionally-wise, the protein content was lower with the heavy as compared to the lighter loaf; that is, the protein value is higher in the lighter loaf than it is in the heavy loaf.

Mr. PASCOE: We have heard the statement that there is about two cents worth of wheat in a loaf of bread. What have you to say about that?

Mr. IRVINE: I think that is in the realm of the economist.

The CHAIRMAN: Let us proceed to weighing of grain.

Are there any comments?

Weighing of Grain

The staff of the Board's Weighing Branch provided usual weighing services at licensed elevators and investigated complaints relating to reports of excessive outturn shortages on carlot and cargo shipments. The Board's scale inspector carried out periodic tests and inspections of

scales at licensed terminal and eastern elevators, and made special inspections when such were considered necessary. Further detailed information in regard to the work of this Branch is given in Appendix F.

Mr. GUNDLOCK: Mr. Chairman, I arrived a little late this morning and I have a question concerning shortages and overages. What percentage of elevators do you weigh over each year?

Mr. MILNER: Under the act we are required to weighover terminal elevators not more frequently than every nine months, and not longer than 22 months. But the situation has developed where we cannot follow the law, because it is an impossibility to weighover terminals which are filled. If we tried to do so it would seriously interfere with the transportation movement, and with export. So we simply just do not do it. We wait until we can get around to where we can weigh them over.

Mr. MCINTOSH: You referred to semi-public and private terminal elevators. What is a semi-public terminal elevator?

Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners of Canada*): Perhaps I might answer this by giving the gentleman a copy of this booklet which outlines the requirements for various types of licences.

The CHAIRMAN: Is that satisfactory to the committee?

Mr. MCINTOSH: Could you not answer my question in words?

Mr. BAXTER: It refers to the conditions under which an elevator may operate and the actual binning of grades, the separation of grades within the elevator, and the retention of ownership in it. It becomes a little involved and long, and that is why I suggested handing you a booklet to answer your question.

Mr. MILNER: Perhaps I could answer it quickly by saying that in a semi-public terminal, grades below the statutory grades can be mixed, but in a public terminal, the grades' identity must be preserved.

In the case of a semi-public terminal, no mixing may be done in the first four grades, that is No. 1 hard, No. 1 northern, No. 2 northern, No. 3 northern and No. 1 Garnet, and No. 2 Garnet. It is all set forth in the Canada Grain Act as to what can be done.

Mr. BAXTER: You mentioned private as well; that must be the owner's grain.

Mr. MILNER: All grain going into an elevator which is licensed as private, must be owned by the operator of the elevator.

Mr. MCINTOSH: You do give them permission to mix lower grades so as to bring the grading up in private terminal elevators?

Mr. MILNER: We do not have any. We do not have any private terminal that I know of.

Mr. MCINTOSH: You say that service is provided here.

Mr. MILNER: Have we a private terminal elevator licensed? Oh yes, we have a few. I was wrong.

Mr. GUNDLOCK: May I revert for a moment and ask for the same percentage with respect to country elevators?

Mr. MILNER: I would be glad to answer.

Mr. GUNDLOCK: What percentage of them is checked each year?

Mr. MILNER: What percentage of country elevators is checked? You mean weighovers? They are shown here. It gives it right in our report.

Mr. GUNDLOCK: I see that.

Mr. MILNER: There are about 5,300 country elevators.

Mr. GUNDLOCK: Then it is roughly one third?

Mr. KORCHINSKI: My question has to do with inspection, and going out and making periodic tests of scales, and so on. I wonder whether we are any closer this year than we were last year on inspection of moisture testers—whether the board has decided that perhaps these tests could be handled by its own personnel at the time they carry out these inspections of the scales.

Mr. MILNER: As far as the moisture tester equipment is concerned, we have been sending out plastic containers with known moistures, which we make tests of in our own laboratories. They are sent to our assistant commissioners —as many moisture checks as we can get.

That has just been started; but they will get around them eventually.

The CHAIRMAN: Weighover of stocks, terminal and eastern elevators—any comments?

Weighover of Stocks, Terminal and Eastern Elevators

In accordance with the provisions of Sections 139 and 140 of the Canada Grain Act, 30 terminal and 26 eastern elevators were weighed over during

> In accordance with the provisions of Sections 139 and 140 of the Canada Grain Act, 30 terminal and 26 eastern elevators were weighed over during the 1958-59 crop year by members of the Board's Weighing and Inspection staffs.
>
> Deferments into the following crop year were made at 6 terminal elevators at the Lakehead, 9 terminal elevators at other points, and at 5 eastern elevators. The Board found it necessary to grant these deferments to avoid delaying the handling and loading of grain required to meet export orders. However, it was possible to carry out seven of these deferred weighovers before the end of December, 1959.
>
> Tables C-12 to C-14 of Appendix C contain the results of weighovers carried out in the 1958-59 crop year.

Agreed.

The CHAIRMAN: Entomological investigations.

Entomological Investigations

The inspection of terminal grain elevator premises and grain stocks was continued in 1959. Most of the terminal elevators were visited at least once. Two trips were made to the Pacific Coast and three to the various Bay Port elevators. In all cases existing conditions were discussed with management and when necessary, instructions were issued on control measures.

As in 1958, the terminal elevators were essentially free from insect pests. The short courses in insect control put on by the Board are largely responsible for this condition.

A special visit was made to the Pacific Coast in April to start an insect control campaign in the terminals in that area. An improvement was noted in most of these elevators when they were inspected later in the season.

Regular visits were made to the various grain inspection offices of the Board to discuss insect control.

Special attention has been given during the past two seasons to the various Canadian Government Elevators. In the interior ones grain is stored for long periods of time. Bottom samples were drawn from all bins and checked for insect infestation.

The opening of the St. Lawrence Seaway has created new problems in the handling of grain. Many overseas ships are now loading at interior points and a considerable amount of United States grain is being handled for export

through Canadian elevators. A number of inspections were made of United States grain in store in Canadian elevators to check on its freedom from insect pests. The Board's entomologist, Dr. H. E. Gray, attended the Hearing on Plant Diseases and Insect Control on the St. Lawrence Waterway and Great Lakes in Duluth, Minn., in August. He also participated in a joint discussion with representatives of the Plant Quarantine Section of the United States Department of Agriculture and officers of the Canadian Plant Protection Division on "The Seaway—its insect problems and how to meet them" in December, at Detroit, Mich.

Contact was maintained with the grain and milling trade through attendance at the Annual Convention of the American Association of Operative Millers in Chicago in May.

Dr. Gray was an invited speaker at the Joint Meeting of the Entomological Society of America and the Entomological Society of Canada in December in Detroit, Mich., speaking on the subject "The Board of Grain Commissioners for Canada and its relation to Phyto-sanitary Measures".

Mr. PASCOE: In this one, Mr. Chairman, I am referring to the top of page 15:

> Special attention has been given during the past two seasons to the various Canadian government elevators.

Particularly the interior ones, with regard to insects, you do not say anything about the results. It says:

> Bottom samples were drawn from all bins and checked for insect infestation.

Mr. MILNER: We will give you the Ffiure, if you like. We handle quite a shape.

Mr. PASCOE: There is a question in regard to the next paragraph, which says:

> A number of inspections were made of United States grain in store in Canadian elevators—

Is there very much American grain in store in our elevators?

Mr. MILNER: We will give you the figure, if you like. We handle quite a lot. As you know, the St. Lawrence Seaway is a joint operation, and the Americans do ship a considerable quantity of grain through the St. Lawrence. And there is a lot of American grain which comes into our eastern elevators for domestic use in Ontario and Quebec.

Mr. PASCOE: Is it in store very long, or does it pass through?

Mr. MILNER: There is a large quantity that we call stored in transit; that is only grain coming through for export. And then there is grain that is stored by importers in this country who are in the domestic business, and who have the grain stored there for the requirements of people in the domestic market in eastern Canada.

Mr. SMALLWOOD: What is the idea of storing American grain in our elevators, when we need the storage space?

Mr. PASCOE: Could we get the figures of how much?

Mr. MILNER: Yes.

Mr. BAXTER: The last report I have at hand, for June 22—there were 255,000 bushels of United States wheat in store in eastern positions. There were 1,600,000 bushels of United States corn; and there were roughly 500,000 bushels of United States soyabeans in those positions.

Mr. PASCOE: I have one more question. This is more for personal information.

Mr. MILNER: That is a little low, compared with usual.

Mr. PASCOE: I just drove by, not long ago, the elevator at Prescott. How does that fit into our western wheat movement?

Mr. MILNER: It is a transfer house, the same as Port Colborne or Kingston.

Mr. GUNDLOCK: Do you have the figure of the amount of United States wheat that is consumed in the eastern provinces?

Mr. MILNER: Yes.

Mr. BAXTER: Negligible. There would be practically nothing of United States wheat.

Mr. MILNER: But corn.

Mr. GUNDLOCK: Grain—I beg your pardon; corn?

Mr. MILNER: Yes.

Mr. MCINTOSH: May we have the figure of corn?

Mr. BAXTER: You mean, of consumption of United States corn?

Mr. MCINTOSH: Imports of United States corn over the years. I think Mr. Milner gave a figure of 6 million bushels, and another witness said 12 million bushels.

Mr. MILNER: That is when you were talking of feed mills.

Mr. MCINTOSH: Yes. Could we have the official figures?

Mr. MILNER: Those are official figures that I gave you; but we will have them checked.

Mr. MCINTOSH: We have not got the totals.

Mr. MILNER: We will give them to you.

Mr. BAXTER: I will obtain those figures for you, Mr. Chairman.

The CHAIRMAN: While they are working out those figures, we will go on with the next item, terminal and eastern complaints.

TERMINAL AND EASTERN COMPLAINTS

During 1959, the Board directed the investigation of 39 complaints regarding shipments to Eastern Canadian and U.S.A. points. One of these complaints related to the quality of grain shipped, and the remainder to reports of excessive outturn shortages. The latter group included 23 on vessel shipments from Fort William and Port Arthur, 9 on vessel shipments from Eastern transfer ports, 3 on vessel shipments from other ports, and 3 on carlot shipments.

These complaints were disposed of as follows:

	Quality	Weight
No cause of reported discrepancy found ..	—	25
No grounds for complaint	—	1
Settlement effected	1	4
Not yet disposed of	—	8
Totals	1	38

Mr. MCINTOSH: I have a couple of questions on that, Mr. Chairman, in regard to complaints. I wonder if any of these complaints led to the loss of foreign markets.

Mr. MILNER: No, I do not think so. I could not say that definitely. We have settled some complaints and whether or not the buyer has taken umbrage at the way we have settled or whether we have told him there is no reason for his complaint, I do not know.

Mr. McINTOSH: Apparently we have lost quite a good market in France. Was France one of the countries which complained?

Mr. MILNER: I do not remember a complaint from France.

Mr. McINTOSH: Did the Netherlands complain?

Mr. MILNER: The only complaint I remember from them was one in connection with flax dockage.

Mr. CONACHER: We had one complaint on wheat last year. Flax was the year before.

Mr. McINTOSH: Did the breadth of grade to which Mr. Conacther referred previously contribute to the loss of any market?

Mr. CONACHER: I would say there really is no effect on the market as a whole, but we do get complaints that a shipment received today or last week is poorer than a shipment received previously. Even at the export level there is some variation within the range of the grade. This is insurmountable on account of the difference as between Vancouver and the Lakehead drawing from different areas. I am sure, however, that we have satisfied the people who have complained that the grain they have is within the grade as they know it and as represented to them. I never have heard that we lost a customer over a complaint.

Mr. MILNER: I think what you are getting at is this. There was a time when Netherlands took from us some of the very heavy 5-wheat which weighed up to 60 pounds to the bushel. This was heavy frozen wheat from the Peace River country. The next year there was not so much of it available. They did not want our thinner 5-wheat and still wanted to get that heavy 5-wheat which produced a big loaf.

Mr. McINTOSH: I was wondering why in 1957-58 we sold 21 million bushels to the Netherlands and in 1958-59 it dropped to 7 million bushels, and at the same time Russia sold around 10 million bushels. Why?

Mr. MILNER: We are looking up to see what was the Netherlands complaint. The 5-wheat was a very good buy at the time the Netherlands bought it. It was an excellent wheat for their purposes.

The CHAIRMAN: I think the secretary has the answer to the question asked a few minutes ago.

Mr. BAXTER: I believe the figures quoted were 6 and 12 million.

Mr. McINTOSH: Yes.

Mr. BAXTER: The figure we have for United States corn coming through Canadian eastern elevators, which is the only accurate figure we have, is 6.3 million bushels. In addition to that the dominion bureau of statistics may have a record of corn coming in in car lot or truck lot direct to sale, and to the Ontario feeders, not coming through licensed elevators. I would estimate that would be in the order of one or two million bushels, in excess of this figure. It is far more economical to bring it in this way, and distribute it.

Mr. McINTOSH: Is corn imported from any other country?

Mr. BAXTER: From South Africa. In the last crop year it was one million two hundred thousand.

Mr. MILNER: Most of that goes to the starch company at Cardinal, but it goes into the domestic market.

The CHAIRMAN: We will go to the paragraph on statistics.

> Statistics relating to Canadian grain movement collected and compiled by the board's statistics branch are presented in appendix C of this report.

Mr. GUNLOCK: In respect of statistics, the other day when we were discussing exports, I asked a question of the Canadian wheat board about the export

of mixed feeds and they thought the board of grain commissioners might answer that. Do you have any figures on the export of mixed feeds, for instance, in connection with the feed mill discussion we had earlier this year.

Mr. MILNER: I will have the statistical department look it up.

Mr. BAXTER: The dominion bureau of statistics has a reporting system on any by-products in which the mixed feeds would be classified. Since it does not in that sense go to an elevator it does not come under our reporting system, but the bureau does have tabulations on it. We only keep statistics on what goes through the licensed system.

Mr. GUNDLOCK: Are these not licensed?

Mr. MILNER: That is not grain; that is a processed feed. We do not deal with that.

Mr. GUNDLOCK: That is the point I am trying to get at; they are licensed under you?

Mr. MILNER: We will have our statistician find out from the Dominion Bureau of Statistics, and have him tell you what it amounts to.

Mr. CONACHER: Mr. Chairman, we received a complaint in March, 1959, in regard to a shipment of No. 4 C. W. amber Durum wheat. The complainant did not give any reason for his complaint. There was nothing to substantiate his argument that this was not equal to the grade. So we were only able to make an analysis of our own sample and explain the grading, and do the same with his sample. We found nothing about this shipment to suggest any reason for the complaint, and we have heard nothing from the complainant since.

Mr. McINTOSH: I wonder if Mr. Milner, while he is getting the statistics from the dominion bureau of statistics, will also check on the amount of corn imported into Canada? I think one of the witnesses said that he got figures from the D.B.S. that morning and the amount was over 12 million bushels, as I remember. I am quite sure I am correct in my figures. According to your figures there could not be any more than 8 million.

Mr. MILNER: Regarding domestic corn, we do not have anything to do with it unless it goes through the elevator system.

Mr. McINTOSH: You said it could not be more than one or two million.

Mr. BAXTER: That is just an estimate.

Mr. MILNER: We will get the figures for you.

Mr. SOUTHAM: Just before we leave the complaint about export shipments, I notice that there are still four not yet disposed of, coming under the heading of weight. I can understand a difference of opinion in grading, but why are there four complaints lodged on weight?

Mr. MILNER: We would want to be able to check the weights on the other side and to find out if they were unloaded in more than one port. We will not settle claims unless we know who checked them and where the grain was unloaded. There are some ports in the U.K. and on the continent which are notoriously bad for weights. We are not going to suggest to the elevators here that they should pay for something over there.

If I could give an example, several years ago I was over there, and we had complaints from one country with respect to weights. He had five cargoes that he complained about. He was an Irishman and a good friend of mine, so I met him in London. I said, "What is the matter, Tim, with our weights?" He said, "Well, they all turn out with the same shortage, in Dublin, of 0.48." I said, "I could understand that if they had been shipped from one port in Canada, then you would have some ground for complaint, because either the port in Canada or the port on the other side—Dublin—could be wrong. But these were shipped from three different ports in Canada, and they all turned out

with the same shortage in Dublin. What do you think you should do with your scales in Dublin?" He then admitted he should get his scales fixed in Dublin. He did, and everything was all right. We are not going to suggest a settlement be made until we know there is some reason, some ground for the complaint. But as far as weights in Canada are concerned, we have the best weights of any country in the world shipping to the European markets.

Mr. SOUTHAM: That is a record?

Mr. MILNER: That is a record. Further than that, most of the shippers now do not take what we call out-turn insurance because they can, from experience, make more money by not doing that over the years.

Mr. SOUTHAM: Would it be safe to say then, Mr. Milner, that we do not have any appreciable loss of market due to complaints as far as weights are concerned?

Mr. MILNER: No, we do not.

Mr. MCINTOSH: You mean so far as the grain commissioners are concerned?

Mr. MILNER: No, sir.

Information Program

The Board's mobile exhibit, which features samples of various types and qualities of grain and other displays relating to the Board's functions and operations, was placed on display at 24 points in Manitoba, Saskatchewan and Alberta during 1959. Two of the Board's Grain Inspectors were in charge of the exhibit and discussed grain grading and other matters coming under the Board's jurisdiction with farmers, elevator agents and other interested visitors.

The Board's offices were visited by a number of officials of the Foreign Trade service of the Department of Trade and Commerce, and by other individuals and groups from Overseas who wished to discuss matters related to the grain trade and obtain first-hand information about the functions and services of the Board. Other visitors during the year included groups of country elevator agents and agriculture students.

In addition to discussions with members and officials of the Board, arrangements were made for visitors to tour the Inspection Branch, the Research Laboratory and other branches as desired; also to view the colour motion picture film "Grain Handling in Canada".

Members of the Board and senior officials again accepted a number of invitations to address annual meetings of producer organizations and discuss topics of current interest related to the Board's work.

Mr. FORBES: Mr. Chairman, it seems to me that if a member of the board of grain commissioners was to make a statement to the members of this committee in respect of the system of inspections from the time the grain leaves the farm, right through till it arrives at the terminal elevator, particularly in regard to your inspection and supervision, including screenings and weigh-overs and so on, the members would then readily understand why we have one of the best systems in the world. I think that information should be given to the members of this committee. I did not appreciate that until last fall, when I went to the terminal myself.

Mr. MILNER: Well, sir, I have repeatedly suggested to the members of this committee that when they are in Winnipeg they stop off at the board of grain commissioners and we will show you how this is done. We would take you through the laboratory and inspection, and show you the milling and baking of our various grains. We would show you our statistical department as well. I think the members could spend a very interesting day there and I would suggest that they do this. There certainly would be no doubt in their

minds in this regard following such a visit. One of the members, Mr. Korchinski, made such a visit. I think you found your visit there satisfactory, did you Mr. Korchinski?

Mr. KORCHINSKI: Yes, and I have a few questions in that regard.

Mr. FORBES: Would it be all right if I suggested that we took a plane tomorrow and inspected the facilities at Winnipeg, and then took another plane to Fort William?

Mr. MILNER: You could, but we would not be there.

Mr. PASCOE: I have two short questions, Mr. Chairman. You speak of the board's mobile exhibit. Is that available, and what size is it?

Mr. MILNER: We have a large truck, and we go to most of the "B" class fairs.

Mr. PASCOE: You also refer to your colour motion film, Grain Handling in Canada. Is that film available to be shown at public meetings?

Mr. MILNER: Yes. As a matter of fact if you wish, some time I think it would be a good idea for you to see this film, which depicts the board of grain commissioners' services. I think that would be a good film to see, Mr. Forbes. I think you would enjoy it. We suggested at one time that this be done but there was some falldown in the arrangements for a projector down here. We had the film but we could not show it.

Mr. PASCOE: Is that film available?

Mr. CLANCY: The national film board has a theatre. Surely we could show that film.

Mr. MILNER: We could show it right in this room.

Is it suggested that we have a statement at our next meeting in regard to the whole grain handling question?

Mr. MCINTOSH: I think such a statement would answer a lot of questions.

Mr. FORBES: That would be my suggestion. If you had the film available I think it should be shown. This would certainly enlighten many of the members of this committee.

Mr. MILNER: We could show the film and give a talk in regard to inspection and handling of grains.

Mr. FORBES: Yes, that would be fine.

Mr. PASCOE: I did not get an answer to my question, Mr. Chairman. Is that film available to be shown at meetings of farmers?

Mr. MILNER: Yes.

Mr. PASCOE: It could be made available if we wrote to you resquesting it?

Mr. MILNER: Yes. We had a great number of country elevator agents who came and asked to be shown the film. We had 300 of these agents who came in recently in batches to see this film.

Mr. DANFORTH: Mr. Chairman, I would like to ask a question, but I am not sure it comes within the section on information program.

I am very much concerned about the information in regard to various foods which has reached consumer levels. Let me say, for example, that in respect of fish we know we have a test kitchen set up which encourages housewives to cook fish, and fully instructs them on its nutritional value. I am very much concerned about the information that is generally available now in respect to the high calorie content of bread and the consequent resistance of the public in the use of bread because of this fact. I wonder if there is anything that is being done to contradict this influence. I see this influence having an effect on the eating habits of the members of parliament right here, and I notice there is a resistance to the use of bread because of this factor. I wonder

if anything is being done to disseminate information in order to show the actual food value of bread and to encourage the use of it. That is why I asked these questions of Dr. Irvine in respect to the nutritional value, gram for gram, of different types of bread.

Mr. MILNER: There is nothing being done by our board in that connection, sir.

Mr. DANFORTH: To your knowledge is there anything being done in this regard? I would assume there would be something done in this line by the flour and bakery companies. They should be doing something about this.

Mr. MILNER: To my knowledge there is not, but that is not to say that something is not being done. I do not know of it.

Mr. PASCOE: If I could just add to that, Mr. Chairman, I would say that I gave a little talk in the House of Commons as a result of which I received very many letters from consumers saying that they did not like the quality of the bread, et cetera. I passed these letters on to the various bakeries. They have written back saying that they were undertaking some kind of a publicity program in regard to the nutritional value of bread.

The CHAIRMAN: We will proceed to the next paragraph.

CANADIAN GOVERNMENT ELEVATORS

Receipts of grain during the crop year 1958-59 at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethbridge and Prince Rupert, were 18.9 million bushels, compared with 17.4 millions in the previous crop year. Total shipments were 16.7 millions, a reduction of 1.4 millions from the corresponding figure for 1957-58.

In the fiscal year 1958-59, revenues exceeded expenditures by the amount of $730,453.

Mr. GUNDLOCK: What do you charge for storage to outside firms, or anybody, in government elevators?

Mr. MILNER: We charge the same rate for storage as any other person, under our tariffs.

Mr. GUNDLOCK: The same rate?

Mr. MILNER: Yes.

Mr. GUNDLOCK: To an outside independent firm, you charge the same rate as you would for wheat board wheat?

Mr. MILNER: Yes, certainly, because, under the act, you cannot have two tariffs in an elevator. If we found any elevator giving a rate less than the tariff he has published, that would apply to every bushel of grain he handled in all his facilities.

Mr. GUNDLOCK: I was wondering if you should not charge him a little more.

Mr. MCINTOSH: Is there a difference in the tariffs charged at the different elevators?

Mr. MILNER: No.

Mr. MCINTOSH: This is consistent throughout the whole?

Mr. MILNER: Yes.

Mr. PASCOE: It says here:

In the fiscal year 1958-59, revenues exceeded expenditures by the amount of $730,453.

Is that an average figure, or are you up and down?

Mr. MILNER: I could give you the figures for several years, but it has been down around $400,000 and up to $700,000.

There was a time when we did not make any money at all on them. However, I think I should say, as I said before, you should not be too confused about that being a profitable operation. I would not have one of them as a gift to operate, as a private individual, because there is nothing in here for depreciation; there is no insurance charged up against them, and the amount of money you could make, based on the capital cost of these things, does not make for a good showing.

Mr. PASCOE: Are they insured under other sources?

Mr. MILNER: No, they are not insured at all. The government does not insure.

Mr. GUNDLOCK: My question in regard to the rate of storage is partially answered. You said you did not make any money.

Mr. MILNER: You cannot make any money out of an elevator, from a storage standpoint; you must have a turnover. You could fill an elevator, and your cost of maintenance and cost of supervision will eat your storage charges up.

Mr. SMALLWOOD: These country elevators are thriving on it. The Saskatchewan wheat pool made $3,500,000 last year out of storage.

Mr. MILNER: Yes. There is no question that storage is a big contributory factor to the earnings of all elevators today, but if you did not have the storage you would have a lot of these country elevators operating at a loss, on the basis of their other operations—and at a serious loss.

Mr. GUNDLOCK: That is the reason I asked the first question. If you are operating at a loss anyway, it strikes me that when you rent storage space to individual firms, you might be able to charge them a little more.

Mr. MILNER: No. We could not very well charge, in our own terminals, more than our board will permit other people to charge as maximum tariffs. It all comes under that. As soon as we get out of here, we are going to Vancouver for a tariff meeting, where we will receive briefs suggesting their costs and labour are up, and they will be asking for higher tariffs.

Mr. ROGERS: Mr. Milner, in connection with that subject of revenues over expenditures, does this largely include revenue on the investment?

Mr. MILNER: No.

Mr. ROGERS: No interest on the investment, or anything?

Mr. MILNER: No.

Mr. ROGERS: Depreciation?

Mr. MILNER: No sir—and they do not carry insurance. We have some kind of a saving on taxes. We give a grant in lieu of taxes. But, as a commercial venture, it is not profitable. That figure is misleading, to that extent.

Mr. MCINTOSH: I have a specific question in connection with countries, in regard to the storage of foreign grain in Canada.

Do other countries reciprocate as far as we are concerned, like in the case of the States allowing us to store grain?

Mr. MILNER: Yes. Years ago, in 1952, when we had a very damp crop, the United States certainly did a marvellous job for us. Mind you, they made money, but they gave us elevator space at Chicago, Duluth, and Buffalo. They did an enormous job there.

We sent our own grain inspectors down to supervise the drying, and we got rid of millions of bushels of grain through there. Further than that, this is a joint operation.

Our board is charged with the responsibility of granting the privilege of storage and transit for American grain coming through Canada. And it says in the act that we shall do it to ensure priority of storage for grain grown in Canada.

It is a little ticklish job, but we have made certain arrangements with terminal elevators in the east that they may use X bushels of their space for the handling of American grain. They cannot have more than X bushels in their elevator at any one time; and I tell you now—and the wheat board will substantiate what I say—that this movement of American grain has not in any way interfered with private export and domestic handling of Canadian grain.

The CHAIRMAN: Our time is just up. What time this afternoon does the committee wish to meet?

2.00 o'clock will be fine. Thank you.

AFTERNOON SESSION

MONDAY, July 4, 1960.
2:00 p.m.

The CHAIRMAN: Gentlemen, kindly come to order. The members of the board of grain commissioners are very desirous of getting away quite early this afternoon. So let us hurry along as best we can.

We are on page 16, "Canadian Government Elevators". Are there any questions? If not, let us go on to "Lake Freight Rates". Are there any questions?

LAKE FREIGHT RATES

On March 10, 1959, under the provisions of Section 5 of the Inland Water Freight Rates Act, the Board issued Order No. 21 which revoked Order No. 20 of September 28, 1954. This had the effect of cancelling maximum freight rates established by the Board in Order No. 20 for the carriage of grain from Fort William or Port Arthur to other specified ports in Eastern Canada.

The average rates charged during the 1959 season of navigation are given in Table C-11 of Appendix C.

If not, "Prairie Farm Assistance Act".

PRAIRIE FARM ASSISTANCE ACT

Under the provisions of Section 11 of the Prairie Farm Assistance Act, the Board continued to collect the one per cent levy on grain purchased by licensees under the Canada Grain Act. During the crop year 1958-59, the amount collected was $6,674,000.20. Collections by the Board since the inception of the Act to July 31, 1959, total $113,985,190.11.

Are there any questions?

Mr. PASCOE: I see that you collected $113 million odd, and I wondered where the money goes? Do you just turn it over?

Mr. MILNER: It goes to the Receiver General of Canada.

Mr. RAPP: And this is only the money that the elevators collect. It is not the whole amount that the farmer receives.

Mr. MILNER: It is not what the farmer receives. It is what they pay, what they contribute.

Mr. SMALLWOOD: There is a one per cent levy.

Mr. RAPP: I mean: does the government get some of it?

Mr. MILNER: I think you are on the record.

The CHAIRMAN: "Organization and personnel". I presume you have no comments on that.

ORGANIZATION AND PERSONNEL

Mr. J. Rayner, Special Assistant, retired after 36 years' service with the Board.

Mr. A. G. McLean, Assistant Commissioner for Saskatchewan since 1949, retired and was succeeded by Mr. A. V. Svoboda.

Mr. A. Priscott retired from the position of Grain Inspector-in-charge at the Lakehead after 45 years' service with the Board. He was succeeded by Mr. A. H. Gibbons.

Mr. G. Edwards, Grain Inspector-in-charge at Calgary, retired and was succeeded by Mr. J. H. McLean, Grain Inspector-in-charge at Edmonton. Mr. E. H. Alexander was promoted to replace Mr. McLean, and Mr. F. G. Crowe was promoted to replace Mr. Alexander at Chatham, Ontario.

Mr. W. Millar retired from the position of Grain Inspector-in-charge at Saskatoon and was succeeded by Mr. J. L. A. Doray.

During 1959, the Licence and Bonding Branch was incorporated into the Statistics Branch and Mr. J. L. Freeman appointed as Licensing Officer.

At December 31, 1959, the Board's staff totalled 912 as opposed to 935 at December 31, 1958. The staff of the Canadian Government Elevators numbered 234, a reduction of 3 from the previous year.

A chart of the Board's Organization, including numbers of staff in the various offices at the close of the year, follows this report.

"Expenditure and Revenue". Are there any questions?

EXPENDITURE AND REVENUE

Total expenditure and accrued revenue of the Board, exclusive of the Canadian Government Elevators, for the fiscal year 1958-59 compared with 1957-58 was as follows:

	1958-59	*1957-58*
Expenditure	$4,471,770.15	$4,295,129.93
Revenue	2,793,669.51	2,556,669.93

Expenditure for the nine months of the 1959-60 fiscal year to December 31, 1959, totalled $2,992,012 as against $3,054,553 for the comparable period during 1958-59.

Cash revenue for the same nine-month period amounted to $1,999,170 as compared with $2,062,617 in the previous year.

Mr. FORBES: May I ask a financial question? Probably I should ask it of the Minister of Trade and Commerce, but in the expenditure of $4 million odd and the revenue of $2 million odd, who pays the balance? Is it made up by farm contributions, as a charge on the grain?

Mr. MILNER: No. It comes out of the public revenue.

Mr. FORBES: What charges in your department are charged back to the producer?

Mr. MILNER: We have inspection and weighing fees, and these are charged to the grain companies, but they do affect the producer somewhat; they are

not direct charges, but they do have an effect on the sale price that the farmer gets.

But as far as our board is concerned we are in this difficult position, that next month we are required to put in what they call the estimates, that is, what we are going to spend for a crop that is not going to be seeded until next spring.

We have a staff of 1,000, and we operate six terminal elevators; and that is one of the most difficult jobs we have. We also have a research laboratory, and a statistical department. The research and statistical departments are always a loss, because we have no corresponding revenue.

Our revenue comes from our inspection and weighing. We received an indication from Mr. Watson Sellar, when he was comptroller, that we should increase our fees for inspection and weighing. That was at the time when everybody was saying what the farmer should have.—Today it is deficiency payments, and I do not remember what it was at that time; but it was some type of assistance anyway.

We thought it was a very poor time for us to be increasing our inspection and weighing fees, so we just left them the way they were. The result is a deficit.

But when the government, in its wisdom, decides that it wants to balance the accounts of the board of grain commissioners, I imagine it will instruct the board to increase their inspection and weighing fees. But until that time I think it is the feeling of the board that we might as well go along with the way that it is, and take a loss, and let it be made good out of the public treasury.

Mr. MCINTOSH: It was never the intention of the government to make your board revenue cover your expenditures.

Mr. MILNER: No. Mr. Sellar made the remark at one time that our budget seemed to be about the same amount each year, regardless of the size of the crop. But the size of the crop does not have a bearing on our budget. It is the amount that is moved into commercial channels; and because we have to have inspectors, we must have overtime, so that they may look after the crop regardless of the quantity that is moved, be it small or large. We must pay a staff to take care of it.

And you will see that certain inspection offices that we have are unprofitable. The profitable offices which we have, where we get a profit for the service we operate, are in places like Churchill, where we open with our staff about July 20, and close down about the 15th or the end of October; so that while they are there, there is a very great volume of grain going through in a very short space of time. And the same applies to Vancouver where we have a year-round operation. And at Prince Rupert as well; these three places usually show a profit; I mean the offices which we now have at Churchill, Prince Rupert, and Vancouver. But we are faced with the situation of maintaining a staff during the time when we do not use them. That is part of the business, in the financial end of it. I have been in business all my life until I came on to the board, and as far as I can see there is no way of balancing this thing unless you wish to make a further charge to the producer.

Mr. FORBES: Have you any idea of how much of the charge per bushel is actually paid by the producer in connection with your department?

Mr. MILNER: No, it would be difficult to say, and I will tell you why. Regardless of what our operation may be, the wheat board has a handling arrangement with the companies. We have an elevator charge on grain going through the country elevator, and we have storage charges and so on; but the wheat board has a handling agreement with the various elevator companies. You discussed it with Mr. MacNamara when he was here. It is 4½ cents a

bushel; and that figure of 4½ cents a bushel is a composite figure which includes commission, freight, and dockage, also elevation charges, and I think it includes some small allowance for the risk of grades. That 4½ cents is the charge that the farmer pays. He pays nothing else. That 4½ cents is an all-inclusive charge.

Mr. FORBES: There is no direct charge to you?

Mr. MILNER: No. It covers everything. I mean the charge which the farmer pays to the grain company; and in my opinion it has a bearing on the price which he ultimately receives.

Mr. MCINTOSH: In regard to your employees, are they considered under the act as civil servants, or not?

Mr. MILNER: They are civil servants.

Mr. MCINTOSH: But under the wheat board they are not?

Mr. MILNER: That is correct.

Mr. MCINTOSH: Are all your employees civil servants?

Mr. MILNER: Not all.

Mr. MCINTOSH: They are not all classified as civil servants?

Mr. MILNER: Not all. Our Canadian government elevator staff is not under the civil service, but they get the same benefits, as if they came under it—it is a sort of half—I will not say the word I was going to, but it is an arrangement which is half and half.

Mr. ROGERS: I think, for the record, it should go in, because it is so very descriptive.

Mr. HICKS: The only time you can improve your position is if you have a damp crop or a poor crop?

Mr. MILNER: That is right; if we have a year when we have a damp crop or a very poor crop, and there is a big drop in the export business, and we have to go out and hire extra personnel who have to work longer hours—and overtime costs money. But in that case we put in for supplementary estimates.

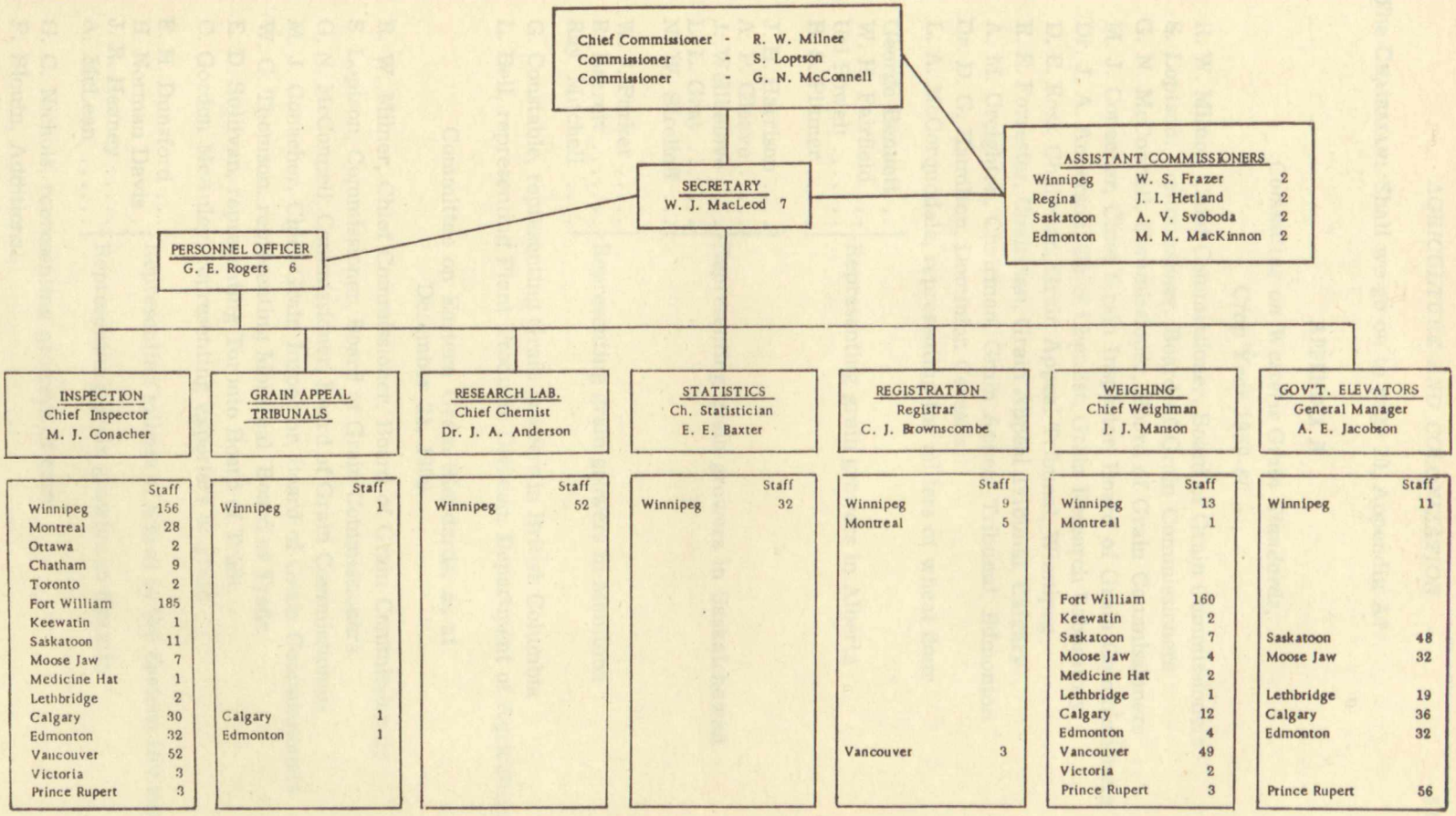
Mr. ROGERS: How does this year's revenue and expenses compare with last year?

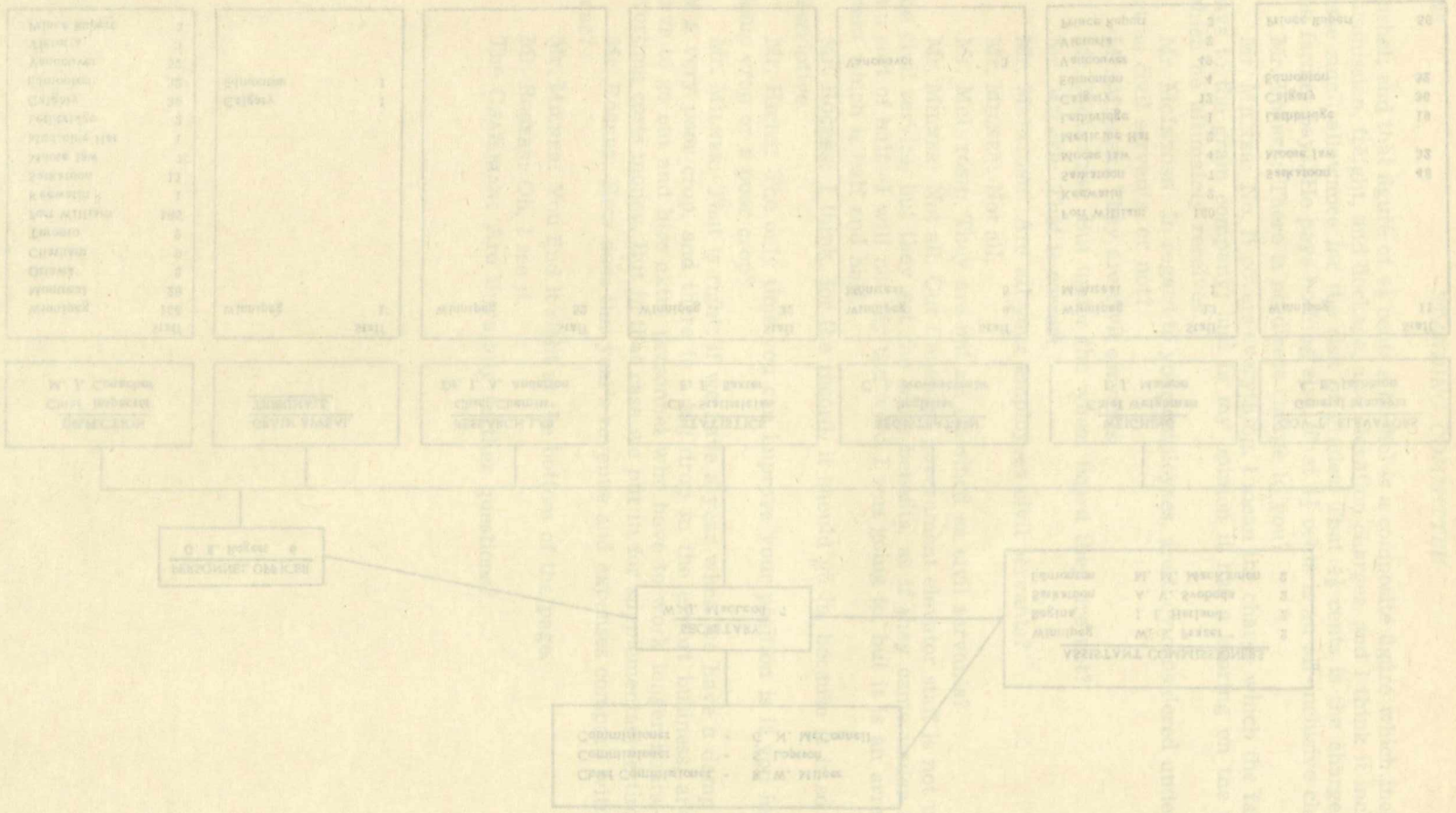
Mr. MILNER: You find it right at the bottom of the page.

Mr. ROGERS: Oh, I see it.

The CHAIRMAN: Are there any further questions?

BOARD OF GRAIN COMMISSIONERS FOR CANADA





The CHAIRMAN: Shall we go on to page 20, Appendix A?

APPENDIX A

Committee on Western Grain Standards,
Crop Year 1959-60

R. W. Milner, Chief Commissioner, Board of Grain Commissioners
S. Loptson, Commissioner, Board of Grain Commissioners
G. N. McConnell, Commissioner, Board of Grain Commissioners
M. J. Conacher, Chief Grain Inspector, Board of Grain Commissioners
Dr. J. A. Anderson, Chief Chemist, Grain Research Laboratory
D. E. Ross, Chairman, Grain Appeal Tribunal, Winnipeg
R. E. Forrester, Chairman, Grain Appeal Tribunal, Calgary
A. M. Creighton, Chairman, Grain Appeal Tribunal, Edmonton
Dr. D. G. Hamilton, Dominion Cerealist
L. A. McCorquodale, representing the millers of wheat flour

George Bennett ..
W. H. Fairfield ...
Uri Powell .....
B. S. Plumer .....
} Representing grain growers in Alberta

J. H. Harrison ....
A. P. Gleave .....
J. Wellbelove ....
L. L. Gray .....
N. W. Strelioff ...
} Representing grain growers in Saskatchewan

W. J. Parker .....
R. Barrett .....
Ray Mitchell ....
} Representing grain growers in Manitoba

G. Constable, representing Grain growers in British Columbia
L. Bell, representing Plant Products Division, Department of Agriculture

Committee on Eastern Grain Standards, as at
December 31, 1959

R. W. Milner, Chief Commissioner, Board of Grain Commissioners
S. Loptson, Commissioner, Board of Grain Commissioners
G. N. McConnell, Commissioner, Board of Grain Commissioners
M. J. Conacher, Chief Grain Inspector, Board of Grain Commissioners
W. G. Thomson, representing Montreal Board of Trade
E. D. Sullivan, representing Toronto Board of Trade
C. Gordon McAuley, representing exporters of grain

F. H. Dunsford ...
H. Norman Davis .
} Representing millers of wheat in the Eastern Division

J. R. Heaney .....
A. McLean .....
} Representiing grain growers in Ontario

G. C. Nichols, representing growers of corn
P. Blouin, Additional
A. Bowman, Additional

Mr. RAPP: I do not know whether dockage has been taken up here, but there is a little dockage about which I have spoken to you before; this is the dockage on rapeseed, and it is quite heavy for the simple reason that while in other grains the cracked grains or kernels are more or less used, such is not believed to be the case with rapeseed.

With cracked rapeseed the crushers can make just as much use of it as they do of the whole kernel. But our dockage on rapeseed runs as high as 12 to 15 per cent as a result of having these small cracked rapeseed kernels.

I visited the crushing plant at Saskatoon, and I found that the men there were very reluctant to tell me that as far as the crusher is concerned, they can get just as much oil out of the cracked rapeseed as they can from the whole kernel. They told me this—it may be difficult for them to say—that nevertheless there is no difference as far as the crushed is concerned; they can use it and get oil out of it, the same as the whole kernels.

Could the board of grain commissioners change somehow, so that in this case, the case of rapeseed, the dockage for cracked kernels would not be classified as dockage?

Mr. MILNER: I am going to ask our chief inspector to talk to you about this. But may I say this to you: that any cracked kernel of grain is subject to mould. I think you can understand that.

Mr. RAPP: Yes.

Mr. MILNER: And sometimes mould, particularly in oils such as in rapeseed oil, is not a desirable factor; it sets up a situation in oil which is not good. You know that.

Mr. RAPP: Yes.

Mr. MILNER: We have the same thing in cracked wheat. I lost a lot of money, thinking that I knew more about cracked wheat than the inspection department at one time, and I have never forgotten it.

Cracked wheat is not desired by the mills, because it gums up in the rolls and they have to stop their operation and clean it out.

Barley, where the hull is exposed, is subject to mould—in malting barleys. I am surprised that somebody has not wanted to talk to us about malting barleys.

Mr. MCINTOSH: We have not come to that yet.

Mr. MILNER: I see. However, I will ask our chief inspector to tell you why we dock for cracks in rapeseed.

Mr. MCINTOSH: Before he answers that question, Mr. Milner: I notice you referred, in answer to Mr. Rapp's question, to cracked grain. In your definition, is rapeseed a grain?

Mr. MILNER: We had a ruling from the Justice Department, Mr. McIntosh, that anything that appeared in the schedule to the act is grain, because it says somewhere in the act, "and those grains referred to in the schedule to the act"; so by the fact that it was in the act made it a grain.

I do not question the Justice Department as to their decision. But here is the letter that we have in connection with it.

I understand, through—

one of the lawyers:

> —that you have requested advice as to whether or not rapeseed grown in the western division is within the meaning of "western grain" as that expression is used in the Canada Grain Act. While parliament did not include a definition of the word "grain" in section 2 of the act, it did, in subsection (1) of section 24, state that "the several grades of western grain mentioned in schedule one—are hereby established". Schedule

one includes a table for rapeseed. By this means, parliament has stated that rapeseed is one of the crops included in the expression "western grain" for the purposes of this act.

That is our authority. But the transport board do not think we know what we are talking about; so I cannot do anything further.

Mr. RAPP: Mr. Chairman, would the inspector talk about rapeseed?

Mr. CONACHER: We have been aware of the particular problems with respect to the cleaning of rapeseed. We have learned a good deal during the past few years from our close association with the terminal elevators and others handling rapeseed. We have added to our stock of sieves and grain cleaning machines in order that we should be able to produce results in the cleaning of samples commensurate with the cleaning of rapeseed on a commercial scale.

Dockage, as you know, is material which is removed from grain in order that it meet the requirements of the grade. In the cleaning of rapeseed—and we have the same thing in flaxseed—there is continuous breaking of the kernels during handling, so that with each handling there is an increase. This means that the operators have to clean down to the limits prescribed at the export level, in order to be able to reship; and anything that we assess as dockage—this does not apply only to rapeseed—is normally material which can be cleaned up by mechanical means.

We have done our best to keep dockage as low as possible on rapeseed, considering this, to the extent that we have imposed a good deal on terminal operators by way of the equipment they should have for cleaning. At the present time I think there are only two terminal elevators, at Vancouver, which are equipped to handle rapeseed—indicating the problem of cleaning it.

In regard to the value of screenings; screenings from rapeseed are, of course, valuable—as they are from flaxseed—because these screenings contain a fairly high percentage of oil. But Mr. Milner has mentioned one thing here; the tendency to develop moulds. There is something else too; the oil seeds tend to become rancid; they tend to oxidize; so screenings are only valuable for the production of high quality oil for a relatively short time. That is why this commodity has little value on the export market. We know this for a fact, that practically none of the rapeseed screenings are exported.

Mr. RAPP: But they are used domestically, or are crushed by crushers in this country?

Mr. CONACHER: Yes.

Mr. RAPP: They are delivered directly to the crushing plants.

Mr. CONACHER: We are not in a position to be able to do anything about this.

Mr. GUNDLOCK: I have a supplementary question, Mr. Chairman: is there a substantial difference between the dockage on rapeseed, say at the delivery at country elevators, and the final disposition of it? You say that each handling increases the dockage. I wonder if you could say how much—from the point of delivery until the point of sale, shall we say?

Mr. CONACHER: The best comparison that we have between cleaning and handling is after cleaning, and we find that in handling once through a terminal elevator there is an increase of about one-quarter of 1 per cent in a single handling; so we could presume this goes on with the handling through the country elevator and at the terminal.

Mr. GUNDLOCK: How many handlings would there be at that rate, at the rate of one-quarter of 1 per cent? Are there four, or—

Mr. CONACHER: Normally, going to the Pacific coast, rapeseed is originally handled through country elevators, of course. Then much of it goes into government elevators, such as Edmonton and Saskatoon, where it is cleaned; and then again it is handled at Vancouver. This would be three handlings.

Mr. GUNDLOCK: At the most, then, it would be 1 per cent in the handlings?

Mr. CONACHER: Something like that.

Mr. MILNER: You get two handlings everywhere. You should not leave it at that.

Mr. GUNDLOCK: I beg your pardon?

Mr. MILNER: You get two handlings everywhere. When you deliver a truckload of grain to the country elevator, it falls down through the grates once and is lifted into a bin. It is afterwards lifted out into a car. It has two handlings.

You have the same thing happening in a terminal elevator. It goes down and is handled in the terminal elevator, going up to the weigh scales. It goes up to the top, and goes out into a storage bin; and when it comes out again it has another handling. In addition to that, it goes across a cleaner.

I think you would say, Jim, that the operations of rapeseed going over a cleaner creates more broken seed than any other type of handling. It is put over the cleaners to try and get the dockage out. Actually, you could keep on cleaning rapeseed and you would always take out dockage in the shape of broken rapeseed: that is what you want to get at, is it not?

Mr. RAPP: Yes.

Mr. GUNDLOCK: Roughly speaking, you would have possibly 1 per cent above the original dockage?

Mr. MILNER: Yes.

Mr. GUNDLOCK: Mr. Rapp mentioned 12 per cent.

Mr. RAPP: Quite often we do get that.

Mr. MILNER: That is coming in.

Mr. GUNDLOCK: I realize that. I have had quite a bit of experience in this cleaning of these small seeds. You can do a lot on a combine.

Mr. MILNER: That is right.

Mr. GUNDLOCK: Not only do you cut the dockage; but a lot of these cracked kernels, and one thing and another, are blown out. In other words, if you have 12 per cent dockage, you have about 12 more out on the grass.

Mr. RAPP: As a matter of fact, if we deliver rapeseed to the plant in Saskatoon, our percentage of dockage is considerably smaller than it is through our local elevators, for the simple reason that they attract more people to come directly and they are not losing a thing by giving us less dockage, because they are using it right away and crushing it right away; so there is no loss as far as they are concerned.

Mr. GUNDLOCK: Then what is the difference?

Mr. RAPP: What do you mean by "difference"?

Mr. GUNDLOCK: You say 12 per cent—

Mr. RAPP: If it is 10 per cent, or 12 per cent with local elevators, that, of course, takes into consideration the weeds and any other thing. If it is a clean crop, you get a little less dockage; but in Saskatoon, in the crushing plant, at least one-quarter or maybe one-third of it is cut down just because we deliver to a crushing plant. They do not include any loss. These crushed seeds are used the same as the whole.

Mr. MCINTOSH: We understand that at the present time there is a demand for malting barley in the United States. Would this board not agree that this

market which is available now could be captured if more of our producers would convert production from wheat to barley and thus cut down the problem of storage and the surplus? Also, I understand there is some leeway given in grading as to the grade of malting or otherwise. Is that right?

Mr. MILNER: The malting companies would like to get the best barley they can, but they have to go on with the malting business. If they cannot get exactly the type they want they will reach down to get the next best. So at times when there is not a big crop they will take barley they would turn their nose up at when there is a big crop of a suitable type of malting barley.

Mr. MCINTOSH: I understand the producers of barley, when there is an abundance of malting barley, may find it difficult to get a sample graded malting which may have graded malting a year ago.

Mr. MILNER: We do not grade barley according to malting. That is the discretion of the malting companies. There is no grading of ours which makes it malting barley. I want to be completely fair to farmers on this. I have been a farmer myself in every province in the west. I will put it this way. A fellow sending in a sample of malting barley looks at it and says "I haven't got that many wild oats in the barley" and he throws them off. That is the sample which goes out. It is perfectly natural. He does not think he is doing anything wrong. However, by the time his car comes in, the sample he sent in in the first instance is not the same as the car he sent in. That does not occur too many times. I do not know how many of you are familiar with the malting process. The malting process converts starch into sugar and that is done by making the barley produce a sprout on the end of it. If you have barley that has a hull which is pealed in any way there is no protection for the sprout and the sprout drops off. That stops the process of the changing of starch into sugar, which is the malting process. Therefore, you have less volume of malt. The maltster is interested only in selling malt. So that if you decrease the amount of malt he has to sell by providing him with barley which does not produce malt then he will not like it as well as barley which does give him the high value malt.

Mr. MCINTOSH: You referred to wild oats. I am thinking more of an area which is free of wild oats.

Mr. MILNER: I thought you were going to get on the subject of the difference between the sample the farmer sent in and the actual barley delivered. I was listening when you were discussing this with the wheat board.

Mr. MCINTOSH: I am more concerned with how it is graded malting barley one year and in the next year, when it is from the same bin and the same field, it is not. Does it have something to do with demand?

Mr. MILNER: Yes. To put it crudely the malting companies become choosy when there is a lot of good barley and are not so choosy when there is a short supply. I think that is the answer.

Mr. MCINTOSH: But do you do the grading?

Mr. MILNER: Yes; but that has nothing to do with whether or not it is accepted for malting.

Mr. MCINTOSH: It has nothing to do with it?

Mr. MILNER: Nothing at all. It is a straight selection so far as they are concerned.

Mr. FORBES: In this matter of the grading of grains—wheat, oats, barley and so on—do you make any investigation into the effect of these chemicals which are used for spraying? Have you done anything along that line?

Mr. MILNER: If we catch any mercurial compounds we condemn it. There is a very heavy fine which is imposable upon people who use mercury.

Mr. FORBES: I am thinking of the spraying in the field and the results of that. Does the spraying affect the final grade of the grain? In the seed business we know it does. Does it affect the grade of commercial grain?

Mr. MILNER: When we grade grain we look at the sample submitted before us and put a grade on that grain. What happened to it prior to coming to us on the sample table we do not know, nor do we care. We grade it as it is before us. If it has the qualification for a grade it will go into that grade.

Mr. FORBES: I am thinking from the point of view that we do not get so much No. 1 northern as we used to, and so on. Does this spraying affect in any way the final grading of that grain?

Dr. IRVINE: We have received no evidence to support such a suggestion. We are in day to day contact with the people in the trade and the producers as well. To my knowledge nothing has come forward suggesting there was any change in the quality from chemical spray except that occasionally the grain will be somewhat better developed through not having to compete with weeds. It may mean larger kernels and in this case the weight per bushel could be higher.

Mr. MILNER: If you showed us a sample we could not tell you if it had been sprayed.

Mr. FORBES: I thought that as a grading organization you would be interested in our grain being graded as high as possible.

Mr. MILNER: We are. As a matter of fact I will tell you this, and this perhaps is something which should be said. Our inspectors give every break possible to every sample they look at. It is no fun for our inspectors to grade grain below the grade it should be in.

Mr. FORBES: There is nothing which pleases a farmer so much as to go to the elevator and get No. 1 northern for his wheat. The price does not make any difference. He has produced the highest grade possible.

Mr. MILNER: We have a lot of people on the other side to whom we could not deliver 2 northern for 1 northern. We have to study the market. It would not do anyone any good if we called all the No. 2 northern No. 1. We would not get any more money for it. I remember one time we had a lot of feed wheat up in Alberta. The farmers had to be told it was feed wheat. They did not care what price they got for it but it annoyed them to be told they had grown feed wheat. So we gave them the No. 6 grade and paid them the feed rate, and they were all happy.

Mr. MCINTOSH: Referring to the treatment of wheat through the loaders from the granary to the vehicle and vice versa, have you had any complaints on this treatment?

Mr. MILNER: Yes, we have.

Mr. MCINTOSH: From customers of yours?

Mr. MILNER: No, sir, we have had complaints from the man who wants to sell this apparatus.

Mr. MCINTOSH: Where was his locality?

Mr. MILNER: I imagine Swift Current, as I remember.

Mr. MCINTOSH: Were there any grounds for his complaint?

Mr. MILNER: Yes, I think that he has a good idea—I will put it that way, Mr. McIntosh. He has an apparatus that puts in the mercurial compound, or whatever it is, after it leaves the auger so it does not contaminate the auger. He was very insistent we recommend this thing highly. We did not think our board should recommend any particular piece of apparatus.

Mr. McINTOSH: You were referring to a fine a few moments ago. What is that fine for?

Mr. MILNER: I will read it:

> Every person who offers for storage or sale at a licensed elevator any grain which has been treated with mercurial dust or compounds, or with other poisonous materials, or grain mixed with other grain which has been so treated, shall, if an individual, be liable on summary conviction, to imprisonment for not more than three months or to a fine not exceeding five hundred dollars and, if a corporation, shall be liable, on indictment or summary conviction, to a fine not exceeding one thousand dollars.

Mr. McINTOSH: Is that a regulation?

Mr. MILNER: It is a regulation.

Mr. McINTOSH: What is the date of it?

Mr. MILNER: It is this year's regulation, but it has been in for a great number of years. We have to put these regulations through each year.

Mr. McINTOSH: It has been in for a great number of years?

Mr. MILNER: Yes.

Mr. McINTOSH: It has always been there?

Mr. MILNER: When the inspection department finds such grain we condemn it and we call it condemned spring wheat. That has a very big discount.

Mr. McINTOSH: In your method of inspection would you look for something like that?

Mr. MILNER: Yes, through the particular type of light which we have, we find it.

Mr. FORBES: You can usually smell it too?

Mr. MILNER: Yes. I had an agent one time I was bawling out for taking stuff that had mercurial compound on it. I said, "What is the matter with you? Why can't you see this; it is pink?" He said, "I suppose I had better tell you: I am colour blind." It gives a very distinct colour to the grain.

Mr. ROGERS: That does not happen too often?

Mr. MILNER: No, that does not happen too often.

The CHAIRMAN: Page 19, the composition of the board of grain commissioners for Canada?

Mr. PASCOE: With regard to the Moose Jaw staff, I see there are 32 in the government elevators, four for weighing and seven for inspection.

Mr. MILNER: We have beaten you to it on that, and we have reduced the staff here.

The CHAIRMAN: Shall we take page 19 and page 20, appendix A, as read? Agreed.

Mr. PASCOE: In regard to the representatives for grain growers for each province, how are they selected and for how long?

Mr. MILNER: We write the various companies. I think we wrote the farmers' unions, the pools, the grain growers and the grain trade, and asked them to make nominations for these people.

Mr. PASCOE: You accept their nominations?

Mr. MILNER: We accept their nominations, and then we decide which one we want.

Mr. SMALLWOOD: They seem to be mostly from the pools?

Mr. MILNER: No, we write everybody.

Mr. SMALLWOOD: There seem to be a lot of pool people.

Mr. MILNER: It is the fault of the people to whom we write, their not giving us names. They had the chance, but did not take it.

We have a couple of vacancies coming up in Alberta. Urie Powell is going off and Ben Plumer is going off; and Mr. Fairfield, who is 82 and is a grand old fellow, is going off; and then there is George Bennett. We wrote the line elevator association, the pools and the farmers' union in Alberta, and asked them to make nominations. We will try to split them up so that they are all represented.

Mr. SMALLWOOD: George Bennett is from Manville?

Mr. MILNER: Yes.

Mr. SMALLWOOD: Is there any compensation for this work?

Mr. MILNER: $20 a day and expenses when you are in, but I check the expense accounts.

The CHAIRMAN: Appendix B?

APPENDIX B

Grain Appeal Tribunals

Winnipeg	Calgary	Edmonton
D. E. Ross (*Chairman*)	R. E. Forrester (*Chairman*)	A. M. Creighton (*Chairman*)
J. E. G. Hasell	G. R. Deeton	H. A. Haggarty
J. F. Lazenby	B. T. Jenkins	D. G. MacKeracher
Wm. E. McLeod	A. E. Jones	C. E. Sage
G. I. Rocan	A. E. Longhurst	J. F. Schofield
E. A. Sangster	W. G. McLeod	T. Stickney
R. C. Sproule	W. M. Pringle	N. Topolnitsky
V. J. Stubbs	J. Tranter	M. G. Wood
G. A. Turner	A. Watson	C. C. Young
N. Kawka (*Secretary*)		

Toronto	Montreal
C. H. Coatsworth	P. J. Smith (*Chairman*)
J. Elder	P. Blouin
C. W. Heimbecker	S. Brooks
J. Jervis	J. A. Byrne
R. C. Pratt	E. B. Paterson
E. D. Sullivan	R. Strauss
A. L. Walker	Mrs. Muriel B. Hunter (*Secretary*)
D. C. Kay, Jr. (*Secretary*)	

For information on Appeals of Carlot Inspections refer to Appendix E, Table E-6.

Mr. PASCOE: In Appendix B it says that the grain appeal tribunal for Winnipeg has a whole number of members, and yet there is just one listed on the staff.

Mr. MILNER: Where is that?

Mr. PASCOE: On page 21.

Mr. MILNER: The three chairmen are the only staff members. We insist that the chairman be a qualified grain inspector, just to keep them in line.

The CHAIRMAN: Appendix C?

APPENDIX C

Stastistics Branch

E. E. BAXTER, Chief Statistician

(A) STATISTICS

The Statistics Branch receives reports from all elevators licensed under the Canada Grain Act and from these returns compiles and publishes basic statistics relating to the storage and handling of grain within the Canadian elevator system. It prepares audit statements of the operations of all terminal and eastern elevators, verifies the insurance carried on grain stocks and handles the record details relating to the amounts collected as the 1% levy under the Prairie Farm Assistance Act. It supplies for review by the Board a detailed analysis of all grain handlings and co-operates with other Board offices in the maintenance of detailed records of principal operations.

(B) LICENSING

The Canada Grain Act provides that no railway company or vessel shall receive any western grain from any elevator or discharge any such grain into any elevator unless such elevator is licensed by the Board. The Act also specifies the conditions by which grain dealers, track buyers or grain commission merchants must be licensed in order to engage in contracts dealing with western grain by grade name. Such elevator and dealers' licences are issued by the Board through the licensing division of the Statistics Branch. This office also supervises the implementation of Section 79-3 by which all such licensees must be secured by Bond or otherwise for the performance of all obligations imposed upon them by the Act.

INTRODUCTORY COMMENT

Effective January 1, 1959, the former Licence and Bonding Branch of the Board was amalgamated as a Division of the Statistics Branch. The licence records were adapted to machine accounting techniques as were the procedures for the issue and renewal of the actual licences. The publishing of statistical data relative to licences and elevator capacities became a function of the Statistical Division as did the responsibility for the administration of the collection and recording of the 1% levy under the Prairie Farm Assistance Act. New procedures following the amalgamation permitted staff adjustments and cost savings and also facilitated the work of the grain companies in connection with the licence applications and reports.

(A) STATISTICS

Excluding bulletins and publications, the responsibility for which was absorbed from the former Licensing Branch, there were only minor changes in the statistical bulletins released by this office during the 1958-59 crop year. The continuing program of refinements and adjustments was directed chiefly towards additional audit information and both analytical data and new statistics on grain movement development arising out of the opening of the St. Lawrence Seaway. The office continued to work in close co-operation with the other branches of the Board both as a service unit and in the supply of administrative control statistics. This work was of particular importance to the Grain Research Laboratory in connection with historical studies conducted by that Branch. The machine records and facilities were also made available to the Canadian Wheat Board as assistance in their grain movement control.

Special studies of historical handling patterns on grain moving from the Canadian Lakehead to Eastern Canadian points were undertaken to supply reference data for analyses of the possible impact of the St. Lawrence Seaway on grain movement. Continuing current statistics were maintained on this Seaway traffic and, in particular, on the handling of United States grain in Eastern Canadian positions as a guide to the Board in their supervision of this phase of the Seaway traffic. The office also collaborated with the United States Department of Agriculture and with various U. S. Great Lakes port authorities in the development of comprehensive statistics on grain shipping through the inland water system.

The responsibility of the office under provisions of the Inland Water Freight Rates Act was met by the close examination of vessel charter confirmations covering all lake grain cargoes shipped from Fort William-Port Arthur during the 1959 season. This was of particular significance following the suspension of the maximum rate provisions at the beginning of the season. These examinations involved scrutiny of charter confirmations covering 865 separate inland cargoes clearing the Lakehead for Eastern Canadian ports in vessels of Canadian and Commonwealth registry from the opening of the 1959 season of navigation on April 20 to its closing on December 17.

The records and statements prepared in connection with the grain audits of terminal and eastern elevators under Sections 139 and 140 of the Canada Grain Act are summarized in the Tables C 12 to 14 inclusive of this Appendix. Detailed studies were made in addition to these statements to further facilitate the supervision of terminal operations. Audit examination was conducted in connection with the weighover of 1,801 of the 5,314 licensed public country elevators. These reports were in addition to the regular annual reports submitted for these same elevators covering 1958-59 operations. Special reports and tabulations were made from both the weighup and crop year statements for the use of the Board in their review of agents' and company operations.

The collection during the 1958-59 crop year of the 1% levy made by this office under provisions of the Prairie Farm Assistance Act is recorded at $6,674,000, an increase of $559,609 over collections recorded for the previous crop year. The inclusion of flaxseed and rapeseed for the first time in 1958-59 as grain under the Act resulted in the collection of $511,389. Details of these collections are carried in Table C 15.

(B) Licensing

During the initial licensing period of the crop year 1958-59 from August 1 to December 1, 1958, 5,484 licences were issued to 97 firms and individuals, 9 less than last year, to handle grain under the Canada Grain Act. Included in these were 51 licences granted to Track Buyers, Commission Merchants and Grain Dealers. In addition, country elevator licensees were authorized to use 247 off-site grain storage buildings of various types.

In the course of the crop year twenty-four elevator licences were cancelled by reason that, one was sold for a seed warehouse, three were destroyed by fire, ten were dismantled and ten were converted to annexes. Forty-five authorizations for grain storage buildings were also cancelled in the crop year as the stored grain was moved to terminal positions.

Twenty-seven country elevator licences were suspended during renovation and reconstruction of buildings. Twenty-one of these were reinstated; three were cancelled and three were still under suspension at July 31, 1959.

Guarantee bonds in the amount of $29,487,386.50 executed by 13 approved surety companies were deposited with the Board as security under Section 79 of the Canada Grain Act to cover operations of licensees during 1958-59. One

licensee deposited negotiable Government bonds with a par value of $1,000 in lieu of the usual form of surety bond.

As at July 31, 1959, with 5,428 elevator licences and 204 grain storage building authorities in force, the licensed storage capacity was 630,564,850 bushels in elevators and 11,381,400 bushels in grain storage buildings, an increase in the total licensed storage capacity of 5,286,500 bushels since July 31, 1958. The total licensed storage capacity by provinces is: Manitoba 60.9; Saskatchewan 220.4; Alberta 143.4; British Columbia 27.1; Ontario 153.2; Quebec 29.7; and the Maritimes 7.2 million bushels.

General

Summary grain statistics with respect to the 1958-59 crop year and the 1959 season of navigation are presented in table form following this section. Complete details are published in the various regular and periodical bulletins of the Branch, in the Branch's export release—Canadian Exports 1958-59, and in the "Grain Trade of Canada" issued jointly by this office and the Agriculture Division of the Dominion Bureau of Statistics. Details of licences issued under the Canada Grain Act are carried in the publication "Grain Elevators in Canada".

TABLE C-1.—SUPPLY AND DISPOSITION OF CANADIAN GRAIN, CROP YEAR 1958-59

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
Carry-over July 31st, 1958	639,453,741	154,915,634	118,165,290	10,061,953	5,652,016
Production in 1958	371,730,000	400,951,000	244,764,000	8,002,000	22,766,000
Total Supply	1,011,183,741	555,866,634	362,929,290	18,063,953	28,418,016
DISPOSITION					
Exported Overseas	285,460,578	5,624,785	54,225,136	1,109,477	14,276,255
Exported to the U.S.A.	3,362,147	1,430,130	10,151,374	2,112,599	—
Consumed in Canada	173,359,552	429,833,019	170,399,565	6,922,072	7,618,635
Total Disposition	462,182,277	436,887,934	234,776,075	10,144,148	21,894,890
CARRY-OVER (July 31st, 1959)					
On Farms (Estimated)	130,000,000	80,000,000	57,000,000	3,440,000	1,520,000
In Country, Private Terminal and Mill Elevators	258,633,105	28,155,097	51,971,887	1,909,892	1,652,192
In Semi-Public Terminal Elevators	74,228,265	5,274,343	13,523,505	845,132	1,542,547
In Store at and Afloat to Eastern Elevators	65,974,889	3,747,737	3,573,993	281,265	1,068,711
In Eastern Flour Mills	2,414,077	219,577	4,574	—	—
In Transit by Rail—Eastern and Western Divisions	17,594,039	1,581,946	2,079,256	539,449	739,676
In Store and in Transit to the United States	159,089	—	—	904,067	—
Total in Store July 31st, 1959	549,001,464	118,978,700	128,153,215	7,919,805	6,523,126

TABLE C-2.—PRODUCTION AND PRODUCER'S MARKETINGS IN WESTERN CANADA, BY PROVINCES, CROP YEAR 1958-59

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
PRODUCTION (DBS estimate)					
Manitoba	58,000,000	60,000,000	44,600,000	1,200,000	4,700,000
Saskatchewan	192,000,000	83,000,000	87,000,000	2,500,000	11,300,000
Alberta and British Columbia	97,000,000	101,000,000	108,700,000	1,730,000	6,610,000
Totals	347,000,000	244,000,000	239,700,000	5,430,000	22,610,000
PRODUCERS' MARKETINGS					
(a) At Country Elevators					
Manitoba	46,804,819	14,168,631	23,782 881	999,131	3,491,438
Saskatchewan	222,270,889	15,260,619	49,268,457	2,259,105	8,848,276
Alberta	94,687,900	9,127,639	49,312,991	1,356,449	4,589,169
Totals	363,763,608	38,556,889	122,364,329	4,614,685	16,928,883
(b) At Interior Semi-Public Terminals					
Manitoba	34,287	49,829	24,843	—	—
Saskatchewan	—	—	—	—	—
Alberta	1,869	77,803	41,663	—	9,441
Totals	36,156	127,632	66,506	—	9,441
(c) At Interior Private and Mill Elevators					
Manitoba	290,513	88,347	72,995	—	112,358
Saskatchewan	2,015,851	56,916	100,667	449	80,947
Alberta	1,543,589	438,840	156,866	47,953	244,597
Totals	3,849,953	584,103	330,528	48,402	437,902
(d) Loaded over Platforms					
Manitoba	7,426	9,825	2,111	—	1,034
Saskatchewan	27,658	—	3,630	3,630	2,071
Alberta	37,797	1,941	73,008	—	90,145
Totals	72,881	11,766	76,902	3,630	93,250
Total Producers' Marketings					
Manitoba	47,137,045	14,316,632	23,882,830	999,131	3,604,83
Saskatchewan	224,314,398	15,317,535	49,370,907	2,263,184	8,931,294
Alberta	96,271,155	9,646,528	49,584,528	1,404,402	4,933,352
Totals	367,722,598	39,280,390	122,838,265	4,666,717	17,469,476

TABLE C-3.—RECEIPTS AND SHIPMENTS OF CANADIAN GRAIN AT TERMINAL ELEVATORS, CROP YEAR 1958-59

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
Fort William-Port Arthur—					
Receipts	181,629,889	33,019,298	59,670,440	4,092,413	9,390,369
Shipments	180,436,821	35,104,658	63,219,147	4,499,292	10,504,347
Vancouver-New Westminster—					
Receipts	104,126,433	4,272,804	29,194,707	260,115	5,960,047
Shipments	106,194,761	5,023,195	28,347,182	335,710	5,973,926
Victoria—					
Receipts	1,256,610	344	2,566	271	678,092
Shipments	1,408,632	34,000	7,833	—	674,901
Prince Rupert—					
Receipts	—	—	9,045,909	—	—
Shipments	—	—	8,827,467	—	—
Churchill—					
Receipts	19,396,711	—	—	—	278
Shipments	18,409,322	320,006	—	—	—
Transcona—					
Receipts	445,609	53,436	40,752	—	3,300
Shipments	58,724	41,611	35,491	—	3,300
Calgary—					
Receipts	332,888	2,675	1,628,568	—	7,052
Shipments	221,071	5,878	1,726,509	—	7,052
Edmonton—					
Receipts	808,702	112,588	51,341	—	1,461
Shipments	116,834	119,746	48,754	—	1 461
Lethbridge—					
Receipts	4 080	—	5,056	—	50,705
Shipments	4,026	197	5,056	—	50,705
Moose Jaw—					
Receipts	10,065	—	—	—	—
Shipments	10,065	—	—	—	—
Saskatoon—					
Receipts	2,022,583	81,568	—	—	—
Shipments	807,013	22,294	—	—	151
Total Receipts	310,033,570	37,542,713	99,639,339	4,352,799	16,091,304
Total Shipments	307,667,269	40,671,585	102,217,439	4,835,002	17,215,843

TABLE C-4.—SHIPMENTS OF FOREIGN GRAIN FROM CANADIAN ELEVATORS INTO CANADIAN CONSUMER CHANNELS, CROP YEAR 1958-59

From	United States Flaxseed	United States Corn	United States Soybeans	South African Corn
	bu.	bu.	bu.	bu.
Eastern Elevators	98,538	6,349,421	1,862,927	1,500,558
Fort William-Port Arthur	—	—	—	—
Interior Terminals	—	—	—	—
Interior Private and Mill Elevators	—	809,400	—	—
Pacific Coast Elevators	—	—	—	—

TABLE C-5.—PRIMARY RECEIPTS AND SHIPMENTS AT EASTERN ELEVATORS, CROP YEAR 1958-59

	Receipts	Shipments
	bu.	bu.
CANADIAN GRAIN—		
Wheat	170,382,300	179,236,492
Oats	30,826,198	32,786,720
Barley	37,399,010	39,265,938
Rye	1,696,924	1,757,174
Flaxseed	8,876,100	8,750,022
Corn	2,125,814	1,875,228
Soybeans	3,465,101	3,542,214
Buckwheat	148,810	151,875
Peas	199,887	195,800
Rapeseed (lbs.)	58,651,730	58,575,660
Mixed Grain (lbs.)	—	56,000
Sample Grain (lbs.)	4,048,270	4,703,620
UNITED STATES GRAIN—		
Wheat	1,851,025	1,804,300
Oats	680,919	680,841
Barley	2,174,188	2,078,837
Rye	458,387	458,360
Flaxseed	5,707,858	5,619,267
Corn	23,335,407	23,028,697
Soybeans	3,745,973	3,604,615
FOREIGN GRAIN—		
South African Corn	1,572,669	1,521,558

TABLE C-6.—SUPPLY AND DISPOSITION OF CANADIAN GRAIN IN UNITED STATES POSITIONS, CROP YEAR 1958-59

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY—					
In Store and in Transit U.S.A.	—	—	175,786	64,482	—
Receipts direct from Canada	4,031,846	1,430,130	9,975,588	2,048,117	—
Total Supply	4,031,846	1,430,130	10,151,374	2,112,599	—
DISPOSITION—					
Exported	—	—	—	—	—
Returned to Canada	510,610	—	—	—	—
Used Domestically	3,362,147	1,430,130	10,151,374	2,112,599	—
Total Disposition	3,872,757	1,430,130	10,151,374	2,112,599	—
In Store and in Transit July 31, 1959	159,089	—	—	—	—

TABLE C-7.—EXPORTS OF CANADIAN WHEAT, BY SEABOARD SECTORS, BY MONTHS, CROP YEAR 1958-59

	Via Canadian Pacific Ports	Via Canadian St. Lawrence-Atlantic Ports	Via Churchill	Via Fort William-Port Arthur Direct	Via United States Atlantic Ports	United States Imports[1]		Total All Wheat	Wheat[2] Flour	Total Wheat and Wheat Flour
						For Domestic Use	Milling in Bond			
1958	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
August	8,752,225	6,400,940	7,848,160	53,215	—	97,745	—	23,152,285	2,900,040	26,052,325
September	3,591,628	5,036,784	7,276,341	54,581	—	153,052	—	16,112,386	2,306,744	18,419,130
October	8,753,732	13,694,865	2,656,408	111,134	—	206,830	108,572	25,531,541	3,452,012	28,983,553
November	5,822,968	15,114,434	—	87,309	—	412,189	—	21,436,900	3,267,024	24,703,924
December	8,635,099	10,314,637	—	—	—	640,762	273,344	19,863,842	3,279,958	23,143,800
1959										
January	8,726,367	9,137,428	—	—	—	29,000	—	17,892,795	3,525,571	21,418,366
February	10,500,667	7,166,576	—	—	—	18,046	—	17,685,289	2,559,401	20,244,690
March	10,845,424	7,711,597	—	—	—	21,676	—	18,578,697	2,540,721	21,119,418
April	10,062,276	8,843,184	—	—	—	13,000	—	18,918,460	3,295,640	22,214,100
May	12,681,863	12,622,412	—	2,653,192	—	157,405	925,028	29,039,900	3,120,447	32,160,347
June	12,009,641	14,439,219	—	1,152,783	—	138,938	101,272	27,841,853	3,857,203	31,699,056
July	6,165,305	8,374,967	628,413	867,022	—	65,288	—	16,100,995	2,563,021	18,664,016
Total Crop Year 1958-59	106,547,195	118,857,043	18,409,322	4,979,236	—	1,953,931	1,408,216	252,154,943	36,667,782	288,822,725
Total Crop Year 1957-58	129,667,667	120,320,453	18,395,046	143,405	—	5,370,162	1,795,924	275,692,657	40,380,838[3]	316,073,495
5-Year Average 1953-54 to 1957-58	105,071,131	112,724,409	14,138,003	60,962	173,760	5,079,506	1,403,022	238,650,793	40,157,652	278,808,445

[1]Compiled from returns of Canadian elevator licensees and shippers and advice from American grain correspondents.

[2]Canadian Customs returns converted to bushels—unadjusted for time lag.

[3]Revised—adjusted to remove effect of time lag in reports made by the Customs.

TABLE C-8—OVERSEAS EXPORTS OF CANADIAN GRAIN, BY SEABOARD SECTORS BY GRADES, CROP YEAR 1958-59

Grades	Via Canadian Pacific Ports	Via Canadian St. Lawrence-Atlantic Ports	Via Churchill	Via Ft. William Port Arthur direct	Via United States Atlantic Ports	Total
	bu.	bu.	bu.	bu.	bu.	bu.
WHEAT—						
1 Manitoba Northern	596,973	379,973	186,667	—	—	1,163,613
2 Manitoba Northern	30,438,674	34,173,948	9,448,082	2,131,003	—	76,191,707
3 Manitoba Northern	37,655,713	39,309,098	5,034,392	1,822,921	—	83,822,124
4 Manitoba Northern	25,622,428	20,413,986	1,236,435	594,804	—	47,867,653
No. 5	10,176,000	3,981,588	2,286,224	—	—	16,443,812
No. 6	499,544	—	—	—	—	499,544
1 Alberta Red Winter	160,644	—	—	—	—	160,644
2 Alberta Winter	427,869	—	—	—	—	427,869
Other Western	969,350	1,364,064	217,522	430,508	—	2,981,444
Eastern	—	3,155,305	—	—	—	3,155,305
2 C.W. Amber Durum	—	2,392,417	—	—	—	2,392,417
3 C.W. Amber Durum	—	4,002,863	—	—	—	4,002,863
Ex. 4 C.W. Amber Durum	—	4,015,414	—	—	—	4,015,414
4 C.W. Amber Durum	—	5,668,387	—	—	—	5,668,387
Totals	106,547,195	118,857,043	18,409,322	4,979,236	—	248,792,796
OATS—						
3 C.W.	—	205,544	—	86,413	—	291,957
Extra 1 Feed	1,389,658	477,957	—	115,294	—	1,982,909
1 Feed	1,965,714	102,352	—	—	—	2,068,066
Mixed Feed	362,024	214,482	313,829	—	—	890,335
Eastern	—	391,518	—	—	—	391,518
Totals	3,717,396	1,391,853	313,829	201,707	—	5,624,785
BARLEY—						
2 C.W. Six-Row	2,365	—	—	—	—	2,365
3 C.W. Six-Row	4,162,300	58,187	—	35,267	—	4,255,754
2 C.W. Two-Row	515,340	—	—	—	—	515,340
3 C.W. Two-Row	11,499,354	49,945	—	—	—	11,549,299
1 Feed	17,196,458	2,160,741	—	—	—	19,357,199
2 Feed	3,430,934	9,749,659	—	5,198,313	—	18,378,906
Tough 2 Feed	—	—	—	166,273	—	166,273
Totals	36,806,751	12,018,532	—	5,399,853	—	54,225,136
RYE—						
2 C.W.	302,719	771,167	—	—	—	1,073,886
3 C.W.	15,963	19,628	—	—	—	35,591
Totals	318,682	790,795	—	—	—	1,109,477
FLAXSEED—						
1 C.W.	6,475,469	4,719,579	—	1,332,930	—	12,527,978
2 C.W.	180,486	1,434,203	—	12,308	—	1,626,997
3 C.W.	61,077	40,203	—	20,000	—	121,280
Totals	6,717,032	6,193,985	—	1,365,238	—	14,276,255

TABLE C-9.—OVERSEAS EXPORTS OF CANADIAN GRAIN, BY PORTS, CROP YEAR 1958-59

Loaded at	Wheat (All varieties)	Oats	Barley	Rye	Flaxseed	Total All Grains
	bu.	bu.	bu.	bu.	bu.	bu.
Vancouver-New Westminster	105,162,912	3,717,396	27,979,284	318,682	6,036,267	143,214,541
Victoria	1,384,283	—	—	—	680,765	2,065,048
Prince Rupert	—	—	8,827,467	—	—	8,827,467
Churchill	18,409,322	313,829	—	—	—	18,723,151
Fort William-Port Arthur direct	4,979,236	210,707	5,399,853	—	1,365,238	11,946,034
Sarnia	—	—	80,571	—	—	80,571
Montreal	49,195,811	1,066,077	6,473,423	790,795	4,708,239	62,234,345
Sorel	17,760,104	65,793	2,824,194	— —	—	20,650,091
Three Rivers	12,365,906	177,617	751,198	—	171,675	13,466,396
Quebec	9,867,788	—	1,842,431	—	—	11,710,219
Saint John	2,734,345	—	—	—	—	2,734,345
West Saint John	13,699,323	82,366	46,715	—	1,190,311	15,018,715
Halifax	13,233,766	—	—	—	123,760	13,357,526
Totals—Canadian Ports	248,792,796	5,624,785	54,225,136	1,109,477	14,276,255	324,028,449
U.S.A. Ports	—	—	—	—	—	—
Totals to Overseas	248,792,796	5,624,785	54,225,136	1,109,477	14,276,255	324,028,449
Wheat Flour[1]	36,667,782	—	—	—	—	36,667,782
U.S.A. Imports[2]	3,362,147	1,430,130	10,151,374	2,112,599	—	17,056,250
Grand Totals	288,822,725	7,054,915	64,376,510	3,222,076	14,276,255	377,752,481

[1]Canadian Customs Returns—converted to bushels.

[2]Compiled from returns of Canadian Elevator licensees and shippers and advice from American grain correspondents.

TABLE C-10.—TOUGH AND DAMP GRAIN DRIED, BY STORAGE POSITION, CROP YEAR 1958-59

	Artificial Drying				
	Tough	Damp	Tough and Damp	Natural Drying	Total
	bu.	bu.	bu.	bu.	bu.
LAKEHEAD					
Wheat	258,494	1,366,794	1,625,288	7,340,767	8,966,055
Durum	187	6,062	6,249	58,603	64,852
Oats	—	—	—	549,766	549,766
Barley	80,330	553,553	633,883	2,928,820	3,562,703
Rye	—	1,916	1,916	101,233	103,149
Flaxseed	7,314	9,910	17,224	354,648	371,872
Totals	346,325	1,938,235	2,284,560	11,333,837	13,618,397
PACIFIC COAST					
Wheat	234,419	20,885	255,304	4,563,635	4,818,939
Oats	—	—	—	11,352	11,352
Barley	297,792	9,984	307,776	836,999	1,144,775
Rye	—	—	—	2,002	2,002
Flaxseed	—	—	—	63,564	63,564
Totals	532,211	30,869	563,080	5,477,552	6,040,632
INTERIOR					
Wheat	—	1,279	1,279	219,054	220,333
Barley	—	—	—	150	150
Totals	—	1,279	1,279	219,204	220,483
CHURCHILL					
Wheat	—	—	—	57,946	57,946
Totals, All Positions	878,536	1,970,383	2,848,919	17,088,539	19,937,458

TABLE C-11.—WEIGHTED AVERAGE LAKE FREIGHT RATES ON CANADIAN GRAIN FROM FORT WILLIAM-PORT ARTHUR, SEASON OF NAVIGATION 1959

Port of Discharge	Wheat	Oats	Barley	Rye	Flaxseed
			(cents per bushel)		
Georgian Bay Ports, Goderich, Sarnia and Walkerville	4.725	4.385	4.835	4.5	—
Port Colborne	6.776	6.189	6.818	6.926	—
Toronto	7.223	6.547	7.164	7.0	7.747
Kingston	8.628	7.578	7.738	—	—
Prescott	8.066	7.286	7.660	—	—
Montreal (Direct)	13.324	10.671	12.881	13.670	14.979
Montreal via Bay Ports	—	—	13.25	—	—
Montreal via Port Colborne	14.069	10.0	12.427	—	15.0
Montreal via Toronto	14.0	11.0	13.25	—	—
Montreal via Kingston	13.994	11.076	13.25	14.0	15.758
Montreal via Prescott	13.987	10.809	13.080	14.0	15.0
Sorel (Direct)	13.126	11.145	13.285	—	—
Sorel via Port Colborne	14.0	—	—	—	—
Sorel via Prescott	14.0	—	12.25	—	—
Three Rivers (Direct)	13.0	10.129	12.25	—	—
Three Rivers via Bay Ports	14.0	—	—	—	—
Three Rivers via Port Colborne	14.0	—	14.0	—	—
Three Rivers via Toronto	14.0	—	13.25	—	—
Three Rivers via Prescott	14.0	—	—	—	—
Quebec (Direct)	13.051	10.557	12.679	—	—
Quebec via Port Colborne	15.116	10.0	13.504	—	—
Quebec via Prescott	14.0	—	13.0	—	—
Halifax (Direct)	18.084	16.834	17.708	—	—
Buffalo	8.049	6.943	7.759	7.835	—
Chicago	7.0	—	6.505	6.388	—
Duluth-Superior	6.320	—	5.841	—	—
Detroit	—	—	7.225	—	—
Manitowoc	—	—	6.460	—	—
Milwaukee	—	—	6.7	—	—

NOTE.—Rates originally quoted in United States Funds have been converted to Canadian currency at the prevailing rates of exchange.

TABLE C-12.—EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN SEMI-PUBLIC TERMINAL ELEVATORS, CROP YEAR 1958-59

Date of Weighover	Licensee	EXCESS						DEFICIENCY					
		No. 1 Manitoba Hard	No. 1 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet	No. 1 Manitoba Hard	No. 2 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet
	FORT WILLIAM-PORT ARTHUR	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
	Canadian Consolidated Grain Co. Ltd.												
Dec. 29, 1958-Jan. 6, 1959	Empire	—	—	—	4,879.2	—	—	—	—	6.2	—	—	—
Dec. 16-22, 1958	Thunder Bay	—	—	—	—	—	—	—	135.9	3.4	11.3	—	—
Oct. 22-31, 1958	Eastern Terminal Elevator Co. Ltd.	—	—	5,591.2	—	—	—	—	7,923.1	—	18,675.8	—	—
	Federal Grain Ltd.												
Dec. 15-22, 1958	Northwestern	—	518.7	—	—	—	—	—	—	10,697.1	4,602.4	—	—
Dec. 19-24, 1958	Stewart	—	—	—	—	—	—	—	1,255.7	18,469.6	13,072.0	—	—
	Fort William Elevator Co. Ltd.												
Dec. 8-11, 1958	Elevator "E"	—	—	—	—	—	—	—	—	—	—	—	—
Dec. 10-17, 1958	Elevator "F"	—	—	—	—	—	—	—	29.4	515.9	20.8	—	—
Dec. 8-11, 1958	Lakehead Terminals Ldt.	—	—	—	—	—	—	—	4.5	137.5	278.5	—	—
	Manitoba Pool Elevators												
Jan. 12-22, 1959	Elevator No. 1	—	—	—	—	—	—	—	38.0	1,558.1	6,083.6	—	—
Jan. 6-15, 1959	Elevator No. 2	—	—	—	—	—	—	—	159.2	1,175.7	7,613.9	—	—
Dec. 22-29, 1958	Elevator No. 3	—	—	—	—	—	—	—	—	230.3	1,292.2	—	—
Jan. 19-23, 1959	Elevator No. 9	—	—	—	—	—	—	—	17.2	4,346.4	8,986.4	—	—
Dec. 11-15, 1958	McCabe Grain Co. Ltd.	—	—	—	—	—	—	—	13.7	2,008.2	5,219.2	—	—
Dec. 17-24, 1958	National Grain Co. Ltd.	—	—	—	—	—	—	—	121.6	7,488.2	13,448.9	—	—
Dec. 8-16, 1958	Ogilvie Flour Mills Co. Ltd.	—	—	—	—	—	—	—	3.5	11,882.6	1,829.0	—	—

TABLE C-12.—EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN SEMI-PUBLIC TERMINAL ELEVATORS, CROP YEAR 1958-59—*Concluded*

Date of Weighover	Licensee	EXCESS						DEFICIENCY					
		No. 1 Manitoba Hard	No. 1 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet	No. 1 Manitoba Hard	No. 2 Manitoba Northern	No. 2 Manitoba Northern	No. 3 Manitoba Northern	No. 1 Canada Western Garnet	No. 2 Canada Western Garnet
	FORT WILLIAM-PORT ARTHUR	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
	Saskatchewan Wheat Pool												
Dec. 29, 1958-Jan. 6, 1959	Elevator No. 6	—	—	—	—	—	—	—	20,580.5	13,035.9	10,576.6	—	—
Dec. 15-22, 1958	Elevator No. 7	—	—	—	—	—	—	—	1,744.5	7,007.5	9,500.3	—	—
Dec. 10-13, 1958	Superior Elevator Co. Ltd.	—	—	—	—	—	—	—	10.6	83.7	529.5	—	—
	VANCOUVER-NEW WESTMINSTER												
Aug. 28-Sept. 9, 1958	Burrard Terminals Ltd.	—	53.0	—	4,375.9	—	—	—	—	4,186.6	—	—	—
	Pacific Elevators Ltd.												
June 17-26, 1959	Elevator No. 1 and 3	—	—	—	—	—	—	—	662.4	53,460.1	76,045.8	—	—
	Saskatchewan Wheat Pool												
Aug. 21-26, 1958	Elevator No. 2 (N.H.B.)	—	—	—	—	—	—	—	201.0	13,583.5	1,714.9	—	—
	United Grain Growers Ltd.												
Aug. 29-Sept. 11, 1958	Elevator No. 3 (N.H.B.)	—	—	—	—	—	—	—	71.7	1,219.2	15,831.7	—	—
	VICTORIA, B.C.												
Feb. 23-27, 1959	Victoria Elevator Ltd.	—	36.0	—	1,252.7	—	—	—	—	506.3	—	—	—
	PRINCE RUPERT, B.C.												
April 28-30, 1959	Canadian Government Elevator	—	—	—	—	—	—	—	—	—	—	—	—
	CHURCHILL, MAN.												
Oct. 15-24, 1958	National Harbours Board	—	—	33,332.6	—	—	—	—	36,479.6	—	6,265.9	—	—

TABLE C-13.—EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN PRIVATE TERMINAL ELEVATORS, CROP YEAR 1958-59

Date of Audit, December 11, 1958	Winnipeg, Manitoba Canada Malting Co. Ltd.	
	Excess	Deficiency
	bu.	bu.
No. 1 Manitoba Hard	—	—
No. 1 Manitoba Northern	—	—
No. 2 Manitoba Northern	—	5.1
No. 3 Manitoba Northern	—	40.3
No. 1 Canada Western Garnet	—	—
No. 2 Canada Western Garnet	—	—

No wheat of the above grades was handled or in store in the following elevators:

Date of Weighover	Elevator Company	Location
August 22nd, 1958	Canada Malting Co. Ltd.	Calgary, Alberta
January 22nd, 1959	Canada Malting Co. Ltd.	Port Arthur, Ontario
December 8th, 1958	Dominion Malting Co. Ltd.	Transcona, Manitoba
January 5th, 1959	National Grain Feed Mill	Fort William, Ontario

TABLE C-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1958-59

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1959			bu.	bu.
Mar. 16–19	COLLINGWOOD			
	Collingwood Terminals Ltd.	Canada Western Wheat	—	662.6
		Canada Western Oats	—	3,082.3
		Canada Western Barley	1,497.6	—
		Canada Western Rye	83.5	—
		South African Corn	—	1.0
Mar. 30–April 8	GODERICH			
	Goderich Elevator and Transit Co. Ltd.	Canada Western Wheat	—	2,272.6
		Canada Western Oats	1,017.0	—
		Canada Western Barley	—	439.6
		Canada Western Rye	73.2	—
		Canada Western Sample Grain	—	*100
		Canada Western Screenings	—	*24,340
		U.S.A. Corn	—	539.6
Mar. 19–26	Upper Lakes Shipping Ltd.	Canada Western Wheat	—	1,016.1
		Canada Western Oats	—	2,948.0
		Canada Western Barley	385.8	—
		Canada Western Buckwheat	—	31.2
		Canada Western Screenings	*33,260	—
		U.S.A. Corn	—	666.7
Mar. 23–April 4	HUMBERSTONE			
	Robin Hood Flour Mills Ltd.	Canada Western Wheat	—	13,633.5
		Canada Western Oats	—	333.2
		Canada Western Barley	—	467.8
Mar. 16–25	KINGSTON			
	Canada Steamship Lines Ltd.	Canada Western Wheat	—	15,446.9
		Canada Western Oats	—	2,062.3
		Canada Western Barley	—	5,548.5
		Canada Western Rye	—	181.5
		Canada Western Flaxseed	—	2,403.7
		Canada Western Buckwheat	—	29.4
		U.S.A. Rye	—	15.4
		U.S.A. Flaxseed	—	60.9
		U.S.A. Corn	—	1,375.8

TABLE C-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1958-59—*Continued*

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1959			bu.	bu.
May 21	LAKEFIELD			
	Lakefield Elevator Co. Ltd.....	Canada Western Wheat.....	—	2,943.5
Mar. 3-16	MIDLAND			
	Canada Steamship Lines Ltd...	Canada Western Wheat.....	—	4,695.1
		Canada Western Oats.....	40.2	—
		Canada Western Barley.....	928.3	—
Mar. 2-13	Canadian National Railways...	Canada Western Wheat.....	—	6,998.4
		Canada Western Barley.....	—	50.0
		U.S.A. Corn.....	—	184.9
Feb. 11-26	Midland-Simcoe Elevator	Canada Western Wheat.....	—	5,018.1
	Co. Ltd.....	Canada Western Oats.....	—	6,001.9
		Canada Western Barley.....	—	363.5
Feb. 18-26	Renown Investments Ltd.....	Canada Western Wheat.....	—	2,098.6
		Canada Western Oats.....	307.9	—
		U.S.A. Corn.....	—	168.6
Mar. 10-13	MONTREAL			
	Dominion Elevator Ltd.....	Canada Western Wheat.....	—	2,196.9
		Canada Western Oats.....	—	1,251.1
		Canada Western Barley.....	—	2,227.7
		Canada Western Sample Grain...	—	*2,360
		Canada Western Screenings.....	—	*43,620
		U.S.A. Corn.....	—	235.9
		S.A. Corn.....	—	15.9
Mar. 23-30	OWEN SOUND			
	Great Lakes Elevator Co. Ltd..	Canada Western Wheat.....	—	6,291.1
		Canada Western Oats.....	—	1,467.3
		Canada Western Barley.....	—	1,346.3
		Canada Western Rye.....	—	5.5
		Canada Western Sample Grain...	—	*2,380
		Canada Western Screenings.....	—	*9,180
		U.S.A. Corn.....	—	953.1
Mar. 16-19	PORT COLBORNE			
	Maple Leaf Milling Co. Ltd.....	Canada Western Wheat.....	—	9,836.3
		Canada Western Oats.....	—	845.2
		Canada Western Barley.....	—	1,470.8
		Canada Western Rye.....	—	140.2
		Canada Western Flaxseed.....	—	54.6
		U.S.A. Corn.....	—	19.2
Sept. 3-5 1958	National Harbours Board.....	Canada Western Wheat.....	—	20,365.5
		Canada Western Oats.....	—	1,709.9
		Canada Western Barley.....	—	8,035.5
		Canada Western Rye.....	—	220.5
		Canada Western Flaxseed.....	—	3,085.3
		Canada Western Buckwheat.....	—	377.2
		U.S.A. Flaxseed.....	—	2,082.9
		U.S.A. Corn.....	—	337.3
Mar. 17-25	PORT MCNICOLL			
	Canadian Pacific Railway Co...	Canada Western Wheat.....	—	4,765.4
		Canada Western Oats.....	—	58.3
		Canada Western Barley.....	—	279.8
		U.S.A. Corn.....	—	219.6
Feb. 24- Mar. 6	PRESCOTT			
	National Harbours Board.....	Canada Western Wheat.....	—	6,963.6
		Canada Western Oats.....	—	5,390.0
		Canada Western Barley.....	—	10,294.0
		Canada Western Rye.....	663.8	—
		Canada Western Flaxseed.....	—	1,996.9
		U.S.A. Flaxseed.....	—	645.6
		U.S.A. Corn.....	—	4,031.6

TABLE C-14.—OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1958-59—*Concluded*

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1959			bu.	bu.
Feb. 24–Mar. 12	QUEBEC National Harbours Board	Canada Western Wheat	—	9,724.4
		Canada Western Oats	—	3,795.3
		Canada Western Barley	—	4,038.9
		Canada Western Sample Grain	—	*9,580
		Canada Western Screenings	—	*7,270
		U.S.A. Corn	—	383.1
		S.A. Corn	—	115.6
April 1–16	SARNIA Sarnia Elevator Co. Ltd	Canada Western Wheat	—	19,507.6
		Canada Western Oats	—	5,118.5
		Canada Western Barley	—	1,792.9
		Canada Western Rye	—	355.8
		Canada Western Sample Grain	—	*1,180
		Canada Western Screenings	—	*3,770
		U.S.A. Flaxseed	—	62.6
Feb. 10–23	SOREL North American Elevators Ltd	Canada Western Wheat	—	7,181.5
		Canada Western Oats	—	575.2
		Canada Western Barley	—	4,682.4
		Canada Western Flaxseed	—	50.0
		Canada Western Soybeans	—	23.4
		U.S.A. Corn	—	66.9
Mar. 9–26	TORONTO Toronto Elevators Ltd	Canada Western Wheat	—	4,568.8
		Canada Western Oats	—	1,878.4
		Canada Western Barley	—	1,902.1
		Canada Western Rye	—	.9
		Canada Western Flaxseed	—	829.3
		Canada Western Sample Grain	—	*2,700
		Canada Western Screenings	—	*8,850
		U.S.A. Corn	—	532.7
		U.S.A. Soybeans	8,805.9	—
May 21	PETERBOROUGH Trent Elevator Co	Canada Western Wheat	—	519.7
Mar. 31–April 7	WALKERVILLE Hiram Walker & Sons Grain Corp. Ltd	Canada Western Wheat	—	2,904.8
		Canada Western Oats	—	264.5
		Canada Western Barley	273.4	—
		Canada Western Rye	—	79.7
		U.S.A. Corn	—	74.9
April 10	SAINT JOHN Canadian National Railways Co	Canada Western Wheat	—	2,276.9
April 14	WEST SAINT JOHN Canadian Pacific Railway Co. Elevator "B"	Canada Western Wheat	—	2,860.3
		Canada Western Barley	—	14.6
		Canada Western Flaxseed	—	322.3
		Canada Western Peas	—	10.4
		Canada Western Rapeseed	—	*7,080
April 16	Canadian Pacific Railway Co. Elevator "H"	Canada Western Wheat	—	2,654.8
		Canada Western Oats	—	51.5
		Canada Western Barley	—	14.6
		Canada Western Flaxseed	—	421.6
		Canada Western Peas	—	44.3
		Canada Western Rapeseed	—	*14,430
April 20–24	HALIFAX National Harbours Board	Canada Western Wheat	—	8,648.4
		Canada Western Oats	—	7.5
		Canada Western Flaxseed	—	77.3
		Canada Western Peas	—	2.3
		Canada Western Rapeseed	—	*320
		S.A. Corn	—	153.0

* Pounds.

TABLE C-15.—AMOUNTS COLLECTED AND GRAIN PURCHASED UNDER THE ONE PER CENT LEVY, PRAIRIE FARM ASSISTANCE ACT, CROP YEAR 1958-59

Province	Wheat	Oats	Barley	Rye	Flaxseed	Rapeseed	Total
	$	$	$	$	$	$	$
Manitoba	629,882.86	72,424.67	193,868.94	9,005.44	101,201.97	2,628.04	1,009,011.92
Saskatchewan	3,030,090.94	77,413.86	401,569.76	22,444.20	234,896.75	37,330.21	3,803,745.72
*Alberta	1,273,397.60	46,851.58	392,929.96	12,731.30	127,836.80	7,495.32	1,861,242.56
Totals	4,933,371.40	196,690.11	988,368.66	44,180.94	463,935.52	47,453.57	6,674,000.20

* Includes Peace River area in B.C.

Penalties on late filing of returns	1.50
Total collections Aug. 1, 1958 to July 31, 1959	6,674,001.70

	Grain Purchases						
	thousands of bushels						
Manitoba	47,110	13,928	23,357	1,004	3,634	195	89,228
Saskatchewan	222,117	15,373	49,061	2,577	8,590	3,942	301,660
Alberta	95,843	9,468	49,167	1,472	4,652	1,378	161,980
Totals	365,070	38,769	121,585	5,053	16,876	5,515	552,868

TABLE C-16.—LICENCES IN FORCE AND STORAGE CAPACITY AS AT JULY 31ST, 1959 AND A YEAR AGO

Kind of Licence	Licences in force July 31		Licensed storage capacity July 31	
	1959	1958	1959	1958
Country Elevators	5,317	5,348	378,071,540	369,493,750
Supplementary Annexes to Country Elevators	*	*	11,381,400	14,551,690
Terminals and Mill Elevators	80	81	158,266,010	158,312,010
Eastern Elevators	31	31	94,227,300	94,302,300
Track Buyers, Commission Merchants and Grain Dealers	49	49	†	†
Totals	5,477	5,509	641,946,250	636,659,750

*204 buildings at July 31, 1959 and 367 buildings at July 31, 1958.
†These licences do not cover grain storage facilities.

TABLE C-17.—NUMBER AND KIND OF LICENCES ISSUED AND LICENSED STORAGE CAPACITY, AS AT DECEMBER 1st EACH YEAR FOR THE PAST FIVE YEARS

Kind of Licence	1959	1958	1957	1956	1955
	Number of Licences				
Public Country Elevator	5,304	5,314	5,343	5,354	5,369
Private Country Elevator	8	8	10	9	10
Mill Elevator	34	35	33	32	33
Public Terminal Elevator	—	—	—	5	5
Semi-Public Terminal Elevator	40	40	40	34	35
Private Terminal Elevator	5	5	5	5	5
Eastern Elevator	31	31	30	30	30
Track Buyer	20	22	21	21	21
Commission Merchant	22	24	23	23	25
Grain Dealer	5	5	5	5	7
Totals	5,469	5,484	5,510	5,518	5,540

Mr. RAPP: There is nothing but statistics.

Mr. MILNER: No, it is nothing but statistics from here in.

Mr. PASCOE: On page 23 it says:

> Special studies of historical handling patterns on grain moving from the Canadian lakehead to eastern Canadian points were undertaken to supply reference data for analyses of the possible impact of the St. Lawrence Seaway on grain movement.

Is that report available, and does it indicate that the St. Lawrence Seaway has met the expectations with regard to grain movements?

TABLE C-17.—NUMBER AND KIND OF LICENCES ISSUED AND LICENSED STORAGE CAPACITY, AS AT DECEMBER 1st EACH YEAR FOR THE PAST FIVE YEARS—*Concluded*

Kind of Licence	1959	1958	1957	1956	1955
	Licensed Capacity				
	(thousands of bushels)				
Public Country Elevator	380,838	373,357	364,661	356,263	343,953
Grain Storage Buildings	10,157	12,992	14,953	15,080	8,522
Private Country Elevator	232	240	369	337	349
Mill Elevator	13,637	13,671	13,513	13,451	13,525
Public Terminal Elevator	—	—	—	17,100	17,100
Semi-Public Terminal Elevator	138,524	137,524	137,524	118,774	116,624
Private Terminal Elevator	7,070	7,070	7,070	7,070	7,070
Eastern Elevator	97,767	94,227	94,102	94,102	92,182
Totals	648,225	639,081	632,192	622,177	599,325

TABLE C-18.—LICENSED ELEVATORS AND STORAGE AS AT DECEMBER 1, 1959.

Kind of Elevator	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Quebec and Maritimes	Totals
	Number of Elevators						
Public Country	2	696	2,905	1,682	19	—	5,304
Private Country	—	2	1	5	—	—	8
Mill	3	8	6	9	8	—	34
Public Terminal	—	—	—	—	—	—	—
Semi-Public Terminal	24	2	2	3	9	—	40
Private Terminal	2	2	—	1	—	—	5
Eastern	19	—	—	—	—	12	31
Totals	50	710	2,914	1,700	36	12	5,422
	Storage Capacity						
	(thousands of bushels)						
Public Country	65	49,669	200,474	128,434	2,196	—	380,838
†Grain Storage Buildings	1,400	—	5,027	3,730	—	—	10,157
Private Country	—	45	29	158	—	—	232
Mill	1,480	2,255	4,916	4,049	937	—	13,637
Public Terminal	—	—	—	—	—	—	—
Semi-Public Terminal	90,517	6,000	11,000	6,100	24,907	—	138,524
Private Terminal	2,435	3,145	—	1,490	—	—	7,070
Eastern	57,226	—	—	—	—	40,541	97,767
Totals	153,123	61,114	221,446	143,961	28,040	40,541	648,225

† Off-site storage.

Mr. MILNER: A lot of people had a lot of expectations; they varied. I think it is doing about what most well-informed people thought was going to happen. It has reduced the cost of movement about two or three cents. It has been of more assistance to the movement of American grain than Canadian grain, because we had, I think it was, probably five and a half to five and three quarter cents a bushel that we were more favourably placed than the Americans. That is the movement of grain from Fort William to Montreal and on to the U.K., compared to the American movement of grain from Duluth, Buffalo and New York to the U.K. But this seaway has made them come a little closer to us in the cost of moving grain.

Mr. RAPP: That is all statistics. Surely we can dispense?

Mr. ROGERS: I was wondering if I could ask you, Mr. Milner, how you estimate the carry overs on farms?

Mr. MILNER: We do not estimate it. Perhaps our statistician can answer that.

Mr. BAXTER: The dominion bureau of statistics is responsible for that estimate. They obtain that by a series of questionnaires which they send out; and, as a matter of fact, I think those questionnaires are out in the country at this particular time, or will be going shortly. By a combination of sampling techniques, as they term it, and from the annual tally of these questionnaires they determine the quantity of grain in the farmers' bins. The questionnaires go to farmers, certain country elevator agents and certain railway agents for comparative reference, but the bulk of the reports come from the farmers themselves.

Mr. MCINTOSH: On page 27 of your tables there, it says:

Primary receipts and shipments at eastern elevators.

I am getting very confused with this corn all the time. I thought I had it cleared up at noon, when we had figures from the D.B.S. showing that between 10 and 11 million bushels of corn were imported from the States. I see here a figure of 23 million bushels; that is, receipts and shipments.

Mr. BAXTER: The answer to that would be, included in the 23 milion will be a quantity of American corn transshipped through the eastern elevators, particularly the St. Lawrence ports, overseas; and this is the handling arrangements Mr. Milner was discussing earlier. The 6.4 million we referred to earlier will be included in the 23 million; but in addition to that there will be the U.S. corn exported overseas from Canadian eastern ports.

Mr. MCINTOSH: Do you mean to say that there are 23 million bushels of corn and there are only 1 million bushels of wheat which you are handling the same way?

Mr. MILNER: That is right. The wheat board will not allow it to come in. They do not like to see wheat coming in, although they have not actually put any restrictions on the movement of wheat through. Our board gives permits for the movement of this wheat, but they give us a single permit number which we use when shippers want to move American wheat through the St. Lawrence. We say, yes, you may move it under this permit number, which the wheat board gives us, but we are responsible to see that it is in and out within a certain time.

Mr. DOUCETT: Why do you not treat corn in the same way?

Mr. MILNER: We do, but corn does not come under the jurisdiction of the Wheat Board Act.

Mr. DOUCETT: I suppose that is why you keep track of the bushels?

Mr. MILNER: Yes.

Mr. MCINTOSH: Just as a matter of information, what are the comparable qualities of American corn and Canadian corn? Is the quality similar?

Mr. MILNER: We do not grow very much corn in the west but we grow quite a lot in the east.

Mr. CONACHER: The bulk of our corn that is used by the processors, that is the distilleries and starch manufacturers, is produced in southwestern Ontario. In most years a high proportion of this corn is taken by the processors. If the quality should be particularly low the great bulk of our corn will go into the feed channels and our manufacturers will buy American corn of higher quality. The proportion of our grain that is purchased by the processors—the starch manufacturers and distilleries—is fairly constant, but the amount of our corn that goes into these different channels varies from year to year on account of the quality rather than the price.

Mr. MCINTOSH: In other words we cannot grow the same quality of corn in Canada as can be grown in the United States?

Mr. CONACHER: This is strictly as a result of geographic locations. Our corn is produced in a relatively small area. If we have a bad year, or season which is too wet or too dry, our whole crop is affected, being in such a small area. Whereas in the United States there are corn growing areas widely dispersed and they always have a whole range of quality of corn.

Mr. MCINTOSH: Do we have climatic conditions in any particular geographic area which permits the growing of corn comparable in quality to that grown in the United States?

Mr. CONACHER: Our best corn is grown in southwestern Ontario and, generally speaking, a considerable proportion of this corn is of suitable quality for processors.

Mr. MILNER: We have the same situation in regard to soya beans, Mr. McIntosh. As a matter of interest, for instance, we have elevators who take in soya beans from the United States for processing.

What happens to our soya bean crop?

Mr. BAXTER: Our soya beans are exported.

Mr. MILNER: Yes, our soya beans are exported. It just depends on whatever fits into the trade pattern.

Mr. RAPP: There is the other reason for them buying our corn.

Mr. PASCOE: I have two questions in regard to appendix C at page 53 under the section (B) licensing. It is reported there that licences were granted to 247 off-site grain storage buildings of various types. Are these new licences or renewals?

Mr. MILNER: They are renewals, all of them.

Mr. PASCOE: At page 34 it deals with excesses and deficiencies in specified grades of wheat, and on page 34 it shows that the Saskatchewan wheat pool elevators number 6, number 7 and number 2, being listed with very high deficiencies; can you explan that?

Mr. MILNER: Elevator number 7 is the biggest house there. I think proportionately there is no difference.

Mr. PASCOE: When you refer to deficiencies, you mean they do not have the grade?

Mr. MILNER: Yes.

The CHAIRMAN: Appendix D, gentlemen, at page 39.

Some hon. MEMBERS: Agreed.

APPENDIX D

Registration Branch

C. J. BROWNSCOMBE, Registrar

Section 127 of the Canada Grain Act requires operators or managers of Public terminal, Semi-Public terminal and Eastern Elevators to issue warehouse receipts for all grain taken into store. Regulations No. 1 and No. 2, made by the Board under the provisions of Section 15 (22) of the Canada Grain Act, require that all such warehouse receipts be registered with the Board as to grade and quantity at the time of issue, and that these warehouse receipts be surrendered to the Board for registration for cancellation when the grain which they represent has been shipped out.

Table D-1 of this appendix presents the total bushels, by grains, for which warehouse receipts were registered against grain received into store and registered for cancellation against grain shipped out, together with the averages of these handlings for the past ten crop years for comparison. Registration service was also provided to licensees for the registration and registration for cancellation of warehouse receipts that were required to be split, consolidated, grade adjusted or re-issued to facilitate documentation in connection with the handling of grain, and this work continued at normal levels throughout the year.

Records were maintained for each licensee in both the Eastern and Western Divisions, by grade, to show the total quantities registered, registered for cancellation or outstanding each day, and were kept in such manner as to provide both monthly and crop year totals of receipts, shipments, natural and artificial drying, and grade adjustments. A separate series of records was maintained for each licensee to provide a complete registration and cancellation record of all warehouse or transfer receipts issued. Certified statements of outstanding warehouse receipt grade totals and of the handlings for the non-mixing grades of wheat, and other relevant data, were issued as required for use in connection with the annual weighover of stocks of grain as carried out by Board officials at all terminal and eastern elevators.

Total bushels registered and registered for cancellation for all grains for elevators in the Western Division show decreases of 49.0 million and 50.4 million bushels respectively, as compared to those of the previous crop year, and decreases of 19.1 million and 9.1 million bushels respectively, compared to those of the ten-year average. Corresponding decreases in handlings, compared to those of the previous crop year, were also noted for the Eastern Division, but a slight increase in the quantities shipped was noted as compared to the ten-year average.

Fees for registration service were charged at the rate of 4 cents a thousand bushels for registration and for registration for cancellation in the Western Division, and one cent a thousand bushels for similar service in the Eastern Division. The general decrease in handlings for both Eastern and Western Divisions is reflected in the total fees collected for registration service of $47,330.07 as compared to the ten-year average of $48,542.58.

TABLE D-1.—WAREHOUSE RECEIPT REGISTRATIONS FOR PRIMARY AND TRANSFER RECEIPTS AND SHIPMENTS AT SEMI-PUBLIC TERMINAL ELEVATORS AND EASTERN ELEVATORS, BY AREA AND GRAIN, CROP YEAR 1958-59 AND 10-YEAR AVERAGE.

Area	Grain	Crop Year 1958-59		10-Year Average, 1948-49 to 1957-58	
		Registered	Registered for Cancellation	Registered	Registered for Cancellation
		—thousands of bushels—			
WESTERN DIVISION—					
Winnipeg, including	Wheat	201,099	198,918	205,111	200,891
Lakehead and	Oats	32,637	35,209	68,470	70,293
Churchill	Barley	53,416	57,093	73,806	72,878
	Flax	9,394	10,507	9,517	9,358
	Rye	4,114	4,521	10,646	10,489
	Mixed Grain	188	188	815	541
	Corn	—	—	29	39
	Other Grains	141	114	137	147
INTERIOR ELEVATORS—					
Calgary, Edmonton,	Wheat	3,624	1,218	5,449	4,396
Lethbridge, Moose Jaw	Oats	250	190	356	378
and Saskatoon	Barley	1,726	1,816	1,577	1,572
	Flax	63	63	197	205
	Rye	—	—	41	41
	Mixed Grain	—	44	—	26
	Corn	11	8	16	13
	Other Grains	5,196	4,767	1,005	859
VANCOUVER AND PRINCE RUPERT					
AREA—	Wheat	105,495	107,717	95,060	93,994
	Oats	4,313	5,096	2,178	3,200
	Barley	38,248	37,187	14,549	14,494
	Flax	6,640	6,654	1,176	1,126
	Rye	260	336	211	200
	Mixed Grain	7	5	39	48
	Corn	—	—	269	268
	Other Grains	5,748	5,734	1,040	1,028
WESTERN DIVISION—					
All Points—	Wheat	310,218	307,853	305,620	299,281
	Oats	37,200	40,495	71,004	73,871
	Barley	93,390	96,096	89,932	88,944
	Flax	16,097	17,224	10,890	10,689
	Rye	4,374	4,857	10,898	10,730
	Mixed Grain	195	237	854	615
	Corn	11	8	314	320
	Other Grains	11,085	10,615	2,182	2,034
Totals—All Grains		472,570	477,385	491,694	486,484
EASTERN DIVISION—	Wheat	289,225	296,349	303,200	297,356
	Oats	41,758	43,519	43,402	43,178
	Barley	57,275	58,627	79,769	79,488
	Flax	24,871	24,585	17,771	17,788
	Rye	2,955	3,039	7,122	7,096
	Mixed Grain	111	126	574	554
	Corn	32,834	32,233	16,888	16,989
	Screenings	2,060	2,110	1,341	1,347
	Peas	205	205	98	99
	Soybeans	9,195	9,154	3,061	3,016
	Buckwheat	198	202	346	348
	Other Grains	1,182	1,193	349	347
Totals—All Grains		461,869	471,342	473,921	467,606

APPENDIX E

Inspection Branch

M. J. CONACHER, Chief Grain Inspector

Under Section 32 of the Canada Grain Act, the Grain Inspection Branch in the Western Division establishes grades on carlots of grain on samples drawn during unloading by officials of the inspection branch at the Lakehead, Pacific Coast, Churchill, Winnipeg, Calgary, Edmonton, Moose Jaw, Saskatoon, Lethbridge and Medicine Hat. Also, all grain shipped from terminal and mill elevators is officially sampled and inspected. At the primary inspection points of Winnipeg, Calgary and Edmonton, samples placed in railway cars by country elevator agents are removed and graded; while this service does not provide official grades of these shipments, the grades established on the unofficial samples are used by the shippers and terminal operators as a guide to their delivery and handling of the grain.

In the Eastern Division, sampling and grading service is provided on request at Chatham and Toronto for Eastern grown grain. At Montreal, Quebec, Sorel, Three Rivers, St. John and Halifax, grain loaded into vessels for export is sampled and the grades are checked.

Grades of all grain in store in all terminal and eastern elevators weighed over during the crop year are verified by officials of the Inspection Branch.

The probing of carlots of grain in the railway yards at Winnipeg, Calgary and Edmonton was discontinued, with occasional exceptions, on August 1, 1958. This was done because it had become increasingly difficult to obtain representtive samples, as the railways introduced more and more new cars with higher minimum load requirements; many cars are loaded to full visible capacity, leaving little or no room for men to enter and obtain samples by probing.

This change has met with general approval of the trade; country elevator licensees generally are intent on their agents placing representative samples in the cars they load, so that the grain will be delivered to proper destination on the basis of the grades of the agents' samples.

Cereal crops in Western Canada in 1958 were remarkably good for a year or below normal precipitation. Manitoba, Saskatchewan and Southeastern Alberta suffered from drought through early summer. Development of rust was reduced by the dry weather; and when rains came later, the crops made a remarkable recovery. Yields in Alberta were better than in the other two Prairie Provinces; there were bumper crops through much of central Alberta. Harvest conditions were good over the Prairies, except for a strip across Northern Manitoba, North central Saskatchewan, to part of central Alberta; the harvest was hampered by storms through that area.

Manitoba No. 2 Northern was the predominating grade of Red Spring Wheat (33.5% of shipments). There was an increase in Manitoba No. 1 Northern shipped (1.9% compared to 0.3% in the 1957-58 crop year); second growth, green kernels reduced the grade of much otherwise sound, ripe wheat in the dry belt. There was less Manitoba No. 3 Northern (28.9%) and Manitoba No. 4 Northern (16.5%) than the previous crop year, and much less No. 5 and No. 6 wheat. The incidence of tough and damp grades was higher than in 1957. Selkirk variety matured better, and therefore produced better grades than previously, through the drier areas.

No. 2 Canada Western Amber Durum was the predominating grade of this class (24.6% compared to 18.2% in the previous crop year). This grade and No. 3, Extra No. 4, and No. 4 Canada Western combined made up 92.4% of Amber Durum inspections. The new variety Ramsey was conspicuous in grades of No. 1, No. 2, and No. 3 Canada Western Amber Durum.

No. 1 Feed was the predominating grade of barley shipped during the crop year (36.6%), a slight increase over the previous year (33.1%); this was on account of light weight in the dry, southern areas and damage from weathering in central and northern districts. Only 39.4% of the barley shipped was graded No. 3 Canada Western or higher, including both six-row and two-row types, compared to 39.1% in the crop year 1957-58.

Only 11.8% of carlots of oats were graded No. 3 Canada Western and higher, on account of weathering and light weight. No. 1 Feed comprised 62.5% of cars of oats inspected.

The incidence of ergot in rye was low; this is typical of a dry growing season in the areas where most of our rye is produced. 89.2% of all carlots of rye were graded No. 2 or No. 3 Canada Western.

89.0% of carlots of flaxseed were graded No. 1 Canada Western, compared to 57.4% the previous year. The quantities of both rapeseed and mustard seed (5,194 and 671 carlots respectively) made new high records; grades of both of these were generally high. 173 carlots of safflower seed set a new record for this seed also.

13,627 samples submitted by country elevator operators and farmers "subject to inspectors' grade and dockage" were graded during the crop year 1958-59.

In Eastern Canada, wet weather in early summer of 1958 produced heavy yields of winter wheat and barley, as well as oats. While some of these early crops were damaged from weathering at harvest time, the quality was generally good. The predominating grade of wheat was No. 2 Canada Eastern White Winter Wheat, and 80% of carlots of barley were graded No. 2 or No. 3 Canada Eastern Six-Row.

Cool, wet weather during the summer affected the yield of late fall crops in Ontario, but better weather in the fall produced good quality in these crops generally. 69.6% of the corn that was inspected was straight grade or extra dry No. 1 or No. 2 Canada Eastern Yellow; 83.3% of the soybeans inspected were straight grade No. 1 or No. 2 Canada Yellow.

Pea beans, which mature earlier than corn and soybeans, suffered some damage from rains at harvest time; 42.7% of carlots inspected were tough or damp. A new variety of pea beans named Sanilac, that withstands blight and adverse weather better than the older varieties, gave gratifying results; yield and grade of Sanilac beans was conspicuously better.

WESTERN DIVISION

TABLE E-1.—CARLOT INSPECTIONS BY POINTS, CROP YEAR 1958-59, COMPARED WITH 1957-58

	1958-59	1957-58	1958-59	1957-58
			percent of total	
Fort William	144,666	—	53.8	—
Winnipeg	11,231	168,613	4.2	56.7
Churchill	10,712	9,942	4.0	3.4
Moose Jaw	3,547	3,897	1.3	1.3
Saskatoon	8,337	8,071	3.1	2.7
Calgary	4,864	57,542	1.8	19.4
Edmonton	3,108	46,080	1.2	15.5
Medicine Hat	1,981	1,958	0.7	0.7
Lethbridge	281	385	0.1	0.1
Prince Rupert	3,863	—	1.4	—
Vancouver	76,244	649	28.4	0.2
Totals	268,834	297,137	100.0	100.0

TABLE E-2.—CARLOT INSPECTIONS, CROP YEAR 1958-59

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT			
1 Manitoba Northern	3,307	1.9	—
2 Manitoba Northern	58,876	33.5	—
3 Manitoba Northern	50,823	28.9	—
4 Manitoba Northern	29,089	16.5	—
No. 4 Special	113	0.1	—
No. 5	12,382	7.0	—
No. 5 Special	16	*	—
No. 6	1,424	0.8	—
No. 6 Special	4	*	—
Feed	66	*	—
Tough	14,373	8.2	—
Damp	933	0.5	—
Smutty	99	0.1	—
Rejected	4,141	2.4	—
Sample	120	0.1	—
Condemned	3	*	—
Broken Red Spring	12	*	—
Total Red Spring Wheat	175,781	100.0	95.2
3 Canada Western Garnet	3	75.0	—
Tough Canada Western Garnet	1	25.0	—
Total Garnet Wheat	4	100.0	*
1 Canada Western Amber Durum	29	0.3	—
2 Canada Western Amber Durum	2,055	24.6	—
3 Canada Western Amber Durum	1,968	23.6	—
Extra 4 Canada Western Amber Durum	1,812	21.7	—
4 Canada Western Amber Durum	1,882	22.5	—
5 Canada Western Amber Durum	283	3.4	—
6 Canada Western Amber Durum	12	0.1	—
Tough Canada Western Amber Durum	65	0.8	—
Damp Canada Western Amber Durum	6	0.1	—
Smutty Canada Western Amber Durum	1	*	—
Rejected Canada Western Amber Durum	231	2.8	—
Sample Canada Western Amber Durum	7	0.1	—
Total Amber Durum Wheat	8,351	100.0	4.5
1 Canada Western Soft White Spring	1	0.4	—
2 Canada Western Soft White Spring	195	71.7	—
3 Canada Western Soft White Spring	66	24.2	—
4 Canada Western Soft White Spring	2	0.7	—
Tough Canada Western Soft White Spring	—	—	—
Damp Canada Western Soft White Spring	1	0.4	—
Rejected Canada Western Soft White Spring	4	1.5	—
Sample Canada Western Soft White Spring	3	1.1	—
Total Soft White Spring Wheat	272	100.0	0.2
1 Canada Western Mixed Wheat	2	2.2	—
2 Canada Western Mixed Wheat	3	3.4	—
3 Canada Western Mixed Wheat	53	59.6	—
4 Canada Western Mixed Wheat	14	15.7	—
5 Canada Western Mixed Wheat	4	4.5	—
6 Canada Western Mixed Wheat	4	4.5	—
Rejected Canada Western Mixed Wheat	7	7.9	—
Tough Canada Western Mixed Wheat	2	2.2	—
Total Mixed Wheat	89	100.0	*

TABLE E-2.—CARLOT INSPECTIONS, CROP YEAR 1958-59—*Continued*

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT—*Concluded*			
1 Alberta Red Winter	59	23.8	—
2 Alberta Winter	161	64.9	—
3 Alberta Winter	17	6.9	—
4 Alberta Winter	1	0.4	—
Smutty Alberta Winter	2	0.8	—
Rejected Alberta Winter	8	3.2	—
Total Alberta Winter Wheat	248	100.0	0.1
Total All Wheats	184,745	—	100.0

Grade	Carlots	Percentage
OATS		
2 Canada Western	21	0.1
Extra 3 Canada Western	180	1.2
3 Canada Western	1,576	10.5
Extra 1 Feed	3,044	20.2
1 Feed	9,417	62.5
2 Feed	285	1.9
3 Feed	53	0.3
Mixed Feed Oats	121	0.8
Tough Oats	221	1.5
Damp Oats	2	*
Rejected Oats	59	0.4
Sample Oats	71	0.5
No. 2 Mixed Feed Oats	8	0.1
Total Oats	15,058	100.0
BARLEY		
1 Canada Western Six Row	148	0.3
2 Canada Western Six Row	4,865	9.9
3 Canada Western Six Row	7,899	16.0
4 Canada Western Six Row	2,147	4.4
1 Canada Western Two Row	63	0.1
2 Canada Western Two Row	1,460	3.0
3 Canada Western Two Row	4,986	10.1
1 Feed	18,065	36.6
2 Feed	4,458	9.0
3 Feed	437	0.9
Tough	3,678	7.5
Damp	466	0.9
Rejected	607	1.2
Sample	36	0.1
Condemned Barley	3	*
Total Barley	49,318	100.0

TABLE E-2.—CARLOT INSPECTIONS, CROP YEAR 1958-59—*Continued*

Grade	Carlots	Percentage
RYE		
1 Canada Western	11	0.5
2 Canada Western	1,297	54.9
3 Canada Western	809	34.3
4 Canada Western	114	4.8
Ergoty	51	2.2
Tough	66	2.8
Damp	2	0.1
Rejected	7	0.3
Ergot and Other Grains	3	0.1
Total Rye	2,360	100.0
FLAXSEED		
1 Canada Western	9,096	89.0
2 Canada Western	589	5.7
3 Canada Western	84	0.8
4 Canada Western	7	0.1
Rejected	38	0.4
Sample	30	0.3
Tough	363	3.5
Damp	16	0.2
Total Flaxseed	10,223	100.0
MIXED GRAIN		
1 Canada Western	15	10.9
2 Canada Western	8	5.8
3 Canada Western	66	47.8
4 Canada Western	2	1.5
Rejected	13	9.4
Sample	26	18.8
Tough	7	5.1
Damp	1	0.7
Total Mixed Grain	138	100.0
CORN		
1 Canada Western Yellow	2	1.4
2 Canada Western Yellow	25	17.7
3 Canada Western Yellow	18	12.8
4 Canada Western Yellow	6	4.3
Tough	2	1.4
Sample	1	0.7
U.S.A. Origin	86	61.0
Others	1	0.7
Total Corn	141	100.0

TABLE E-2.—CARLOT INSPECTIONS, CROP YEAR 1958-59—*Concluded*

Grade	Carlots	Percentage
MUSTARD SEED		
Extra 1 Canada Western Yellow	2	0.3
1 Canada Western Yellow	10	1.5
2 Canada Western Yellow	49	7.3
3 Canada Western Yellow	3	0.4
1 Canada Western Oriental	365	54.4
2 Canada Western Oriental	1	0.2
1 Canada Western Brown	186	27.7
2 Canada Western Brown	7	1.0
Sample Canada Western Yellow	1	0.2
Others	47	7.0
Total Mustard Seed	671	100.0
RAPESEED		
Canada	4,268	82.2
2 Canada	16	0.3
3 Canada	1	*
Sample Canada	5	0.1
Tough	877	16.9
Damp	27	0.5
Total Rapeseed	5,194	100.0
SCREENINGS		
1 Feed	92	17.2
2 Feed	11	2.0
Uncleaned	69	12.9
Refuse	292	54.5
Sample	72	13.4
Total Screenings	536	100.0
Sunflower Seed	5	—
Buckwheat	36	—
Peas	163	—
Sample Grain	53	—
Safflower Seed	173	—
U.S. Safflower Seed	16	—
Sample Feed Grain	3	—
Condemned Grain	1	—
GRAND TOTAL	268,834	—

*Less than 0.05%.

TABLE E-3.—CARLOTS OF TOUGH, DAMP AND STRAIGHT GRAIN INSPECTED CROP YEAR 1958-59

Grain	Tough	Damp	Tough and Damp	Straight	Total
Wheat	14,441	940	15,381	169,364	184,745
Oats	221	2	223	14,835	15,048
Barley	3,678	466	4,144	45,174	49,318
Rye	66	2	68	2,292	2,360
Flaxseed	363	16	379	9,844	10,223
Others	886	28	914	6,216	7,130
All Grains	19,655	1,454	21,109	247,725	268,834
	Percentage of Total				
	%	%	%	%	%
Wheat	7.8	0.5	8.3	91.7	100.0
Oats	1.5	*	1.5	98.5	100.0
Barley	7.5	0.9	8.4	91.6	100.0
Rye	2.8	0.1	2.9	97.1	100.0
Flaxseed	3.5	0.2	3.7	96.3	100.0
Others	12.4	0.4	12.8	87.2	100.0
All Grains	7.3	0.6	7.9	92.1	100.0

*Less than 0.05%.

TABLE E-4.—NUMBER OF TWO-POUND SAMPLES "SUBJECT TO GRADE AND DOCKAGE" INSPECTED CROP YEAR 1958-59 COMPARED WITH CROP YEAR 1957-58

Point	1958-59	1957-58
	Number of Samples	
Winnipeg	9,981	15,036
Calgary	1,258	1,754
Edmonton	1,275	1,633
Moose Jaw	126	386
Saskatoon	512	1,047
Lethbridge	465	550
Medicine Hat	10	21
Totals	13,627	20,427

TABLE E-5.—CARLOTS RE-INSPECTED, CROP YEAR 1958-59

Point	Inspected	Re-inspected	Unchanged	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
Fort William	144,666	8,824	7,758	801	240	10	15
Winnipeg	11,231	539	387	113	34	—	5
Churchill	10,712	—	—	—	—	—	—
Moose Jaw	3,547	203	181	18	4	—	—
Saskatoon	8,337	229	180	49	—	—	—
Calgary	4,864	119	84	32	1	—	2
Edmonton	3,108	69	56	6	3	1	3
Medicine Hat	1,981	116	85	22	9	—	—
Lethbridge	281	—	—	—	—	—	—
Prince Rupert	3,863	455	443	10	2	—	—
Vancouver	76,244	3,896	3,319	548	14	1	14
Totals	268,834	14,450	12,493	1,599	307	12	39

TABLE E-5.—CARLOTS RE-INSPECTED, CROP YEAR 1958-59—*Concluded*

Point	In-spected	Re-inspected	Un-changed	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
	Percentage of Re-inspections						
	%	%	%	%	%	%	%
Fort William	—	100.0	87.9	9.1	2.7	0.1	0.2
Winnipeg	—	100.0	71.8	21.0	6.3	—	0.9
Churchill	—	100.0	—	—	—	—	—
Moose Jaw	—	100.0	89.1	8.9	2.0	—	—
Saskatoon	—	100.0	78.6	21.4	—	—	—
Calgary	—	100.0	70.6	26.9	0.8	—	1.7
Edmonton	—	100.0	81.2	8.7	4.3	1.5	4.3
Medicine Hat	—	100.0	73.3	19.0	7.7	—	—
Lethbridge	—	100.0	—	—	—	—	—
Prince Rupert	—	100.0	97.4	2.2	0.4	—	—
Vancouver	—	100.0	85.2	14.0	0.4	*	0.4
Totals	—	100.0	86.4	11.1	2.1	0.1	0.3

* Less than 0.05%.

TABLE E-6.—SUMMARY OF CARLOT INSPECTIONS APPEALED, CROP YEAR 1958-59

Item	Winnipeg		Edmonton		Calgary		Total	
	Cars	Percent	Cars	Percent	Cars	Percent	Cars	Percent
Left as graded	460	91.3	291	86.3	511	87.2	1,262	88.4
Grades raised	35	6.9	44	13.1	68	11.6	147	10.3
Grades lowered	9	1.8	2	0.6	7	1.2	18	1.3
Totals	504	100.0	337	100.0	586	100.0	1,427	100.0

Total Cars Inspected	268,834	100.00
Total Appeals	1,427	0.53
Total Grades Changed	165	0.06

TABLE E-7.—VESSEL SHIPMENTS INSPECTED, CROP YEAR 1958-59

Grain	Fort William and Port Arthur	Vancouver	Victoria	Prince Rupert	Churchill	Total
	bu.	bu.	bu.	bu.	bu.	bu.
Wheat	180,100,995	105,006,986	1,384,282	—	18,230,655	304,722,918
Oats	30,812,157	3,720,336	—	—	320,005	34,852,498
Barley	53,671,718	28,193,011	—	8,827,466	—	90,692,195
Rye	4,392,447	260,881	—	—	—	4,653,328
Flaxseed	9,307,681	6,036,267	680,764	—	—	16,024,712
Buckwheat	49,938	—	—	—	—	49,938
*Sample Grain	137,067	—	—	—	—	137,067
*Screenings	2,568,373	66,035	—	1,600	190,800	2,826,808
*Canada Rapeseed	—	4,102,578	395,718	—	—	4,498,296
*Mustard Seed	—	900,643	—	—	—	900,643
**Safflower Seed	—	354,276	—	—	—	354,276
**Safflower Seed (U.S.A. origin)	—	48,918	—	—	—	48,918
Totals	281,040,376	148,689,931	2,460,764	8,829,066	18,741,460	459,761,597

*In bushels of 50 pounds.
**In bushels of 45 pounds.

TABLE E-8.—CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1958-59

Grain	Winnipeg	Fort William and Port Arthur	Calgary	Edmonton	Moose Jaw
Wheat	383	1,208	140	89	72
Oats	290	1,701	19	82	65
Oats Groats	—	4	—	—	—
Barley	340	2,555	967	30	9
Flax	19	707	5	29	8
Rye	—	50	—	—	—
Mixed Grain	24	—	1	—	2
Corn	11	—	—	—	—
Buckwheat	2	4	—	—	—
Peas	78	—	—	—	—
Screenings	430	3,583	201	152	130
Rapeseed	86	28	183	1,006	460
Sample Grain	—	74	—	—	—
Mustard Seed	—	—	—	—	—
Totals	1,663	9,914	1,516	1,388	746

Grain	Saskatoon	Lethbridge	Medicine Hat	Vancouver, Victoria and Prince Rupert	Churchill
Wheat	693	3	—	613	—
Oats	113	—	—	377	—
Barley	7	3	—	197	—
Flax	—	30	49	4	—
Rye	—	—	—	8	—
Mixed Grain	1	—	—	8	—
Corn	—	—	—	—	—
Buckwheat	—	—	—	—	—
Peas	—	—	—	—	—
Screenings	624	3	—	1,464	—
Rapeseed	745	—	—	—	—
Mustard Seed	—	22	—	—	—
Totals	2,183	61	49	2,671	—

EASTERN DIVISION

TABLE E-9.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1958-59, BY GRAINS AND POINTS

Grain	Montreal	Toronto	Chatham	Total
Wheat	2	542	2,215	2,759
Oats	3	—	20	23
Barley	—	4	182	186
Rye	—	2	55	57
Buckwheat	1	1	8	10
Corn	—	—	920	920
Beans	—	—	159	159
Soybeans	—	116	1,572	1,688
Totals	6	665	5,131	5,802

TABLE E-10.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1958-59, BY GRAINS, GRADES AND POINTS

Grade	Montreal	Toronto	Chatham	Total
WHEAT				
1 Canada Eastern White Winter	1	151	406	558
2 Canada Eastern White Winter	1	287	984	1,272
3 Canada Eastern White Winter	—	48	119	167
4 Canada Eastern White Winter	—	2	20	22
5 Canada Eastern White Winter	—	—	18	18
1 Canada Eastern Mixed Winter	—	8	44	52
2 Canada Eastern Mixed Winter	—	4	46	50
3 Canada Eastern Mixed Winter	—	—	1	1
6 Canada Eastern Winter	—	—	19	19
Tough	—	17	441	458
Smutty	—	14	7	21
Weevilly	—	10	76	86
Sample	—	1	31	32
Condemned	—	—	3	3
Totals, Wheat	2	542	2,215	2,759
OATS				
2 Canada Eastern White	—	—	1	1
3 Canada Eastern	1	—	5	6
4 Canada Eastern	1	—	10	11
Tough	1	—	3	4
Sample	—	—	1	1
Totals, Oats	3	—	20	23
BARLEY				
2 Canada Eastern Six Row	—	—	6	6
3 Canada Eastern Six Row	—	—	123	123
4 Canada Eastern	—	1	51	52
5 Canada Eastern	—	2	1	3
Tough	—	—	1	1
Condemned	—	1	—	1
Totals, Barley	—	4	182	186
RYE				
2 Canada Eastern	—	1	36	37
3 Canada Eastern	—	1	7	8
4 Canada Eastern	—	—	4	4
Tough	—	—	7	7
Sample	—	—	1	1
Totals, Rye	—	2	55	57
BUCKWHEAT				
Tough	—	1	4	5
Damp	1	—	4	5
Totals, Buckwheat	1	1	8	10

TABLE E-10.—CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1958-59, BY GRAINS, GRADES AND POINTS—*Concluded*

Grade	Montreal	Toronto	Chatham	Total
CORN				
Extra Dry 1 Canada Eastern Yellow	—	—	157	157
1 Canada Eastern Yellow	—	—	206	206
Extra Dry 2 Canada Eastern Yellow	—	—	78	78
2 Canada Eastern Yellow	—	—	201	201
Extra Dry 3 Canada Eastern Yellow	—	—	14	14
3 Canada Eastern Yellow	—	—	20	20
Extra Dry 4 Canada Eastern Yellow	—	—	4	4
4 Canada Eastern Yellow	—	—	6	6
5 Canada Eastern Yellow	—	—	1	1
Tough	—	—	111	111
Damp	—	—	17	17
Moist	—	—	97	97
Wet	—	—	6	6
Sample	—	—	2	2
Totals, Corn	—	—	920	920
BEANS				
1 Canada Eastern Pea	—	—	26	26
2 Canada Eastern Pea	—	—	48	48
3 Canada Eastern Pea	—	—	8	8
3 Canada Eastern Yellow Eye	—	—	2	2
Tough	—	—	67	67
Damp	—	—	8	8
Totals, Beans	—	—	159	159
SOYBEANS				
1 Canada Yellow	—	25	1,048	1,073
2 Canada Yellow	—	80	273	353
3 Canada Yellow	—	2	23	25
4 Canada Yellow	—	—	3	3
Tough	—	9	192	201
Damp	—	—	30	30
Moist	—	—	1	1
Sample	—	—	1	1
Condemned	—	—	1	1
Totals, Soybeans	—	116	1,572	1,688
Totals, All Grains	6	665	5,131	5,802

TABLE E-11.—CARGO INSPECTIONS, EASTERN GRAIN, CROP YEAR 1958-59

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Wheat	—	233,187	317,737	2,461,200	3,012,125
Oats	—	183,105	—	—	183,105
Corn	—	—	—	404,106	404,106
Soybeans	—	109,582	135,836	2,770,214	3,015,632
Totals	—	525,874	453,573	5,635,520	6,614,967

TABLE E-11A.—CARGO INSPECTIONS, WESTERN GRAIN, CROP YEAR 1958-59

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Buckwheat	—	47,122	—	—	47,122
Flaxseed	1,261,192	638,497	—	—	1,899,689
Rapeseed	701,024	471,101	—	—	1,172,125
Peas	91,000	74,430	—	—	165,430
Mustard Seed	—	4,982	—	—	4,982
Totals	2,053,216	1,236,132	—	—	3,289,348

TABLE E-11B.—CARGO INSPECTIONS, U.S. GRAIN, CROP YEAR 1958-59

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Flaxseed	—	245,001	—	—	245,001

TABLE E-12.—INSPECTIONS, EASTERN GRAIN IN BINS, TRUCKS OR WAREHOUSES, CROP YEAR 1958-59

Grain	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.
Wheat	12,133	—	38,830	50,963
Oats	385,456	—	—	385,456
Barley	—	—	212	212
Corn	—	—	3,696	3,696
Beans	—	—	173,459	173,459
Soybeans	—	—	9,910	9,910
Totals	397,589	—	226,107	623,696

TABLE E-12A.—INSPECTIONS, WESTERN GRAIN IN BINS, TRUCKS OR WAREHOUSES, CROP YEAR 1958-59

Grain	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.
Mixed Grain	5,041	—	—	5,041
Peas	5,800	—	—	5,800
Totals	10,841	—	—	10,841

TABLE E-13.—INWARD AND EXPORT CARGOES SAMPLED AND GRADE CHECKED, CROP YEAR 1958-59

	Montreal	Sorel	Three Rivers	Quebec	Halifax and St. John	Total
	bu.	bu.	bu.	bu.	bu.	bu.
EASTERN GRAIN						
Inward	5,128,254	—	81,778	—	—	5,210,032
Export	5,190,711	37,362	441,384	—	382,778	6,052,235
WESTERN GRAIN						
Inward	52,142,364	525,324	316,669	—	—	52,984,357
Export	57,708,771	20,650,069	17,769,363	11,710,206	29,581,538	137,419,947
U. S. GRAIN						
Inward	8,575,491	—	—	—	—	8,575,491
Export	8,307,286	98,000	—	—	—	8,405,286
SOUTH AFRICAN GRAIN						
Inward	970,715	—	—	—	—	970,715
Export	—	—	—	—	—	—
Totals	138,023,592	21,310,755	18,609,194	11,710,206	29,964,316	219,618,063

TABLE E-14.—GRAIN SAMPLED BUT NOT INSPECTED, CROP YEAR 1958-59

	Montreal	Toronto and Chatham	Sorel, Three Rivers and Quebec	Halifax and St. John	Total
EASTERN GRAIN					
Carlots	4	—	—	—	4
Inward Cargoes (bu.)	—	—	—	—	—
Outward Cargoes (bu.)	62,707	—	—	—	62,707
Bin Lots (bu.)	352,091	—	145,426	—	497,517
WESTERN GRAIN					
Carlots	169	1	4	—	174
Inward Cargoes (bu.)	370,335	—	208,635	—	578,970
Outward Cargoes (bu.)	5,442,892	—	4,310,760	1,661,416	11,415,068
Bin Lots (bu.)	656,941	—	314,560	4,674	976,175
U.S.A. GRAIN					
Carlots	101	—	—	—	101
Inward Cargoes (bu.)	1,591,664	—	—	—	1,591,664
Outward Cargoes (bu.)	252,279	—	—	—	252,279
Bin Lots (bu.)	313,249	—	—	—	313,249
SOUTH AFRICAN GRAIN					
Carlots	34	—	—	—	34
Inward Cargoes (bu.)	202,511	—	—	—	202,511
Bin Lots (bu.)	35,556	—	—	—	35,556
Totals—Cars	308	1	4	—	313
—Bushels	9,280,225	—	4,979,381	1,666,090	15,925,696

Mr. HENDERSON: Mr. Chairman, if these gentlemen are going to catch the 4 o'clock plane perhaps we shoud dispense with our consideration of the appendices.

Mr. PASCOE: We are just about finished now.

Mr. MILNER: We will be in time. We have packed already and it will not take us very long to get away. I do not want to hurry your consideration of these items.

Mr. RAPP: There is nothing contained here except statistics. We should dispense with our consideration of these.

APPENDIX F

Grain Weighing Branch

J. J. MANSON, Chief Grain Weighman

Under the provisions of Section 33 and 124 of the Canada Grain Act, all grain received into and shipped from licensed terminal elevators is weighed under supervision of the Board's weighing staffs. Weighing services are also provided at licensed mill elevators.

During the Crop Year 1958-59 weighing services were provided at forty-five semi-public and private terminal elevators and when required, at twenty-nine mill elevators in the Western Division.

All scales and the equipment for transferring grain to scales on receipt and from scales for shipment in all licensed terminal elevators and serviced mill elevators were regularly inspected during the crop year under provision of Section 92 of the Act.

In accordance with the special arrangement with the Standards Branch of the Department of Trade and Commerce, all scales in licensed terminal and eastern elevators were inspected, verified and stamped by the Board's Scale Inspector acting as an inspector under the Weights and Measures Act. A semi-annular inspection was also made of all scales at terminal elevators to ascertain if scales were maintaining their accuracy. Special inspections were made when any doubt arose as to the accuracy of any scale.

Attention has been given to alterations in elevators and dust control installations to ensure that such changes and installations do not affect the accuracy of the weighing of grain received at or shipped from these elevators.

During the crop year under review, 273,651 carlots of grain were weighed on receipt at terminal and mill elevators in the Western Division and of these carlots 51,322 or 18.7% were reported leaking and 5,755 or 2.1% were without seals or had defective seals. There was also a total of 21,125 cars weighed out of terminals.

The Branch maintained a close checking of reported outturns at eastern elevators of cargoes loaded at Lakehead terminals, and investigations were made in cases of reported excessive shortages with a yiew to assessing the liability where such could be established.

Under provisions of Sections 139 and 140 of the Canada Grain Act, weighovers were conducted at thirty terminal elevators and twenty-six eastern elevators. Results of weighovers were submitted to the Board for comparison with outstanding warehouse receipts and preparation of official statements. The Board found it necessary to defer several terminal and eastern elevator audits due to heavy grain stocks in store.

TABLE F-1.—GROSS QUANTITIES OF ALL GRAINS WEIGHED AT TERMINAL ELEVATORS IN THE WESTERN DIVISION DURING 1958-59 CROP YEAR

Point	Wheat	Oats	Barley	Rye	Flaxseed	Canadian Corn	Canadian Buckwheat	Miscellaneous
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	lbs.
RECEIPTS								
Fort William-Port Arthur	186,042,190	33,789,328	61,564,180	4,209,656	10,775,056	—	59,785	45,527,820
Vancouver-New Westminster	107,104,892	4,363,929	29,576,912	266,495	6,655,844	—	—	283,760,819
Victoria	1,293,244	345	7,560	271	779,632	—	—	19,659,820
Prince Rupert	—	—	9,201,152	—	—	—	—	—
Churchill	19,842,585	—	—	—	278	—	—	—
Calgary	1,997,604	9,094	7,820,324	—	39,490	—	—	20,887,840
Edmonton	5,003,429	383,768	247,008	—	8,182	60,475	—	102,457,700
Lethbridge	24,484	—	24,271	—	302,118	—	—	3,520,880
Moose Jaw	60,393	—	—	—	—	—	—	51,647,800
Saskatoon	12,616,605	277,491	—	—	—	—	—	80,854,910
North Transcona	455,630	53,866	41,756	—	3,466	—	—	278,355
Total Receipts	334,441,056	38,877,821	108,483,163	4,476,422	18,564,066	60,475	59,785	608,595,944
SHIPMENTS								
Fort William-Port Arthur	180,509,194	35,384,321	64,141,513	4,520,721	10,675,684	—	58,516	379,068,050
Vancouver-New Westminster	106,308,721	5,061,503	28,351,350	335,710	6,041,691	—	—	503,125,390
Victoria	1,408,632	34,000	7,833	—	680,765	—	—	27,877,920
Prince Rupert	—	—	8,827,467	—	—	—	—	8,135,800
Churchill	18,409,323	320,006	—	—	—	—	—	9,540,000
Calgary	1,326,424	19,985	8,287,239	—	39,490	—	—	20,913,100
Edmonton	701,001	407,134	234,019	—	8,182	45,482	—	103,514,410
Lethbridge	24,159	670	24,271	—	285,404	—	—	2,458,810
Moose Jaw	60,393	—	—	—	—	—	—	51,325,390
Saskatoon	4,842,079	75,799	—	—	—	—	—	89,080,020
North Transcona	59,045	41,637	35,491	—	3,466	—	—	1,062,200
Total Shipments	313,648,971	41,345,055	109,909,183	4,856,431	17,734,682	45,482	58,516	1,196,101,090

TABLE F-2.—NUMBER OF CARS LEAKING AND CARS WITH MISSING SEALS AT THE LAKEHEAD, AT OTHER POINTS AND AT WINNIPEG YARDS, BY RAILWAYS, FOR THE CROP YEAR 1958-59

Destination	Cars Leaking		Missing Seals	
	C.N.R.	C.P.R.	C.N.R.	C.P.R.
Lakehead Elevators and Yards	18,943	15,953	1,851	1,811
Other Points	7,469	8,957	1,203	890
Totals	26,412	24,910	3,054	2,701
Totals—Both Railways	51,322		5,755	
Winnipeg Yards	704	542	432	455

TABLE F-3.—NUMBER OF CARS WEIGHED AT ALL POINTS AND PERCENTAGE OF SUCH CARS FOUND LEAKING OR WITH DEFECTIVE SEALS, CROP YEARS 1957-58 AND 1958-59

	Number		Percentage of Total	
	1958-59	1957-58	1958-59	1957-58
Cars Weighed In	273,651	299,976	100.0	100.0
Inward Cars Leaking	51,322	52,785	18.7	17.6
Inward Cars with Missing or Defective Seals	5,755	5,787	2.1	1.9
Cars Weighed Out	21,125	21,806	—	—

TABLE F-4.—AVERAGE REPORTED OUTTURN SHORTAGES ON VESSEL SHIPMENTS OF GRAIN FROM FORT WILLIAM-PORT ARTHUR TO CANADIAN AND UNITED STATES PORTS DURING THE 1958-59 CROP YEAR

Grain	Bushels Shipped	Shortage in Pounds per 1,000 Bushels	
		1958-59	1957-58
CANADIAN PORTS			
Wheat	154,577,288	30.49	31.43
Durum Wheat	15,112,307	35.18	28.28
Oats	31,036,252	23.07	22.97
Barley	40,186,118	27.44	24.11
Rye	1,436,667	55.45	13.55
Flaxseed	7,934,443	33.65	26.59
Buckwheat	49,939	24.00	30.26
Mixed Grain (in lbs.)	—	—	1.47 lbs. per 1,000 lbs.
Sample Grain (in lbs.)	7,817,070	.49 lbs. per 1,000 lbs.	.55 lbs. per 1,000 lbs.
Screenings (in tons)	38,516	1.29 lbs. per ton	1.39 lbs. per ton
UNITED STATES PORTS			
Wheat	3,692,312	77.02	82.47
Durum Wheat	—	—	55.91
Oats	195,458	23.17	50.11
Barley	9,086,693	49.63	39.83
Rye	2,955,781	44.46	48.21
Flaxseed	—	—	—
Buckwheat	—	—	—
Screenings (in tons)	25,893	—	—
TOTAL CANADIAN AND UNITED STATES PORTS			
Wheat	158,269,600	31.58	33.55
Durum Wheat	15,112,307	35.18	28.35
Oats	31,231,710	23.17	30.92
Barley	49,272,811	31.53	28.63
Rye	4,392,448	70.28	37.96
Flaxseed	7,934,443	33.65	26.59
Buckwheat	49.939	24.00	30.26
Mixed Grain (in lbs.)	—	—	1.47 lbs. per 1,000 lbs.
Sample Grain (in lbs.)	7,817,070	.49 lbs. per 1,000 lbs.	.55 lbs. per 1,000 lbs.
Screenings (in tons)	64,409	.76 lbs. per ton	.77 lbs. per ton

APPENDIX G

The Grain Research Laboratory

J. ANSEL ANDERSON, Chief Chemist

Section 22 of the Canada Grain Act requires that "The Board shall maintain an efficient and adequately equipped laboratory for research work in relation to grain."

The work of the Grain Research Laboratory for 1959 is summarized in the following report. It deals with the quality of Canadian grain marketed during the 1958-59 crop year, the estimated quality of 1959 grain crops, and with research and other activities.

Quality of Grain Marketed in 1958-59

Studies of the qualities of spring wheat, durum wheat, barley, oil seeds, and other grains, at various stages of marketing, were continued throughout the 1958-59 crop year, and the data obtained from these studies will be reported as tables and maps in the Laboratory's 1959 annual report. Although the 1958 spring wheat crop was one of the smallest harvested in the last 10 years, it was low in moisture, high in grade, and high in protein. As there was a large percentage of high-protein wheat in the carryover from the previous crop year, the effect of another crop of higher than average protein content showed to advantage in wheat exported early in the new crop year.

Spring wheat marketed in 1958-59 was high in bushel weight and flour yield, and average protein levels of all grades were appreciably higher than in 1957-58. Baking strength was also higher in 1958-59, and supporting value was very good. Baking absorption was high, gassing power was satisfactory, and doughs were lively and extensible. Durum wheat was also high in bushel weight and protein, and excellent in macaroni-making quality. Throughout the crop year, cargo shipments, grade for grade, were quite uniform in bushel weight, rheological properties, and macaroni quality. Malting barley was high in grade with malting quality about the same as in 1957-58. The flax and rapeseed crops were much the same in average qualities as in the previous crop year.

Estimated Quality of 1959 Crops

A wet September followed by heavy falls of snow across the prairies in October and November prevented completion of the 1959 harvest, and a considerable volume of swathed and uncut grain will remain in the field all winter. It was estimated on December 4 that 13 per cent of the wheat crop, 12 per cent of the barley crop, and 19 per cent of the flax crop remained unthreshed. Estimates of production for 1959 Western crops are: wheat, 399 million bushels (including 15 million of durum); barley, 219 million bushels; flax, 21 million bushels; and rapeseed, 180 million pounds.

A considerable volume of tough and damp grain has been harvested, and drying on farms is extensive. Farmers and elevator agents are making good use of the free service offered by the Laboratory for testing the quality of dried grain. The Laboratory is also collaborating with the Inspection Branch in testing the quality of carlot shipments from areas in which country drying is in progress.

The Hard Red Spring wheat crop is high in protein (average 14.2%), baking strength and supporting value. Despite a reduction in bushel weight,

the Northern grades mill very well and give good yields of flour of satisfactory colour and ash. Baking absorption and gassing power are both at satisfactory levels, and doughs handle exceedingly well. About 85% of the crop is expected to enter the Northern grades, but there will be very little No. 1 Northern. As Western Canada has now harvested its third successive high-protein crop, there will be ample supplies of high-protein wheat for sale throughout the crop year.

The Amber Durum wheat crop is high in protein but down in bushel weight. The wheat is vitreous and mills very well; yellow pigment is high, dough properties are very good, and macaroni quality is excellent. There is very little 1 C.W., and it is expected that there will be about 25% of 2 C.W., about 50% of 3 C.W., and about 7% each of Extra No. 4 and 4 C.W. As increasing amounts of new durum wheat enter export channels, there will be a rise in protein and in percentage of vitreous kernels; macaroni colour may improve and dough properties can be expected to be somewhat better.

Malting quality of the barley crop is about the same as that of last year's crop. Yields of plump barley are similar for the two crops for 2 and 3 C.W. Six-row and 2 C.W. Two-row, but this year's 3 C.W. Two-row reflects drought conditions. Malt extract, wort nitrogen, and enzymatic activity for all grades except 3 C.W. Two-row are similar in both years. Two-row grades are lower in enzymatic activity than the Six-row grades. During the first two months of the crop year, 43% of the carlots of barley unloaded at terminal elevators were Six-row grades, 9% were Two-row grades, and 40% were Feed grades.

The flax and rapeseed crops are slightly better in average qualities than last year's crops. Average results for the flax crop show that oil content is 41.5%, iodine value is 188 units, and protein content is 44.5%. Average results for the rapeseed crop are 43.2% oil and 42.8% protein.

Bulletins and Maps

Preliminary information on the quality of different grades of 1959 Western grain crops was presented at the October meeting of the Committee on Western Grain Standards, and later in the Fall was published as maps and crop bulletins, i.e., two protein maps, (preliminary and final), two bulletins on wheat, one on barley, and one on flax and rapeseed. The usual wide distribution of these publications by mail and over the counter was made by the Laboratory, and large quantities were also sent out by the Canadian Wheat Board. A further distribution of the crop bulletin "Canadian Wheat 1959" was made by the Grain Division, Department of Trade and Commerce, Ottawa, through the offices of Canadian Government Trade Commissioners. Press notices preceded release of all these publications.

Publication of the two quarterly bulletins (one on spring wheat cargoes and one on durum wheat cargoes) was continued throughout 1959. These bulletins were distributed by Canadian Government Trade Commissioners who received supplies by air mail, and by the Laboratory. A large supply of each of the quarterly bulletins for the third quarter of 1958-59 was sent to Switzerland for distribution by Canadian representatives at the Lausanne Fair. The demand for these quarterly bulletins is still increasing, and every effort is made to get them into the hands of readers as soon as possible after the end of each quarter.

Service to Grain Inspection Branch

During the year the Laboratory continued to work closely with the Grain Inspection Branch by providing such services as were required to aid in grading and associated problems. Among the many problems that always arise in years of wet harvests, the most important this year has been grain drying on

farms, and determining the quality of lots of dried grain delivered to country elevators and of carlots shipped to terminal elevators. A similar service is also used to control drying in terminal elevators. This control has necessitated the closest co-operation with the Chief Inspector who must be informed of the results before grades are assigned. A rapid stain test for spotting carlots that contain dried grain has proved invaluable for screening in primary inspection offices. Radio talks and addresses given at various meetings by the Chief Chemist, together with press interviews, brought information to farmers to assist them in their drying operations.

As in previous years, the Laboratory conducted comprehensive quality tests on the tentative Standard and Export Standard samples prepared by the Chief Inspector, and also provided him with information on the quality of samples that were used to make the standard samples. Supervision of moisture testing and of equipment in inspection offices has been continued as one of the Laboratory's responsibilities. This equipment now includes electrical moisture meters as well as Brown-Duvel apparatus.

Variety Testing

As in the past, the Laboratory continued to take a leading part in quality studies of varieties of spring and durum wheat and malting barley that are sponsored by the Associate Committee on Grain Research. As a result of the large collaborative study on three bread wheat varieties referred to in last year's report, two of the varieties, Pembina and Canthatch, have been licensed by the Canada Department of Agriculture. Both varieties are equal to Marquis in milling and baking qualities. Pembina, which originated from the cross Thatcher x (McMurachy x Exchange x Redman), is more resistant to stem and leaf rust than Selkirk. It is expected that Pembina will eventually replace Selkirk in the Prairie rust area. Canthatch, which originated from the cross Thatcher[6] x Kenya Farmer, is more resistant to stem rust than Thatcher, otherwise the two varieties are essentially the same agronomically. Canthatch, like Thatcher, is susceptible to leaf rust, and consequently is not suitable for the Prairie rust area.

During the year, the Laboratory has continued to supply the wheat breeder with data on the quality of varieties grown in the Uniform Quality Nursery which is maintained as a source of parent stock in the Canadian breeding program. And for the first time, quality tests have been made on a series of winter wheat varieties grown in Western Canada. This is a parallel series to the spring wheat varieties that are studied in annual co-operative tests. Further work has been done in laboratory dehulling technique for detecting loose-hulled barley varieties, and recent results show that the moisture content of the kernels is an important factor in the efficiency of the test. Present information indicates that varietal differences are best detected at moisture levels of 11% and lower, and that the moisture must be known in order to make valid comparisons between varieties. Plant breeders continue to make good use of small-scale prediction tests developed by the Laboratory for segregating promising barley and durum wheat hybrids in early generation stocks, and further progress has been made in developing similar tests for spring wheat varieties.

Services to Other Organizations

Laboratory services and technical advice to the Canadian Wheat Board, to Commercial Counsellors and Trade Commissioners, and to other Government agencies continued on about the same scale as last year. Much of this work relates to the promotion of sales of Canadian grain. Need for factual information on the comparative qualities of Canadian wheat and competing

wheats from other countries has resulted in a systematic study which has been conducted by the Laboratory for the past several years. The study is made in co-operation with the Canadian Wheat Board and Canadian Government Trade Commissioners, and each sample represents a parcel of wheat shipped to an importing country. Certain quality tests are made on individual cargoes and more comprehensive tests are made on composite samples of corresponding type. Close liaison has been maintained with the Brewing and Malting Barley Research Institute, Winnipeg, with the Northwest Crop Improvement Association, Minneapolis, and with the Cereal Quality Section, Canada Department of Agriculture. Active participation in the work of the American Association of Cereal Chemists and of the International Association for Cereal Chemistry has continued.

Research

In applied wheat research further improvements have been made in procedure and equipment for test milling. The influence of bushel weight and thousand-kernel weight on the milling and baking quality of average grades has been investigated and the study of the effect of heat conditioning on Canadian wheats has been continued. The quality of semolina from various streams occurring in durum milling, and the effect of bushel weight and kernel size on milling quality of durums are under investigation. A new moulding device for test baking has been developed and put into routine use together with a new "profile" system for the evaluation of the baking quality of wheat varieties. An extensive study of the use of the extensograph for evaluating wheat varieties has been completed and a study made of the reason for anomalous high absorption characteristics. The study of foreign wheats is continuing and special studies of Indian wheats and North African durums have been made. The research project on stored flour is continuing; wheat in store in Western terminals and wheat from the 1959 crop being dried is continually being checked.

Representative of the more basic research on wheat, nine scientific papers have either appeared in print or have been submitted for publication in scientific journals during the year. Other works are in preparation. The projects that have received attention include the following.

The weight per measured bushel, a widely used practical index of the physical quality of grain, has been analyzed in terms of its component factors such as density of packing, kernel density, moisture content, etc. If moisture is absorbed and then desorbed by grain it has been shown that definite irreversible changes in the specific volume are produced.

Kinetic studies of the bromate reaction have yielded further information on the mechanism of this important reaction. It is of some interest to note that oxygen of the air appears to react with the same group as do some of the common chemical reagents. Studies on the disappearance of bromate in bread show that no bromate remains in the baked bread.

The physical properties are generally considered to reflect the chemistry of the dough. Further work on correlating these two aspects has been carried on during the year. Remixing has an important effect on dough properties. The use of the structural relaxation technique developed in this Laboratory together with specific chemical reagents has yielded new information on this topic.

With the development of a simple relationship between dough mobility and water absorption in the Laboratory, new possibilities have been opened up for research with the farinograph. A new and much needed method based on this relationship has been evolved for the intercomparison of different farinograph instruments used in the same or different laboratories.

These more basic studies contribute to the general store of knowledge which is then used as a basis for the solution of specific practical problems.

In barley research, the second complete malting unit is in operation and additional units for applied research are being constructed. Malts have been prepared of Betzes, a new Two-row variety, for brewing studies in the Brewing and Malting Barley Research Institute. Malts from varieties of high, medium and low wort nitrogen contents were also prepared for brewing studies. Analytical data on the nitrogen complexes of these malts were continued. Tests were made on foreign and Canadian Two-row barleys in order to assess Canadian barley in relation to barleys entering the European market. Studies on cytolytic enzymes were continued and refined methods for separation of the enzyme systems were introduced. In varietal studies, cytolytic activity of the green malt was shown to be more closely related than barley gum composition to variety quality.

Staff and Facilities

The third award of the National Research Council Postdoctorate Fellowship, tenable in the Grain Research Laboratory, was made to Dr. M. K. Narayanan, of the Central Food Technological Research Institute, Mysore, India. He arrived in November, and Dr. Bloksma, the second Fellow, returned to Holland in July. Dr. Narayanan's main work has been in vitamins and antioxidants, and he will continue studies on the latter subject under Dr. Hlynka. Mr. R. R. Matsuo is on leave at the University of Alberta where he is studying for a Ph.D. degree; he was awarded a Fellowship presented by the Ogilvie Milling Company. Mr. M. H. Birnboim resigned his position as physicist at the end of the year. The positions for two summer students were again filled by Mr. E. J. Zebrowski and Mr. M. A. J. Morello.

Dr. R. Tkachuk and Dr. Cho Ching Tsen have joined the staff of the Basic Wheat Research Section, and Mr. G. C. Martin came to the Applied Wheat Research Section to replace Mr. E. Aston who resigned to enter the teaching profession.

Except for part of the malting laboratory on the main floor, which should be finished next year, the expansion of the Laboratory referred to last year has been completed. All routine studies and services are now consolidated on the main floor of the Grain Exchange Building, with applied and basic research on the eighth floor.

Overseas Visits and Visitors

Dr. Anderson, accompanied by Mr. Conacher, the Chief Grain Inspector, spent 20 days in the U.S.S.R. where they obtained information on grain production, handling and storage, grading, inspection, milling and baking, on related research and development, and on general administration.

Dr. Meredith attended the Congress of the European Brewing Convention in Rome, Italy, after which he visited Germany, Great Britain and Ireland for discussions on malting and brewing problems with representatives of various companies.

The Laboratory was visited by a mission of engineers from the U.S.S.R., by missions from Great Britain and Norway, and by delegates to the international Botanical Congress on their pre-conference tour of Western Canada. There were also visitors from the United States and from various overseas countries.

APPENDIX H

Canadian Government Elevators

A. E. Jacobson, General Manager

In accordance with the provisions of Sections of Section 166 of the Canada Grain Act and Order-in-Council P.C. 1372 of August 19, 1925, the Board manages and operates five interior terminal elevators of Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and one terminal elevator at Prince Rupert, and leases one terminal elevator at Port Arthur.

In the 1958-59 crop year, interior and Prince Rupert elevators were operated under a Semi-Public Terminal Elevator license. Port Arthur continued under lease to McCabe Grain Company Limited.

Handlings

Receipts in 1958-59 were 8.1% higher than in 1957-58. (18.9 million bushels, 17.4 million bushels.) Shipments were lower by 7.8% (16.7 million bushels, 18.1 million bushels) which reflected in a higher in-store figure at the end of the crop year. Wheat and barley receipts totalled 13.9 million bushels, 73% of total receipts. Receipts of rapeseed were 4.6 million bushels, an increase of .9 million bushels over last year. This seed was handled at the Moose Jaw, Saskatoon, Calgary and Edmonton elevators. Receipts at Prince Rupert were composed entirely of barley. Receipts and shipments by elevators were:

Elevator	Capacity	Stocks August 1, 1958	Net Receipts	Net Shipments	Stocks July 31, 1959
	million bu.	bu.	bu.	bu.	bu.
Moose Jaw	5.50	5,395,723	958,511	958,511	5,395,723
Saskatoon	5.50	3,171,128	3,556,372	2,348,459	4,379,042
Calgary	2.50	995,060	2,350,330	2,341,836	1,005,479
Edmonton	2.35	543,940	2,828,619	2,121,815	1,248,953
Lethbridge	1.25	908,585	152,094	110,308	930,371
Prince Rupert	1.25	134,890	9,045,909	8,827,466	341,229
Totals	18.35	11,149,326	18,891,835	16,708,395	13,320,797

Charges

Storage charges at all elevators are nuchanged: Interior elevators at 1/45c, Prince Rupert at 1/30c per bushel per day. Storage and elevation charges at Prince Rupert are the same as those in effect at the Lakehead and other Pacific Coast ports. Elevation charges at the interior elevators on wheat, oats, barley and corn are 1 1/4c per bushel lower than charges at the Lakehead and Pacific Coast ports; charges on rye and flax at 1 1/4c per bushel and 2 3/8c per bushel respectively, are both 1 1/2c per bushel lower than at the Lakehead and Pacific Coast ports.

Maintenance

The Repair and Reconstruction Unit formed in 1958 is near completion of concrete repair at Saskatoon. A portion of key personnel were transferred temporarily to the Moose Jaw elevator to commence similar work required there. Buildings, machinery and trackage at all points were maintained in

good condition. Osolete electric wiring and fixtures are being replaced with new modern material. Work has commenced on installing a dry stand pipe for fire proctection in Moose Jaw, Calgary and Edmonton elevators. Driers at Prince Rupert and Saskatoon were completed and are in satifactory operation.

Staff

Staff employed as at December 31, 1959, compared with figures at December 31, 1958, is as follows:

	1959		1958	
	Continuing Establishment	Casuals	Continuing Establishment	Casuals
Winnipeg (Head Office)	8	—	8	—
Moose Jaw	32	—	31	1
Saskatoon	29	15	33	11
Calgary	33	3	33	—
Edmonton	32	—	32	—
Lethbridge	19	—	20	—
Prince Rupert	31	25	34	22
Repair and Reconstruction Unit	3	4	—	12
	187	47	191	46

Revenue and Expenditure

Revenue and expenditure for the fiscal year 1958-59 compared with the previous fiscal year were as follows:

	1958-59	1957-58
Revenue	$2,112,904	$1,826,404
Expenditure	1,382,451	1,358,617
Surplus	730,453	467,787

For the first nine months of the current fiscal year revenue was $1,614,412, and expenditure was $922,311.

APPENDIX I

TABLE I-1.—EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM FISCAL YEAR ENDED MARCH 31, 1959

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	$	$	$	$	$
WINNIPEG					
Executive	68,463.75	12,842.42	7,073.69	9,909.88	98,289.74
Assistant Commissioners	11,499.96	1,080.00	1,681.60	343.76	14,605.32
License and Bonding	24,924.10	3,237.60	—	3,179.89	31,341.59
Registration	41,686.96	4,766.16	382.40	806.49	47,642.01
Research Laboratory	199,790.58	35,764.13	7,800.96	98,968.04	342,323.71
Statistics	97,195.00	11,037.96	1,303.33	32,719.71	142,256.00
Appeal Tribunal	6,660.00	299.22	—	1,367.65	8,326.87
Standards Committee	—	—	1,769.16	1,300.00	3,069.16
Inspection	647,869.01	29,653.74	5,451.96	57,955.93	740,930.64
Weighing	61,060.30	2,173.56	751.55	1,475.16	65,460.57
CHURCHILL					
Inspection	23,943.41	15.66	4,835.67	1,087.18	29,881.92
Weighing	14,275.92	10.34	3,607.57	693.54	18,587.37
KEEWATIN					
Inspection	6,710.22	—	—	5.24	6,715.46
Weighing	10,247.34	—	—	38.86	10,286.20
SASKATOON					
Assistant Commissioner	12,099.96	—	1,703.58	191.57	13,995.11
Inspection	39,825.53	1,237.00	—	1,166.86	42,229.39
Weighing	29,420.38	—	—	91.34	29,511.72
MOOSE JAW					
Inspection	29,132.37	1,440.00	—	1,248.58	31,820.95
Weighing	16,906.92	—	—	16.83	16,923.75
REGINA					
Assistant Commissioner	11,874.96	1,897.56	2,205.15	465.05	16,442.72
MEDICINE HAT					
Inspection	12,390.00	841.00	—	326.43	13,557.43
Weighing	9,739.34	—	—	24.90	9,764.24
LETHBRIDGE					
Inspection	9,158.22	—	35.00	201.85	9,395.07
Weighing	4,680.00	—	—	9.00	4,689.00
CALGARY					
Inspection	110,898.07	7,297.00	600.07	5,115.28	123,910.42
Weighing	50,987.43	792.00	1,812.71	433.58	54,025.72
Appeal Tribunal	6,660.00	987.00	—	1,251.66	8,898.66
EDMONTON					
Inspection	126,294.80	8,609.00	31.90	5,487.65	140,423.35
Weighing	16,291.19	—	—	107.60	16,398.79
Appeal Tribunal	6,660.00	1,170.00	106.20	877.58	8,813.78
Assistant Commissioner	12,099.96	1,992.00	4,084.46	323.52	18,499.94
VANCOUVER					
Inspection	217,558.23	8,474.71	114.80	6,086.60	232,234.34
Weighing	200,961.56	3,242.34	1,167.22	4,355.90	209,727.02
Registration	11,730.00	2,202.20	—	453.60	14,385.80
VICTORIA					
Inspection	10,182.40	—	18.20	5.65	10,206.25
Weighing	8,828.54	—	—	—	8,828.54

TABLE I-1.—EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED MARCH 31, 1959—Concluded

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	$	$	$	$	$
PRINCE RUPERT					
Inspection	12,967.08	—	441.39	16.94	13,425.41
Weighing	12,258.99	—	—	65.00	12,323.99
FORT WILLIAM					
Inspection	834,568.97	22,950.00	8,900.57	15,055.26	881,474.80
Weighing	653,825.20	4,933.00	26,563.19	10,868.29	696,189.68
TORONTO					
Inspection	9,575.59	1,200.00	436.10	529.93	11,741.62
Weighing	4,680.00	—	—	4.60	4,684.60
CHATHAM					
Inspection	41,283.58	2,980.00	10,996.44	4,571.11	59,831.13
OTTAWA					
Inspection	13,020.00	—	2,981.40	169.25	16,170.65
MONTREAL					
Inspection	128,578.34	5,595.00	13,086.54	4,134.41	151,394.29
Weighing	6,435.00	1,200.00	—	605.03	8,240.03
Registration	18,300.00	2,400.00	—	1,195.40	21,895.40
Totals	3,904,199.16	182,320.60	109,942.81	275,307.58	4,471,770.15

TABLE I-2.—ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1959

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	$	$	$	$
WINNIPEG				
Executive	—	—	—	—
License and Bonding	29,055.00	—	—	29,055.00
Registration	28,841.58	—	6.00	28,847.58
Appeal Tribunal	1,509.00	—	—	1,509.00
Research Laboratory	—	—	2.09*	2.09
Inspection	354,718.57	8,615.27	3,302.70	366,636.54
Weighing	27,309.17	—	1,580.51	28,889.68
CHURCHILL				
Inspection	62,094.31	—	—	62,094.31
Weighing	31,641.15	—	—	31,641.15
KEEWATIN				
Inspection	6,086.90	—	373.88	6,460.78
Weighing	9,408.47	—	564.38	9,972.85
SASKATOON				
Inspection	26,163.67	898.14	—	27,061.81
Weighing	13,224.19	—	—	13,224.19
MOOSE JAW				
Inspection	9,379.08	347.10	332.37	10,058.55
Weighing	4,831.96	—	157.50	4,939.46
MEDICINE HAT				
Inspection	12,942.68	192.39	—	13,135.07
Weighing	9,190.91	—	104.34	9,295.25
LETHBRIDGE				
Inspection	1,714.63	78.97	—	1,793.70
Weighing	240.34	—	—	240.34

TABLE I-2.—ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1959—*Concluded*

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	$	$	$	$
CALGARY				
Inspection	115,385.92	2,352.43	461.50	118,199.85
Weighing	19,350.66	—	460.88	19,811.54
Appeal Tribunal	1,509.00	—	—	1,509.00
EDMONTON				
Inspection	90.201.93	1,741.92	875.92	92,819.77
Weighing	5,632.60	—	355.01	5,987.61
Appeal Tribunal	1,008.00	—	—	1,008.00
VANCOUVER				
Inspection	309,084.32	9,861.07	541.69	319,487.08
Weighing	236,996.56	—	268.90	237,265.46
Registration	13,112.42	—	—	13,112.42
VICTORIA				
Inspection	4,230.10	38.41	—	4,268.51
Weighing	3,648.58	—	—	3,648.58
PRINCE RUPERT				
Inspection	23,684.72	196.71	88.44	23,969.87
Weighing	16,988.43	—	149.85	17,138.28
FORT WILLIAM				
Inspection	678,076.12	8,595.07	2,407.97	689,079.16
Weighing	513,014.06	—	5,187.66	518,201.72
TORONTO				
Inspection	5,452.23	73.50	130.76	5,656.49
Weighing	4,680.00	—	—	4,680.00
CHATHAM				
Inspection	44,575.70	650.71	1,864.44**	47,090.85
MONTREAL				
Inspection	13,299.99	681.91	826.19	14,808.09
Weighing	65.25	—	—	65.25
Registration	10,951.73	—	—	10,951.73
Appeal Fees	3.00	—	—	3.00
Totals	2,739,302.93	34,323.60	20,042.98	2,793,669.51

(a) Details in Table I-4.

*Refund of Previous Year's Expenditure.

**Includes $5.72 Refund of Previous Year's Expenditure.

TABLE I-3.—ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1959

	Inspection	Weighing	Appeal Tribunals	Registration	License and Bonding	Statistics	Research Laboratory	Grain Standards Committees	Administration	Total
	$	$	$	$	$	$	$	$	$	$
REVENUE										
Winnipeg	366,636.54	28,889.68	1,509.00	28,847.58	29,055.00	—	2.09	—	—	454,939.89
Churchill	62,094.31	31,641.15	—	—	—	—	—	—	—	93,735.46
Keewatin	6,460.78	9,972.85	—	—	—	—	—	—	—	16,433.63
Saskatoon	27,061.81	13,224.19	—	—	—	—	—	—	—	40,286.00
Moose Jaw	10,058.55	4,989.46	—	—	—	—	—	—	—	15,048.01
Regina	—	—	—	—	—	—	—	—	—	—
Medicine Hat	13,135.07	9,295.25	—	—	—	—	—	—	—	22,430.32
Lethbridge	1,793.60	240.34	—	—	—	—	—	—	—	2,033.94
Calgary	118,199.85	19,811.54	1,509.00	—	—	—	—	—	—	139,520.39
Edmonton	92,819.77	5,987.61	1,008.00	—	—	—	—	—	—	99,815.38
Vancouver	319,487.08	237,265.46	—	13,112.42	—	—	—	—	—	569,864.96
Victoria	4,268.51	3,648.58	—	—	—	—	—	—	—	7,917.09
Prince Rupert	23,969.87	17,138.28	—	—	—	—	—	—	—	41,108.15
Fort William	689,079.16	518,201.72	—	—	—	—	—	—	—	1,207,280.88
Toronto	5,656.49	4,680.00	—	—	—	—	—	—	—	10,336.49
Chatham	47,090.85	—	—	—	—	—	—	—	—	47,090.85
Ottawa	—	—	—	—	—	—	—	—	—	—
Montreal	14,808.09	65.25	3.00	10,951.73	—	—	—	—	—	25,828.07
Totals	1,802,620.33	905,051.36	4,029.00	52,911.73	29,055.00	—	2.09	—	—	2,793,669.51
EXPENDITURE										
Winnipeg	740,930.64	65,460.57	8,326.87	47,642.01	31,341.59	142,256.00	342,323.71	3,069.16	112,895.06	1,494,245.61
Churchill	29,881.92	18,587.37	—	—	—	—	—	—	—	48,469.29
Keewatin	6,715.46	10,286.20	—	—	—	—	—	—	—	17,001.66
Saskatoon	42,229.39	29,511.72	—	—	—	—	—	—	13,995.11	85,736.22
Moose Jaw	31,820.95	16,923.75	—	—	—	—	—	—	—	48,744.70
Medicine Hat	13,557.43	9,764.24	—	—	—	—	—	—	—	23,321.67
Regina	—	—	—	—	—	—	—	—	16,442.72	16,442.72
Lethbridge	9,395.07	4,689.00	—	—	—	—	—	—	—	14,084.07

Calgary	123,910.42	54,025.72	8,898.66	—	—	—	—	—	—	186,834.80
Edmonton	140,423.35	16,398.79	8,813.78	—	—	—	—	—	18,499.94	184,135.86
Vancouver	232,234.34	209,727.02	—	14,385.80	—	—	—	—	—	456,347.16
Victoria	10,206.25	8,828.54	—	—	—	—	—	—	—	19,034.79
Prince Rupert	13,425.41	12,323.99	—	—	—	—	—	—	—	25,749.40
Fort William	881,474.80	696,189.68	—	—	—	—	—	—	—	1,577,664.48
Toronto	11,741.62	4,684.60	—	—	—	—	—	—	—	16,426.22
Chatham	59,831.13	—	—	—	—	—	—	—	—	59,831.13
Ottawa	16,170.65	—	—	—	—	—	—	—	—	16,170.65
Montreal	151,394.29	8,240.03	—	21,895.40	—	—	—	—	—	181,529.72
Totals	2,515,343.12	1,165,641.22	26,039.31	83,923.21	31,341.59	142,256.00	342,323.71	3,069.16	161,832.83	4,471,770.15

TABLE I-4.—SUMMARY OF OPERATIONS BY BRANCHES, FISCAL YEAR ENDED MARCH 31, 1959

	Inspection	Weighing	Appeal Tribunals	Registration	License and Bonding	Statistics	Research Laboratory	Grain Standards Committees	Administration	Total
	$	$	$	$	$	$	$	$	$	$
REVENUE										
Fees	1,757,090.87	896,222.33	4,029.00	52,905.73	29,055.00	—	—	—	—	2,739,302.93
Samples Sold	34,323.60	—	—	—	—	—	—	—	—	34,323.60
Other Revenue:										
Overtime Refunded	7,728.86	8,746.07	—	—	—	—	—	—	—	16,474.93
Express Charges	3,457.00	—	—	—	—	—	—	—	—	3,457.00
Jury Fees	—	79.50	—	—	—	—	—	—	—	79.50
Fines	—	—	—	—	—	—	—	—	—	—
Refund of Previous Year's Expenses	5.72	—	—	—	—	—	2.09	—	—	7.81
Miscellaneous Revenue	14.28	3.46	—	6.00	—	—	—	—	—	23.74
Totals	1,802,620.33	905,051.36	4,029.00	52,911.73	29,055.00	—	2.09	—	—	2,793,669.51
EXPENDITURE										
Salaries	2,273,955.82	1,100,598.11	19,980.00	71,716.96	24,924.10	97,195.00	199,790.58	—	116,038.59	3,904,199.16
Rent	90,293.11	12,351.24	2,456.22	9,368.36	3,237.60	11,037.96	35,764.13	—	17,811.98	182,320.60
Travel	47,930.04	33,902.24	106.20	382.40	—	1,303.33	7,800.96	1,769.16	16,748.48	109,942.81
General Expenses	85,752.14	12,302.39	3,468.31	1,618.26	1,268.23	26,370.49	97,297.43	1,300.00	9,555.60	238,932.85
Printing and Stationery	17,412.01	6,487.24	28.58	837.23	1,911.66	6,349.22	1,670.61	—	1,678.18	36,374.73
Totals	2,515,343.12	1,165,641.22	26,039.31	83,923.21	31,341.59	142,256.00	342,323.71	3,069.16	161,832.83	4,471,770.15

APPENDIX J

Regulations

Regulations in effect December 31, 1959, made in accordance with the provisions of the Canada Grain Act

Regulation No.	
1	Registration and Cancellation of Terminal Elevator Warehouse Receipts.
2	Registration and Cancellation of Eastern Warehouse Receipts and Transfer Receipts.
3	Plans re Terminal and Eastern Elevators.
4	Cleaning of Grain and Bins.
5	Off Grades for Western Grain.
6	Off Grades for Eastern Grain.
7	Grades of Screenings.
8	Inspection of Samples taken other than at an Inspection Point.
9	Appeals from Inspecting Officers to Grain Appeal Tribunals.
10	Delivery of Grain to Ocean Vessels at Montreal, Quebec.
11	Delivery of Grain to Ocean Vessels at West Saint John, N.B.
12	Delivery of Grain to Ocean Vessels at East Saint John, N.B.
13	Delivery of Grain to Ocean Vessels at Halifax, N.S.
14	Enforcement of Lien by Sale of Grain.
15	Drying of Grain.
16	Fees.
17	Records, Reports and Returns.
18	Procedure, Country Elevators.
19	Receipt for Grain Delivered to Private Country Elevators and Mill Elevators.
20	Maximum Tariff of Charges, Eastern Elevators.
21	Maximum Tariff of Charges and Shrinkage Allowance, Country Elevators.
22	Maximum Tariff of Charges, Terminal Elevators.
23	Applications for Licences, and Terms and Conditions under which Licences are issued.
24	Storage in Transit of Grain Grown Outside Canada.
25	Tickets and Receipts—Country Elevators.
26	Grain Treated with Poisonous Materials.
27	Shipment of Infested Grain.

The CHAIRMAN: That completes our review of the board of grain commissioners report. Gentlemen, before we close off I would like to thank these gentlemen for appearing here.

Mr. KORCHINSKI: Mr. Chairman, I would like to ask one question here of a general nature. I would like to thank these gentlemen for their kindness, which they showed me during my visit to their offices in Winnipeg.

I have brought this matter up before in respect of a question dealing with the grading of samples at Winnipeg. I brought this matter up last year in respect of samples coming in from certain areas, which were noted to produce grains of high protein, etc. The inspector who was testing the sample was aware that the sample originated in an area which produced a certain type or grade. Sometimes farmers complained about the grading because of the fact that the inspectors were aware that the area where this grain sample came from was an area that produced a certain grade or type of grain. The farmers thought that there was a tendency, perhaps, for the inspector to have this in mind, and suggest that perhaps the grain is downgraded. I noticed when I was in Winnipeg that the name of the town from which the sample came was placed before the inspector at the time he was grading the sample. I suggested certain changes. I wondered if the board of grain commissioners has done anything to remove the problem of the name of the town being known to the inspectors. I realize that this knowledge does not perhaps change the inspectors' grading of the grain, but a change might eliminate the farmers complaints, and remove the possible difficulty which rests on the heads of the inspectors.

Mr. MILNER: Our chief inspector will answer your question.

Mr. CONACHER: Mr. Chairman, Mr. Korchinski raised this question when he was in the Winnipeg inspection office last year. I am pleased to report that we have done something about this. However, before telling you what has been done I would like to mention a little on the side here. Our inspectors on the grading table have very little to do with the trade. The inspectors in the Winnipeg grading room scarcely ever know any member of the trade in passing. These men are held responsible for one thing, and that is the placing of the correct grade on the samples of grain.

It would be a sad day if we found that an inspector was influenced by the origin of the sample, or by any other detail regarding the sample he was grading. However, the name of the company, and the name of the country point, as well as any other information regarding the sample, is kept from the inspector now until he has graded the sample. This has been done in a very simple way. The dockage of each particular sample is placed on a bag. The cleaned portion of the sample is that which the inspector grades. The inspector's assistant, who prepares the sample for grading, puts the documents under the bag. We have supervisors on duty, and they are under strict orders that the inspector must not expose this information until he has established his grade. Then, for simplicity, the grade is written on this form, to avoid the error which could occur through the clerical work which is done later. The inspector does not know the origin, or anything else about the sample until after he has graded it.

Mr. KORCHINSKI: I would just like to thank these people for adopting my suggestion. I was personally quite satisfied with the method of grading that is used once I had been through the whole establishment. There does seem to be a sore spot with some of the farmers in this regard, and I think your present method will solve this problem.

Mr. CONACHER: Mr. Chairman, I would like to thank Mr. Korchinski for bringing this suggestion to our attention.

Mr. RAPP: Mr. Chairman, Mr. Milner has indicated that this will be the last time he will appear before the standing committee on agriculture. I think it would be in order to move a vote of thanks to Mr. Milner.

Some hon. MEMBER: And his staff.

Mr. RAPP: That comes later. At the present time I would suggest, since Mr. Milner is leaving his office, that it would be in order to move a vote of thanks on behalf of the standing committee on agriculture for his very fine cooperation.

Mr. PASCOE: On behalf of all the members of this committee, I would like to second that.

Mr. MILNER: Mr. Chairman, if I might reply to that briefly, I have found my work before this committee very interesting. You all have been very kind to me.

I have told you nothing but the truth as I saw it, at any time when I have been with you. Sometimes you have not liked what I told you, but I told you what I knew to be correct.

In closing, I would like to say this: regardless of who takes my place on this board—and I speak for Mr. McConnell and the other commissioner—we would be very happy to have any of you stop off in Winnipeg on your way through. We will promise you an interesting day in our laboratories and inspection branch. If you do this, I feel that a lot of the questions which bother you now will be fully answered when you come in. I promise you we will let you ask all the questions you want. We will take you on a tour of inspection. There is nothing we want to hide.

In addition to that, we have two booklets, one called The Sale and Handling of Grain Through a Country Elevator and another called The Farmer And The Country Elevator. I have instructed our secretary to send each of the members of the committee a copy of these booklets. If you would read these booklets you would find the answers to a lot of the questions you are asked by your constituents.

The CHAIRMAN: Gentlemen, I have a statement that I would like to read into the record at this time.

You were called upon to vote on a motion which would, in effect, invite all farm organizations to appear before this committee on this order of reference.

This committee, after considered debate, decided that it would not be able, at this time, to give due consideration to their representations and also embark on its other very important order of reference, namely, farm machinery prices.

I felt this to be a wise decision.

However, as the mover of the motion mentioned the year 1956 when farm organizations were invited to appear at the time when this committee also had as its order of reference, the annual reports of the Canadian wheat board and the board of grain commissioners, I examined, thoroughly, the minutes of proceedings and evidence of the 1956 agriculture committee.

The United Grain Growers, the North West Line Elevators Association, the Canadian Wheat Pools all declined the opportunity of making representations to the committee, although some representatives did listen in. Mr. Ben Plumer, chairman of the Alberta wheat pool was heard on July 4, 1956, but his appearance was so short, the then chairman remarked: "Well, Mr. Plumer, that was a very short appearance."

Now I think you will agree that the Ontario concentrated milk producers marketing board comes under the definition of a farm organization. As a working

farmer, I know this board is definitely interested in the handling, marketing, and price of grains.

This board applied, on May 31, 1956, for leave to appear before the 1956 agriculture committee.

Almost a month later, on June 28, 1956, the then chairman of the 1956 committee replied to them (in part) as follows:

"..... So far my only reference is to consider the report of the board of grain commissioners and that of the Canadian wheat board. You will appreciate that these deal exclusively with grain".

Mr. Milner, on behalf of the members of this committee, I wish to extend to you and your staff our very heartfelt thanks and appreciation for your appearance before this committee. I am sure we will miss your genial presence in years to come. However, be assured that any time you are down around the house, you are welcome to contact any of the members of this committee or any other members. We would be pleased if you did so.

Thank you again for your very interesting and enlightening comments made to questions asked.

Mr. MILNER: Thank you, gentlemen.

—The committee adjourned.

APPENDIX "D"

THE CANADIAN WHEAT BOARD

STATEMENT OF COUNTRY CARRYING CHARGES PAID FOR THE PERIOD AUGUST 1, 1958 TO JULY 31, 1959

Company	Number of Country Elevators		Total Licensed Capacity (Bushels)		Country Carrying Charges Paid August 1, 1958 to July 31, 1959			
	August 1, 1958	July 31, 1959	August 1, 1958	July 31, 1959	Wheat	Oats	Barley	Total
Alberta Pacific Grain Co. Ltd.	330	322	22,809,300.0	23,191,900.0	$ 2,294,976.45	$ 145,382.95	$ 378,327.40	$ 2,818,686.80
Alberta Wheat Pool	533	534	42,861,750.0	43,312,250.0	4,569,627.85	408,508.37	591,756.51	5,569,892.73
Byers Flour Mills Limited	1	1	70,000.0	70,000.0	7,084.53	416.66	981.39	8,482.58
Canada Packers Limited	1	1	25,000.0	25,000.0	155.42	381.38	155.41	692.21
Canada West Grain Co. Ltd.	6	6	662,000.0	662,000.0	21,909.68	24,318.16	25,872.49	72,100.33
*Canadian Consolidated Grain Co. Ltd.	130	—	6,427,700.0	—	447,899.71	57,177.94	25,525.14	530,602.79
Conger-Sanborn Company Ltd.	1	1	90,000.0	90.000.0	13,520.74	(1.29)	116.51	13,635.96
Eastern Terminal Elevator	1	1	996,000.0	996,000.0	6,772.79	5,583.22	1,727.73	14,083.74
Ellison Milling & Elevator Co. Ltd.	18	18	1,814,200.0	1,849,200.0	238,754.79	(16.41)	8,618.37	247,356.75
Federal Grain Ltd.	454	453	26,948,000.0	27,282,000.0	2,964,099.35	160,662.99	182,320.45	3,307,082.79
Harrison Milling & Grain Co.	2	2	48,000.0	44,000.0	5,111.73	279.49	617.35	6,008.57
Inter Ocean Grain Co. Ltd.	10	10	957,200.0	945,200.0	88,556.89	19,000.05	8,969.69	116,526.63
Manitoba Pool Elevators	269	269	20,225,000.0	20,585,000.0	2,093,993.75	317,234.05	272,362.45	2,683,590.25
Maple Leaf Milling	2	2	211,000.0	211,000.0	22,764.27	—	—	22,764.27
Midland & Pacific Grain Corporation	3	3	281,000.0	281,000.0	17,596.29	2,219.53	10,185.63	30,001.45
McCabe Grain Co. Ltd.	92	89	6,334,000.0	6,326,000.0	723,620.98	26,385.56	34,728.29	784,734.83
National Grain Co. Ltd.	325	321	22,583,900.0	23,525,700.0	2,170,446.55	220,473.60	257,512.53	2,648,432.68
Ogilvie Flour Mills Co. Ltd.	225	224	12,828,400.0	12,692,900.0	1,342,350.51	94,714.78	85,945.37	1,523,010.66
Paterson & Sons Ltd., N. M.	104	103	7,131,000.0	7,077,000.0	777,737.16	72,785.98	45,716.48	896,239.62
Parrish & Heimbecker Ltd.	65	65	4,283,500.0	4,241,500.0	539,009.55	33,114.16	47,853.98	619,977.69
Pioneer Grain Co. Ltd.	439	439	35,707,600.0	36,834,100.0	4,347,715.85	185,238.75	235,730.96	4,768,685.56
Red River Grain Co. Ltd.	1	1	95,000.0	95,000.0	1,127.19	1,721.85	392.74	3,241.78
Riediger & Sons, J. P.	1	1	82,000.0	82,000.0	6,439.82	1,746.04	1,115.90	9,301.76
Ritz, Henry	1	1	35,000.0	20,000.0	987.73	392.20	353.71	1,733.64
Saskatchewan Wheat Pool	1,143	1,144	86,623,700.0	86,696,000.0	9,978,950.85	645,455.34	542,928.06	11,167,334.25
Scottish Co-Operative Wholesale Society	10	10	426,000.0	426,000.0	34,214.76	13,996.25	5,793.97	54,004.98
Searle Grain Co. Ltd.	462	460	31,140,000.0	31,555,000.0	2,805,634.85	427,143.11	350,455.75	3,583,233.71
Swift Current Flour Mills	2	2	99,300.0	99,300.0	9,141.77	8.33	123.69	9,273.79
United Grain Growers Ltd.	675	794	50,158,300.0	58,345,300.0	5,086,773.07	712,834.06	786,776.09	6,586,383.22
Victoria Products Co. Ltd.	1	1	207,000.0	207,000.0	12,235.94	1,058.37	1,546.77	14,841.08
Waskesiu Mills Ltd.	1	1	93,500.0	93,500.0	7,001.64	1,387.60	2,856.54	11,245.78
Wetaskiwin Milling Co. Ltd.	1	1	70,000.0	70,000.0	2,638.88	747.41	2,817.78	6,204.07
Weyburn Flour Mills Ltd.	19	18	1,418,590.0	1,395,590.0	193,559.56	1,038.48	1,485.32	196,083.36
Winkler Milling Co. Ltd.	1	1	87,000.0	87,000.0	3,519.58	6,255.27	24.57	9,799.42
Yorkton Milling Co. Ltd.	1	1	75,000.0	55,000.0	3,577.70	3.18	56.11	3,636.99
	5,330	5,300	383,904,940.0	389,468,440.0	$40,839,508.18	$3,587,647.41	$3,911,751.13	$48,338,906.72

Carrying charges consist of storage at 1/30th of 1 cent per bushel per day and interest charges at the prevailing bank rates, which are paid by elevator companies to the banks in respect of funds borrowed to finance the purchase of Board grain from producers at country elevator points. Approximately 1/3 of the carrying charges represents interest and 2/3 represents storage.

*Elevators sold to other companies during the Crop Year 1958-59.

APPENDIX "E"

THE CANADIAN WHEAT BOARD

COST TO THE 1958-59 POOL ACCOUNT FOR STORAGE CHARGES AT 1/30 OF ONE CENT PER BUSHEL PER DAY AS COMPARED TO A RATE OF 1/35 OF ONE CENT PER BUSHEL PER DAY

Storage rate at 1/30 of 1 cent per bushel per day	.03333 cents	
Storage rate at 1/35 of 1 cent per bushel per day	.02857 cents	
Increase	.00476 cents	
Percentage increase	16.661%	
Total storage charges paid in the 1958-59 Pool Account basis 1/30 of one cent per bushel per day		
Storage portion of country carrying charges	$30,455,741.28	
Terminal and Mill storage	10,985,187.09	
	$41,440,928.37	
If the storage rate had been 1/35 of one cent per bushel per day the total storage charges paid in the 1958-59 Pool Account would have been	35,522,521.12	
Gross cost to the 1958-59 Pool Account for storage at 1/30 as compared to 1/35 of one cent per bushel per day		$ 5,918,407.25
Funds paid to the Board under the Temporary Wheat Reserves Act and allocated to the 1958-59 Pool Account	$42,959,442.41	
Storage portion basis a rate of 1/30 of one cent per bushel per day	28,780,680.44	
If the storage rate had been 1/35 of one cent per bushel per day the storage portion of funds received from the Government under the Temporary Wheat Reserves Act would have been	24,670,352.93	
Credit to the 1958-59 Pool Account resulting from increased Government payments to the Board under the Temporary Wheat Reserves Act		$ 4,110,327.51
Net cost to the 1958-59 Pool Account resulting from a storage rate of 1/30 of one cent per bushel per day as compared to a rate of 1/35 of one cent per bushel per day		$ 1,808,079.74

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

PROCEEDINGS

No. 11

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PRICES OF FARM MACHINERY

TUESDAY, JULY 12, 1960

WITNESSES:

From the *Dominion Bureau of Statistics:* Mr. A. D. Holmes, Director, Prices Division. From the *Department of Agriculture,* Economics Division: Mr. R. A. Stutt and Mr. G. Haase.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23520-0—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

Argue,
Badanai,
Barrington,
Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Clancy,
Cooper,
Danforth,
Doucett,
Dubois,
Dupuis,
Fane,
Forbes,
Forgie,
Godin,
Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
Kindt,
Knowles,
Korchinski,
Lahaye,
Leduc,
Létourneau,
McBain,
McIntosh,
Michaud,
Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rogers,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

ORDER OF REFERENCE

MONDAY, June 6, 1960.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to enquire into the prices of farm machinery and to report to the House thereon.

Attest.

Léon-J. Raymond,
Clerk of the House.

23520-0—1½

MINUTES OF PROCEEDINGS

TUESDAY, July 12, 1960.
(22)

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

Members present: Messrs. Argue, Belzile, Boulanger, Campbell (*Lambton-Kent*), Clancy, Cooper, Danforth, Doucett, Dubois, Fane, Forbes, Forgie, Gundlock, Henderson, Hicks, Howe, Kindt, Korchinski, Lahaye, McIntosh, Michaud, Nasserden, Noble, Pascoe, Peters, Rapp, Régnier, Rogers, Smallwood, Smith (*Lincoln*), Southam, Stanton and Tucker.—33.

In attendance: From the *Dominion Bureau of Statistics:* Mr. A. D. Holmes, Director, Prices Division. From the *Department of Agriculture,* Economics Division: Mr. R. A. Stutt and Mr. G. Haase.

The Chairman gave the Committee the views of the sub-committee on Agenda and Procedure regarding the manner in which the Committee could proceed on their Order of Reference on farm machinery prices.

Mr. Holmes, Mr. Stutt and Mr. Haase were introduced to the Committee.

The Clerk read a statement prepared by Mr. A. H. Turner, Director, Economics Division, Department of Agriculture, suggesting methods of dealing with the Order of Reference.

Mr. Holmes and Mr. Stutt made short statements offering the assistance of their departments in the consolidation of all available facts regarding farm machinery prices.

The Committee was informed that the departments of the Federal Government concerned, would, under the direction of Mr. Stutt, prepare this consolidation and have it in the hands of the members well ahead of the next session of Parliament.

The Committee proceeded to make suggestions to and ask questions of the witnesses.

The Committee asked the sub-committee on Agenda and Procedure to prepare a questionnaire which each member could distribute to the farmers in his constituency.

The Committee adjourned at 10.45 a.m. to the call of the Chair.

Clyde Lyons,
Clerk of the Committee.

DELIBERATIONS

TUESDAY, July 12, 1960.

The CHAIRMAN: Gentlemen, we have a quorum. Kindly come to order. I hope that during the proceedings I will not have to use this gavel as much as I did at one other meeting we had. However, I am pleased to see so many of our committee members here this morning, and others will come. It shows that a keen interest is being taken in the prices of farm machinery at the present time.

I have discussed with your steering committee the manner in which we should proceed, and the feeling was that at this time in the session we should set the stage for an early start on farm machinery prices at the next session of parliament.

I have heard from some organizations which would like to send representatives with briefs. Among them have been the different farm machinery manufacturing companies, the labour groups, the two farm organizations—the federation of agriculture and the interprovincial farm union—and other groups. Their feeling is that they would require some time to prepare an adequate presentation.

Then the members of this committee may not be too familiar with all the facts about farm machinery prices, and it has been suggested by one of our visitors today that it might be to the advantage of the members if during the recess of parliament the Department of Agriculture and the dominion bureau of statistics were to prepare a consolidation of all the available facts on farm machinery prices. Thus, when this committee prepares to hear witnesses next year, each member will have before him the necessary facts fully to understand the briefs presented.

Today Mr. R. A. Stutt and Mr. G. Haase, from the economics branch of the Department of Agriculture, who will be in charge of preparing this consolidation, and Mr. A. D. Holmes, Director of the prices division of the dominion bureau of statistics, are here to answer any questions and to hear your suggestions regarding the preparation of this booklet.

So, I will introduce Mr. Holmes, Mr. Stutt and Mr. Haase.

First, perhaps I had better ask our clerk to read a statement that I have just received from Mr. Turner. We all know Mr. Turner very well; he is from the economics branch of the Department of Agriculture. These are a few suggestions which he has made to me. I received this letter last night.

The CLERK OF THE COMMITTEE: This is as follows:

Some Notes for Information of the Chairman of the House Committee on Agriculture, Relating to Study and *Procedure with Respect to Farm Machinery*

1. The term "farm machinery" covers a wide variety of tools and equipment. For purposes of the committee, it might be suggested that some classifications should be developed. For example:

(i) non-power machinery and equipment

(ii) power machinery and equipment

(iii) service equipment such as trucks. In determining a classification, it might be well to give consideration to the types of machinery for which there is published information in the bureau of statistics

publications. Two publications come to mind, namely, The Agricultural Implements Industry Report, published annually and The Index Numbers of Commodities and Services Used by Farmers, published three times per annum.

2. In approaching the subject, two broad approaches seem possible:

(i) that related to costs on the farm in terms of output
(ii) that related to prices.

These two broad headings might be broken down into broad sub-headings for study as follows:

With respect to costs on the farm:

(i) under use or over mechanization in relation to scale of operations
(ii) engineering and standards consideration
(iii) service costs.

With respect to prices:

(i) If there is monopolistic or restrictive practices condition in the industry, including reference to resale price maintenance and trade-in features
(ii) technological change, particularly with respect to whether the obsolescence is more apparent than real
(iii) labor and raw material price changes
(iv) relation of farm machinery prices and price changes over the past ten years to those of other goods and services and capital equipment prices in other industries and other countries.

3. With respect to procedure, there are many forms which it might take, but one approach might be as follows:

Have some preliminary or more or less informal discussions with witnesses to seek out the areas of inquiry that might appear to be the most productive. In such informal hearings, personal opinions of individual farmers, distributors, machine company representatives, among others, might be obtained on the understanding that the committee was attempting to get assistance from them with respect to the direction which the hearings might take to get the best results. The questioning would be general and no verbatim records would be kept, although some summary notes might be retained for use of the committee in developing its program. Following these preliminary hearings, it would be understood that trade associations, farm organizations, machine companies and any others interested would be expected to file formal briefs along lines to be suggested by the committee. Such briefs should be filed at some date in the early fall of 1960, preferably about three months before the reopening of the committee hearings at the next session. With the aid of these briefs, plus whatever other studies the committee might feel were necessary to supplement the material so obtained, it would be possible for the committee to call in and question witnesses on a formal basis at the opening of the new session in 1961.

It would probably be possible for the economist attached to the committee, in an advisory capacity, to do the necessary "housekeeping" and make suggestions (which might or might not be accepted) with respect to some of the questions which arise as a result of the early presentation of the briefs. If the committee desired, it might be well to have a small executive committee group work with the economist and probably a representative of the bureau of statistics to decide whether or not at some stage some broad over-all background statement should be made on a formal basis by some government representative. Such a statement, if considered desirable, might be a starting point for the committee hearings at the next session.

The above ideas are set out with the hope that they may be of some assistance to you as chairman of the committee but they do not attempt to do more than introduce some broad considerations.

The CHAIRMAN: Thank you. What is the suggestion of the committee? Do you desire to hear the three members we have from the departments here, before we begin our question period?

Mr. DOUCET: I think it would be a good idea, Mr. Chairman.

The CHAIRMAN: I will call on Mr. Holmes first.

Mr. A. D. HOLMES (*Director of the Prices Division, the Dominion Bureau of Statistics*): Mr. Chairman and members of the committee, the dominion bureau of statistics collects some information on the prices of farm machinery for purposes of constructing price indexes. In the price index numbers of commodities and services used by farmers there is a sub-group headed "farm machinery," and an index for that group is provided.

In pricing for purposes of index number construction one must price a specific product. It must be specified in terms of its physical characteristics; it must be specified, in so far as possible, in terms of the conditions of sale.

Once the product is specified and prices are collected from sellers of that kind of equipment every attempt is made not to allow quality change in that equipment to influence the price. By this I mean that if a new model of tractor, for example, comes out and this has added features compared to the model that existed before, and there is a price change related to these new features, so far as the index is concerned the attempt is made to eliminate the price change due to the change in features of the product. In short, the index attempts to represent pure price change for a specified product of unchanging quality.

Concerning the index that is available for this group of machinery, as you know an index really is a form of synthesis of a multitude of prices for a group of products. They differ with respect to the individual characteristics of each product, but they have common characteristics.

Farm machinery, as you know, is a heterogeneous group of different products. The index numbers for this group attempt to summarize or average the price movements that occur for the group as a whole. The index, in published form, is available for all Canada, and for eastern Canada separately from western Canada.

Mr. KINDT: Before we forget it, you state it is available for all of Canada and for eastern Canada separately. Is that available for western Canada separately too?

Mr. HOLMES: Yes, there is an index for western Canada, an index for eastern Canada, and a combined one for all Canada.

Mr. KINDT: Thank you.

Mr. HOLMES: In addition, there is the annual report of the agricultural implements industry. The latest available report is 1958, and this collects what are called the principal statistics of the industry, indicates the number of employees, salaries and wages, the cost of the material inputs that are used in the industry. It provides statistics on the inventories, and the value of the factory shipments of the industry. This is quite detailed in terms of the various types of farm machinery and equipment. It goes all the way through planting, seeding and fertilizing machinery, cultivating, haying and harvesting, and so on. That is available on an annual basis.

There is also a quarterly report of the farm implement and equipment sales. The first quarter for 1960 is the latest available information. This includes repair parts, the sales of all machines. It does give some detail with respect to the kind of machinery—tractors, wheel type, power type, combines, balers. It is a very limited report, but it is much more current than the annual report.

There are also export and import statistics related to farm machinery and equipment. I do not have a copy of the published data here.

In addition to this, there is other related data. The agricultural division of the dominion bureau of statistics publishes annually the expenses incurred by farm operators in operating their farms, of which the expenditures related to the operation of farm machinery and equipment would be an item.

I do not know that it is worth while mentioning the census information that is available as to the number of different types of farm machinery and equipment on the farms in Canada. The latest available would be 1956, and also would be available for 1951 and going back to previous censuses. I feel this is the only source from which data for small areas in provinces would be available, and would include only the numbers of these pieces of machinery and equipment on farms.

Mr. Chairman, I think that fairly well covers the statistics which are available in the dominion bureau of statistics. There may be other related data in which the committee may be interested, but I think, perhaps, that might come out later, in discussion.

The CHAIRMAN: Thank you for your remarks, Mr. Holmes.

Now, Mr. Stutt, have you any comments you wish to make?

Mr. R. A. STUTT (*Economics Branch, Department of Agriculture*): Mr. Chairman and members of the committee; Mr. Turner has pretty well covered all the comments or ideas that I may wish to mention at this time, in his letter to you.

I had not expected to make any other comments at this time. However, I might mention material that we have in the division other than what is available through the dominion bureau of statistics. As you may recall, we have had surveys in various parts of Canada for a number of years. We have had surveys made of farm business, and have had farm organization studies. These go back to about 1930.

In more recent years, we have had a number of studies, mainly in western Canada, although there are some in the maritimes, as well as a more recent one that is under way now in Ontario.

As I say, we have this material at hand and, with the material from the bureau, I think it is the intention of Mr. Turner that we assemble this information in a form which you may wish to use as basic material in the next session.

My own experience, mainly, is in western Canada. As yet, I am not too well acquainted with conditions in Ontario and the maritimes and, because of this, we will have to rely on other people in the division to enlighten us in that regard.

I think that is about all I wish to say at this time, Mr. Chairman. I think our role here is to assist you in this work and, as Mr. Turner has suggested, to make some suggestions to you as the work of the committee goes on.

The CHAIRMAN: Thank you, Mr. Stutt.

Mr. BOULANGER: Mr. Chairman, would it be possible for all members of the committee to receive copies of this matrial?

Mr. SMALLWOOD: Could you send each member of the committee the material you are collecting?

Mr. STUTT: As I understand it, the suggestion in Mr. Turner's brief was that we assemble this information, and make it available some time this fall. It is not available at this time.

Mr. SMALLWOOD: But, you will see that it is mailed to each member of the committee?

The CHAIRMAN: I think that is the idea—to assemble the information, and mail a copy to every member of the committee, so they will be able to give it very thorough study, and have their comments and questions ready for the next session of parliament.

Mr. SOUTHAM: In connection with the terms of reference, the thought comes to me, in regard to the marketing of farm machinery, and so on, that this must be not only a problem in Canada, but also in the United Kingdom and the Scandinavian countries, as well as the United States. Do we have liaison, either through D.B.S. or the Department of Agriculture, with these other countries and, if so, would it be possible to get corresponding data, or the results of any inquiries they may have had? I think this would provide a very interesting study, in connection with our own.

The CHAIRMAN: Before we discuss that aspect, has Mr. Haase any comments to make?

Mr. G. HAASE (*Economics Branch, Department of Agriculture*): Mr. Chairman, I do not think I have anything to add to what Mr. Stutt has said, or as covered in Mr. Turner's letter.

The CHAIRMAN: Well, gentlemen, the meeting will be opened now for discussion.

Mr. KINDT: Mr. Chairman, I have one or two questions in connection with index numbers.

As you all know, index numbers are extremely useful to determine trends and to do analytical work which is extremely necessary, but they also cover up a multitude of sins. I have the feeling that when you make an index number and put a combine along with a mowing machine, and with all the other cross-sections of farm machinery, you destroy a lot of individual information which this committee needs in order to do its job. For instance, you have heard the matter of prices in connection with combines discussed by the western farmers of Canada. It has increased from $3,000 to $5,000, to $8,000, and now you often hear it mentioned as being up to $10,000. Tractors have had similar increases. I think we want to follow through on some specific types of implements in order to nail down what the increase has been in terms of time, and then come to other types of economic studies which I should like to see made. There are many of them, and this committee will need to have them. For instance, there is no tariff at the present time on the importation of machinery from the United States—and I am referring to agricultural machinery. That was lifted some years ago. We are told that many of the machine companies produce certain machines in the United States, and supply their needs from that production in the United States, and some machine companies make certain machines in Canada, and supply their needs in the United States. In other words, there is a working out, on the part of machine companies, of a certain production in the United States and a certain production in Canada. I, for one, would like to know what the net position of Canada is with respect to the importation and exportation of machinery. We have in the neighbourhood of three quarters of a billion dollars deficit of trade with the United States. How much of that is made up of this imbalance on the importation and exportation of machines by individual companies? In other words, if we are going to have an analytical job and come up with facts and recommendations with respect to them, we should take a look at that net position, with respect to tariffs, and the removal of them.

Now, reverting to the analysis on the study itself, I have the feeling that it is very, very important to get in behind these various prices we find on farm machinery, and discover the hidden relationships that are in behind those prices. You cannot do that without digging.

For the committee, or the economists, to bring to each member of this committee a whole godawful amount of figures might be helpful to some of us—sure, but I do not think it can be a maximum help, certainly, unless those figures are analyzed, and relationships established and interpreted. That is the economists job. I think that is what this committee ought to do, and I think that is what they should make available to us. However, I know, in saying that, that it is a big job. It is one of those kinds of things that you cannot do in a few minutes and I, for one, feel that many of the members of the committee who have not had experience on economic analysis of that kind, fail to understand and realize the tremendous amount of work that is necessary in order to get at, probably, just the meat of this subject—the price of machinery.

Mr. McINTOSH: Would Dr. Kindt explain what he means by "hidden relationships in behind"?

Mr. KINDT: I mean this—when you get in behind and start digging around for the costs of labour, the costs of raw materials, the margins taken by individual dealers, the effect of sales on credit terms, the freight rates, and a multitude of factors that are in there—the cost of labour in relation to the production of a particular commodity, and so on. In other words, we ought to know what the breakdown is with respect to all of these elements that go into the cost of a particular type of machine. If we do not do this, how can we talk intelligently about what the incidence of labour is, the incidence of raw material is, or any other elements which go into those costs. There is distribution costs, and advertising costs. All these things should be analyzed. However, there is nowhere you can turn today and find any information on those things. I think they are very necessary.

Mr. McINTOSH: I understand now. I did not know what you meant by the term "hidden relationship".

The CHAIRMAN: Mr. Forbes.

Mr. FORBES: Mr. Chairman, I hope this committee is not going to be carried away with volumes of statistics, as they are not going to mean anything.

I have looked over some of the results of the inquiry they had into machinery prices back in 1937, and it seemed to me it concerned just volumes of statistics, and they did not seem to have the answers to any particular problems.

I think what this committee is interested in is this; why has the cost of machinery increased practically 100 per cent or more in the last 10 years. If you go to a machine company for the purpose of buying a piece of equipment, then complain about the price, they say that labour has gone up and that everything is costing them more money. Then they will tell you of agreements between the manufacturer and themselves which bears a relationship to the price they have to charge for repairs. I think this committee is entitled to the benefit of that information, and that the machine companies should put it down in writing. I know these situations exist.

Another thing is unfair trade practices between the manufacturer and the machine agent.

Another thing concerns one of the features of which Mr. Turner speaks—prices they allow for trade-ins, and so on—and is there a combine existing between machine companies in connection with prices? If you inquire anywhere in regard to the price of a tractor, be it a John Deere, Oliver, or any other make, you find there is a pretty good relationship between the price of similar tractors. I was hoping that that was the type of investigation which we would carry out.

The CHAIRMAN: Have you any comments, Mr. Smallwood?

Mr. SMALLWOOD: Mr. Chairman, I agree with Mr. Forbes, when he says we must have this investigation at a certain level.

We are doing this for the advantage of the average farmer today. If we get carried away with the so-called economists, some of whom have not driven a tractor back and forth across a field, I do not think it is going to be very helpful.

We are interested in getting down to the bare facts as to why machinery is going up, so that we can tell the farmers why. We do not want to get carried away too far with a bunch of figures the farmer cannot understand, when we are through with this.

Mr. ROGERS: It would be interesting to know the operations upon which the statistics are based. Are they based on large operations, the average farm operations or how are they based?

Mr. HOLMES: In answering that question, annual statistics relating to the farm implements and equipment sales industry are based on the census of establishments classified under a standard industrial classification to this industry.

All establishments whose primary product is farm machinery and equipment would be classified to this industry.

The annual statistics relate to all establishments in that industry. But when you come to the indexes of the prices paid by farmers for machinery and equipment, these are prices of a relatively limited group of farm machines and equipment.

They are weighted according to the relative importance of farmers' expenditures for machinery and equipment; and certain selected items, or a certain limited number of items are selected to represent the price movement of farm machinery and equipment.

I think this particular question raises the point here as to the relative importance of the specific machine. For example, Dr. Kindt said he thought we should study the price movement of these specific machines for a time, and if possible to inquire behind the prices as to the logical reasons why there should be such changes.

Recently there was taken a farm income and expenditure survey, the results of which are not available, but we expect them to become available within the next six months.

The questions asked there included what machines, new machines, were purchased during the survey year, 1958. This would give some information of the relative importance of particular types of machinery. I doubt very much, Mr. Chairman, whether this information would be available in time for the assembly of statistical data that related to these particular types of machines.

So a decision needs to be made as to what are the important kinds of machines for which you would like to trace the price movement, and to do a further study with these.

The dominion bureau of statistics, when it collects information, does not have in mind the provision of data appropriate for this type of inquiry and, as has been suggested, it would mean a lot of digging to find the relevant data. I do not think the statistics will permit a clean presentation; but in so far as it can be found, I think, Mr. Chairman, this is something that could be done.

Mr. DOUCETT: There is one thing we should find out. According to your statistics, farm machinery has increased 109 per cent as compared to other equipment in the same period, at 58 per cent.

They are made of material and labour; so if one is producing greater volume, they can do it on that basis. Why is it when you compare that 109 per cent with the increase in the prices of other equipment, that it is altogether out of line?

One of the things that farmers want to know is why this is happening. It seems to be a very wide spread between 109 per cent and 58 per cent.

Mr. SOUTHAM: I made it a point to send out an analytical letter to the people in my riding, after the Minister of Agriculture announced the setting up of this farm machinery inquiry.

As a result of that survey I found, in many replies that I received, that there is definitely widespread interest on the part of the people engaged in the agricultural industry to have something constructive come out of this particular inquiry. They referred to previous inquiries that have been made, one by the C.C.F. government in Saskatchewan in 1958, into rural life, and another, made by a Liberal government; but I detected a note of pessimism.

Personally I hope that this inquiry will do a real job, bring in recommendations, find the causes and effects of some of these disparities as mentioned here this morning, between one type of machine and another, and come up with some recommendations.

If we could possibly get some good advice from other agricultural areas in the world which have had similar problems, maybe we could arrive at some recommendations along that line and solve the problems here.

I would like to see the dominion bureau of statistics and the Department of Agriculture, if possible, compare their data and facts with those of some of the other agricultural areas of the world.

Mr. FORBES: I would like to ask Dr. Holmes a question. He referred to possible information from the farm cost survey, and said that it is taking two years; that is, it will be two years before that survey is carried out. Surely in that length of time we could have the results of it.

If Dr. Holmes thinks that the survey contains information which would be of value to this committee, is there any reason why it could not be hastened along so that we could have it in time to make use of it. Why go on for two or three years with a survey?

Mr. HOLMES: The field work in collecting the information was completed just about a year ago, and the records that were obtained are being prepared for tabulation on electronic equipment.

I think the essential issue is that if this were done with conventional tabulation equipment, the available data there, which is classified according to the type of farm, the size of farm, the family characteristics and so on, would have been quite limited. But a decision was made to use an electronic computer in order to make full use of the very detailed data that was obtained.

Once that decision was made, the preparation of material for processing through electronic equipment was much more onerous, and could not be done in little bits and pieces. It has to be done as a large-scale product. So I think that is essentially why there has been no tabulation of the data.

Mr. FORBES: Would it be another year before we get this, in your opinion?

Mr. HOLMES: I think it will be available towards the end of this year.

Mr. FORBES: It was in the fall of 1958 when you made your survey in western Canada.

Mr. HOLMES: And in eastern Canada the field work was completed about the end of March.

Mr. KINDT: I have just one or two additional thoughts in connection with the approach. I think that the economists who are working on this should realize from what has been said here this morning that we do not need a godawful amount of figures. We do not want undigested figures in this committee. They would be of no value to us. As Mr. Smallwood said, what we want is the end product. We want something which the farmer can understand and which we, as a committee, can understand, and something upon which we can take action. It takes analytical work, and the coming up with ideas and suggestions distilled out of a mass of economic figures and so on. That is what we must have in this committee in order to do our job.

Mr. MCINTOSH: My thought is along the same line. It is easy to see that this is going to get very confusing if we try to cover the whole subject; so I suggest that we keep it as simple as possible. As Mr. Smallwood suggested, possibly we should limit our investigation to a few implements as possible. I would suggest implements which apply to the west, such as the combine and the tractor, and maybe to implements similar to them, the main ones which are used in the east.

If we attempt to cover the whole field, we will never get through in this committee. But if it is possible to keep our investigation down to as few implements as possible, and to one line, then maybe we can apply our findings in order to get a picture later on. But if we start out and try to cover the whole field, I think it will be obvious from the expressions of opinion we have heard this morning that is would be very confusing. So I think we should limit our investigation, and decide on it now.

Mr. HENDERSON: I would like to know why binder canvas, swather canvas, and all types of canvas have taken such a terribly high jump in the last couple of years. Where I live, on the Peace river, different farmers have come to me, and this is their complaint: that swather canvas has jumped away up, that swather canvas has gone away out of sight.

I have the prices of the various things upstairs in my grip. A big farmer up there came to me and said that he had made a careful investigation, and that it was just unbelievable about the way that different outfits charged different prices. He said there was no combine evident in this respect, but he said that swather canvas is one of our main implements, and it wears out very quickly, and the cost is too high.

The CHAIRMAN: I think there is one thing we must not forget, and that is the price of repairs, and the standardization of repairs, in our investigation in this committee.

Mr. HENDERSON: That is another thing. Repairs are just terrible, up in the Peace river.

Mr. SMITH (*Lincoln*): Well, Mr. Chairman, since agricultural implements come into the country pretty well duty free, and since a lot of them come from the United States, would it be possible for us to get a comparison of the prices, to show what those implements sell for in the United States as compared to what they cost us here in Canada? That would give us some idea as to whether there was any combine, or jacking up of prices to the Canadian farmer. I think that would be good information for this committee to have.

The CHAIRMAN: In the steering committee they discussed what a certain machine would cost here in Canada, and what it would cost in other countries—such as John Deere, or a Massey-Harris machine. They thought we should find out what such a machine cost in Canada as compared to what that same machine would cost in other countries such as European and Asiatic countries.

Mr. GUNDLOCK: When you mention repairs, it brings to mind a miserable situation which has developed apparently through methods of economy on the part of the company. For example, when we, in the southern end of our province, happen to break a piece of a tractor or of some other machine, we have to go to Calgary because they no longer carry supplies of repair parts in handy locations; and sometimes if it is not to be found in Calgary, we have to go as far as Edmonton, or even to Regina, just to get some little item which we used to have available to us right at our local dealer.

The CHAIRMAN: That would be something to take up with the machinery companies, when they come to present their briefs.

Mr. ARGUE: I did not have the advantage of hearing the earlier discussion, because I had to attend the committee on the bill of rights; but it seems to me from the comments I have heard that the members are of one frame of mind, that there should be an adequate and thorough inquiry, with the hope that some positive proposals will be forthcoming which will have the effect of reducing the cost of implements to the agricultural producer.

I wonder if some thought has been given to the recent increase in certain second hand machinery coming into Canada from the United States? The situation as I knew it a few months ago—and as far as I am concerned there has been no change in it that I am aware of—is that the practice of allowing the Canadian farmer to go to the United States to buy a second hand machine and to bring it in duty free is not now always necessarily the case.

If the farmer goes to the United States and, let us say, at an auction buys a cultivator for $200 and brings it back across the boundary, an assessment is made of the fair value of that cultivator, and let us say, it is valued at $600. Then the farmer is told that he must pay a customs duty of $400. So when he pays $400 on a $200 cultivator, he can bring it across the boundary.

Many farmers live within a reasonable distance of the American boundary and have been buying second hand machinery in the United States for many years; they are furious with this type of regulation which, in fact, bars them, in many instances, from buying second-hand machinery in the United States.

It would seem to me that if new machinery is to be duty-free, then all the machinery should be duty free; and that there should not be this arbitrary valuation on second-hand machinery, which has increased the cost of this machinery, in many instances, and, therefore, has increased the general cost of machinery to the farmers. I think if we reverted to the old policy of a few years ago, this would be one positive step that could be taken to reduce the cost of second-hand machinery.

The CHAIRMAN: Gentlemen of the committee, if it meets with the approval of the committee, I had in mind that we should call in representatives of the National Revenue Department at the next meeting—the Deputy Minister, if possible—for you to ask questions. Before we go on, does that meet with the approval of the committee?

Some HON. MEMBERS: Yes.

Mr. SOUTHAM: In reference to what Mr. Argue has just said, in regard to the importation of second-hand farm machinery from the United States, I think there was one statement that I do not think was put correctly. That is with regard to the machine that was purchased for the value of $200 at a farm sale in the United States, and for valuation purposes it was worth $600. That $400 is not owed to the federal government, but I think they use a formula like that to appraise a certain amount of import duty. It would not be the full $400.

Mr. ARGUE: As I understand it, yes—and I am subject to correction when the officials come. But my understanding is that there is the one assessment made.

Then the farmer is obligated to pay to the Department of National Revenue the difference between the price that he paid and the arbitrary valuation of the thing, and not the duty on that difference.

Mr. SOUTHAM: It is the duty on the difference.

Mr. ARGUE: No.

The CHAIRMAN: That is a question I believe we can ask the representative from the department.

Mr. ARGUE: It is the anti-dumping duty; and that is the whole works.

Mr. RAPP: Mr. Chairman, I had to attend another meeting earlier, but I would like to know whether it is going to be the intention of this committee to call witnesses and find out exactly why these farm implement prices go up year after year. In 1959 the corporation profits of these companies went up to an all-time high of 14 per cent profit, but, at the same time, the income of our farmers has dropped considerably. This is one reason why there is so much complaint in the farming districts, farm organizations and with individual farmers, because we never could get an explanation why our world markets were lost, due to the high cost of our implements and the fact that these profits of these corporations went up as high as 14 per cent in 1959. This committee should make a point of finding out exactly why these profits have to be so high.

The CHAIRMAN: I made a note of that at the commencement of this committee meeting, that we would call in witnesses from all farm machinery companies, farm organizations, labour, and every organization that wishes to make a presentation to this committee. They will have a free and full hand to do so.

Mr. RAPP: As I said, Mr. Chairman, I was not here at the beginning.

Mr. FORBES: Mr. Chairman, if we recommend that a farmer in our particular area appear before this committee to give evidence, would his expenses be paid, or would he pay his own?

The CHAIRMAN: I wonder, Mr. Forbes, whether it would be better for the committee to call individual farmers, or let them come through the Department of Agriculture and the farm unions? I have in mind that when the humane slaughter of animals came up last session I had requests from about five or six hundred individuals, requesting the right to appear before this committee, which was an impossible situation. I am afraid that if we call in individual farmers there might be 1,000 or 2,000 would want to come in to present their views.

Mr. KINDT: Mr. Chairman, I think as a procedure of this committee we ought to have a few dirt farmers. Above all, in my district of Alberta, in my constituency in Alberta, where there is one-third of the wheat of Alberta produced, I would think this committee would be missing the ball completely if they did not bring in a couple of farmers from that area, who can speak on a lot of matters concerning the price of farm machinery.

The CHAIRMAN: I fully realize and appreciate that fact, but what about the other areas across Canada?

Mr. SOUTHAM: To keep the records straight, Saskatchewan produces as much wheat as Alberta and Manitoba put together.

Mr. CLANCY: Am I correct in understanding that the committee has decided that it is a consolidation of available information that is going to be gathered up and sent to us later, in the fall?

The CHAIRMAN: That is it. Are there any other comments regarding the individual farmers?

Mr. GUNDLOCK: Mr. Chairman, I have just a little more to add to what Dr. Kindt said. I think we have a pretty good representation of farmers right around the table, here.

Mr. McINTOSH: Because of the fact that farming varies according to climatic conditions, individual areas and the type of soil, if you are going to have farmers, you have to hear representations from all of them. What I would suggest, as Mr. Rapp suggested, is that you have the farm implement companies in first to give their story as to why they think the cost is what it is. I do not think the farmer is concerned with the individual company, but he is concerned with why the price is so high, generally. Let us hear the manufacturers first, and see if they can substantiate their high costs.

Mr. KINDT: I think you should hear the grass roots farmer first, because he is the one who can say how it affects him.

Mr. CLANCY: I have 250 opinions in my office.

Mr. NASSERDEN: I think we could learn more about this from the implement dealers than anybody else. They are close to the farmer, and they have to make deals, and they have to deal with the manufacturer as well. Many of them have gone broke during the last few years, and those who have survived have a pretty good idea in their minds why they have. I hope they or their associations will be invited to make representations—that is, separate and apart from the manufacturing companies—because they have to enter into the question of prices with these companies, and they have to sell their implements to the farmers.

Mr. COOPER: I have sent out letters to all municipalities, municipal councils, and I am getting them back now. I have not all of them filed. The trend, right from the start, is that, first, the high cost of labour is putting the machinery prices up. The second is that there should be a complete audit of the machine manufacturing companies for excess profit. The third—which I do not agree with, because I have lived in the business—is high profits to implement dealers. I know that implement dealers are going broke all over the country, just by taking in too many trade-ins. The one thing that is common to all the letters is the high cost of labour, that is the one thing common to all the letters I have received so far.

Mr. PASCOE: Mr. Chairman, we have been talking here about bringing the grass roots farmers in, to make an enquiry of them here. We are going back to the grass roots pretty much ourselves this summer, and I wonder if before we leave we might not draw up a form of inquiry we should pursue in our constituencies, to help ourselves and the committee. It is just a suggestion.

The CHAIRMAN: That is a very good suggestion.

Mr. KORCHINSKI: I was in on another committee earlier this morning, and I missed a bit of this one. What is the purpose of this meeting this morning, to set out what we think we should do in this committee in the future?

The CHAIRMAN: Just ideas, Mr. Korchinski.

Mr. KORCHINSKI: I would certainly not agree entirely with the suggestion of Dr. Kindt, to the effect that we should call in individual farmers to appear here, first of all. We have a good scattering of farmers right in this committee. There are members here who have been farmers for years. They have their own accounts, and they have a fairly good idea where some of the profits are going. I will go along with the suggestion made by Mr. McIntosh and, I think, by Mr. Rapp, that we should start from the top, and see what the implement agents or machine companies have to say, and then go on down the line.

Then, after that, if we find there are certain problems which seem to conflict, we could recall some companies, if we think we can gain more information. In the meantime, I am sure that some of us are going to visit some of our own farm friends in our constituencies, to get their ideas, because they have

ideas of their own. We can discuss this question with them, and I am sure we can get suggestions from these companies and agents. I suggest that is another course we should follow.

Mr. ROGERS: Following up what has already been said, I think the steering committee should prepare a statement of questions for us to ask our farmers on the cost of production.

Then, there is one other thing. I think, when we have the implement companies here as witnesses, we should find out why they are so model conscious. I think that concerns a lot of our trouble. There is a new model every year, and the price goes up. However, they do not put out any better machinery.

Mr. REGNIER: I think Mr. Rogers raised a good point. It is my feeling that they are trying to operate in the same way as the people who sell automobiles. They put fancy gadgets on tractors in order to compete with other companies and, thereby, endeavour to force the farmer to obtain the latest model. I think this matter should be given serious consideration.

The CHAIRMAN: Have you any comments, Mr. Lahaye?

Mr. LAHAYE: Mr. Chairman, I am not able to understand all what is said on this subject because I have difficulty in understanding this language. However, I have an example which I would like to give to you at this time, and it concerns one reason for the high cost of farm machinery today.

During the spring, when I was engaged here in Ottawa, my son was obliged to change the tractor. The dealer came to my home and gave a price of $2,400 for the change.

As we needed a new tractor, my son accepted delivery, and continued his spring work with it. When I arrived home he presented the problem to me. The dealer returned to my home and, after discussing the price further, he agreed to make the change for a straight $2,000. I still do not know whether he was making a higher profit than what he was entitled to make, and I think that is an illustration of the high price which farmers pay for machinery.

The CHAIRMAN: Thank you, Mr. Lahaye.

Are there any further comments?

Mr. KORCHINSKI: There is one further thought I would like to put before the committee.

The farmers seem to be experiencing difficulty in obtaining parts. Sometimes certain equipment is not used to a large extent and, although, in some cases, the machinery is still in fair condition, they are faced with the problem of having to wait for months, on occasions, for parts. It occurs sometimes, in desperation, the farmer will buy another piece of machinery. Apparently, the contract states that the machine companies do not have to keep parts for a period in excess of 10 years. In my own case, I had a tractor, and we had to wait for several months before we could get a part—and it was not 10 years old.

If you look into this matter, I think you will find many other cases in other areas, where you do not have a central distributing point handy. I know it would be appreciated if this type of problem could be gone into very thoroughly. Again, that is the problem with which we can deal when the machine companies appear before the committee.

The CHAIRMAN: Well, gentlemen, this meeting was called especially for the purpose of getting the opinion of different members of the committee, in order that the steering committee could take it on from there.

It is now getting near the time when the house will open.

Mr. NASSERDEN: Before we close, Mr. Chairman, I think that after we have called the companies and the dealers we should, maybe, call on some of the labour organizations that work in these manufacturing plants.

The CHAIRMAN: They have been in touch with us.

Mr. SOUTHAM: Before we close, Mr. Chairman, I think we should follow up that which Mr. Korchinski, and other members of the committee, have mentioned. Mr. Henderson, as well, mentioned it, in connection with the Peace river area. It concerned farm machinery repairs, and their costs. That concerns an important part of this whole study and, I think, it relates, of course, to what has been mentioned here by Mr. Regnier of St. Boniface, when he mentioned the fact about machine companies competing with one another in the same way as car companies do, by coming out with new models every year, with the result that the keeping of repairs in stock for the previous 10 years would entail a lot of investment in connection with stock and repairs.

I think one of our chief recommendations should be that we have a uniform type of farm equipment and uniform parts in order that there will not be a lot of stock. I think this subject is secondary to the whole cost of farm machinery.

Mr. SMALLWOOD: Will that not be a matter we can discuss when the machine companies are before us?

Mr. SOUTHAM: It is a question upon which I wanted to put the greatest emphasis.

Mr. HOWE: Mr. Chairman, I think one of the difficulties in connection with the farm machinery business today is the lack of uniformity in pricing between dealers. A farmer will go to one town to buy a machine; he finds out the price, and then goes to another town, where the same machine will be $50 less. The price all depends on the dealer, and I do not think that leads to any stability or any good feeling amongst the farmers. They never know when they have bought a piece of equipment at the right price and, therefore, I think there should be some uniformity in the pricing of these machines.

The CHAIRMAN: That would be a matter to take up with the machine manufacturers and the dealers.

Mr. MCINTOSH: Mr. Chairman, this same question has been discussed quite thoroughly in the banking and commerce committee, in connection with the Combines Investigation Act. Some statements referred to here, in regard to dealers keeping repairs handy to the farmer, has been discussed also, under the topic of "service". Now, apparently, the consumers association of Canada feel they do not want this type of service which machine companies and other retailers have been offering. They want to keep the cost down. I think another factor to take up with the machine companies would be their ideas in connection with servicing, whether they should keep these repairs, for how long, and what the cost of that is.

The CHAIRMAN: Gentlemen, an important witness will be here from the Department of National Revenue. I will get in touch with the minister in an endeavour to get the best possible witness. As soon as they can make arrangements to come, we will be calling another meeting.

Also, I wish the committee would give some thought to the suggestion of Dr. Kindt, in regard to the suggestion that we should bring in individual farmers.

Mr. KORCHINSKI: One more suggestion, Mr. Chairman.

In the province of Saskatchewan we have a series of conducted tests on machinery, and I wonder if we could not bring in some representative who could give us some information along that line.

The CHAIRMAN: The hearings will be open to all organizations who wish to come and present their briefs.

Thank you, gentlemen. We will adjourn now, and the next meeting will be at the call of the chair.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

PROCEEDINGS

No. 12

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PRICES OF FARM MACHINERY

TUESDAY, JULY 19, 1960

WITNESSES:

From the *Department of National Revenue, Appraisers Branch:* Messrs. D. W. McGill, Director; J. J. A. Lefebvre, Machinery Section Head and J. T. Wimble.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23522-6—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

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

and Messrs.

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Badanai,
Barrington,
Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Clancy,
Cooper,
Danforth,
Doucett,
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Dupuis,
Fane,
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Godin,
Gundlock,
Hales,
Hardie,
Henderson,
Hicks,
Horner (*Acadia*),
Howe,
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Korchinski,
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McIntosh,
Michaud,
Milligan,
Muir (*Lisgar*),
Nasserden,
Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rogers,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, July 19, 1960.
(23)

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

Members present: Messrs. Argue, Boulanger, Brunsden, Campbell (*Lambton-Kent*), Clancy, Cooper, Danforth, Doucett, Dubois, Fane, Forbes, Gundlock, Henderson, Hicks, Horner (*Acadia*), Howe, Kindt, Knowles, Korchinski, Lahaye, McIntosh, Milligan, Noble, Pascoe, Phillips, Rapp, Regnier, Rompre, Southam, Stanton, Thomas, Tucker and Villeneuve.—33

From the *Department of National Revenue, Customs Appraisers Branch:* Mr. D. W. McGill, Director; Mr. J. J. A. Lefebvre, Machinery Section Head and Mr. J. T. Wimble.

The Committee proceeded to question the officials on the tariffs on farm machinery.

The chairman thanked the officials for their appearance.

At 10.45 a.m. the Committee adjourned to the call of the Chair.

Clyde Lyons,
Clerk of the Committee.

23522-6—1½

EVIDENCE

TUESDAY, July 19, 1960.

The CHAIRMAN: Gentlemen, I believe we now have a quorum and can proceed with the deliberations of this committee.

We are fortunate to have with us this morning two representatives from the National Revenue department, in the person of Mr. D. W. McGill, who is the director, and Mr. J. J. A. Lefebvre, who is the machinery section head. We also have Mr. J. T. Wimble, a customs appraiser.

I shall ask Mr. McGill first if he cares to make a few remarks before we start our discussion. Mr. McGill?

Mr. D. W. MCGILL (*Director, Appraisers Branch, Department of National Revenue*): Thank you, Mr. Chairman and gentlemen. In appearing before you this morning I am reminded that when I was a young fellow and first joined the department, you asked the then chief appraiser to appear before you. Three days later he decided to put in his resignation. So if that should occur following this morning, I hope you will give me an appointment to the Senate.

We are here to answer questions. We have not seen your agenda so we shall do our best to assist you. Thank you.

The CHAIRMAN: Have you any remarks to make, Mr. Lefebvre?

Mr. J. J. A. LEFEBVRE (*Machinery Section Head, Appraisers Branch, Department of National Revenue*): No, thank you; I have nothing to add.

The CHAIRMAN: Then we shall throw the meeting open for questions.

Mr. CLANCY: I wonder if we could have a brief outline on the importation of farm machinery, and the question of duty, on machinery both new and second hand.

Mr. MCGILL: You mean the rates of duty?

Mr. CLANCY: Yes.

Mr. MCGILL: The rates of duty are prescribed in some detail in tariff items 409 to 409-V, both inclusive.

There is one basket provision covering agricultural machinery, and agricultural implements which are not specified by name, and that is the provision at the very bottom of tariff item 409-F.

Mr. KORCHINSKI: Could you indicate briefly what tariff items 409 to 409V are?

Mr. MCGILL: Yes. Tariff item 409 covers cream separators and complete parts therefor, including steel bowls.

409A covers milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of the foregoing.

409B covers cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing.

409C covers (1) ploughs and parts thereof; (2) farm or field rollers and parts thereof; (3) lawn or garden rollers and parts thereof; (4) soil packers and parts thereof.

409d covers mowing machines, harvesters, either selfbinding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing.

409E (1) covers spraying and dusting machines and attachments therefor, including hand sprayers, for agricultural or horticultural purposes; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges and poisonous cartridges for such apparatus; automatic explosive bird-scaring devices; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; parts of the foregoing.

409E (2) covers combination bagging or boxing and weighing machines, and grading, grating, washing and wiping machines for fresh fruit or fresh vegetables; highpilers not including fork lift trucks, box dumpers, box or bag fillers, all for use in packing and storing fresh fruit or fresh vegetables; machines for making or lidding boxes for fruit or vegetables; machines for topping vegetables; machines for bunching or tying cut flowers, vegetables or nursery stock; egg-graders and egg-cleaners; silage caps; parts of the foregoing.

Mr. THOMAS: Might we have the rates along with the items?

Mr. MCGILL: They have all been free, so far; I mean, free under the most favoured nation tariff.

Mr. GUNDLOCK: Is this all for new machines?

Mr. MCGILL: No, this includes new or used.

Mr. SOUTHAM: At the last meeting a discussion came up concerning people going across the line and buying used American farm machinery and importing it into Canada. There was apparently some criticism directed at your department concerning the rates of duty. Could you explain the procedure a little more clearly?

The CHAIRMAN: I suggest that Mr. McGill be permitted to finish his statement before we start to ask questions.

Mr. MCGILL: That is another subject.

Tariff item 409E (3) covers binder twine; wire and twine for baling farm produce.

409F covers the following: animal clippers; automatic stock watering devices (not feeders); barn hay forks, carriage, pulleys and track; barn litter carriers and track; combination excavating and transporting scraper units; egg cooling cabinets; elevators (other than storage elevators); grain crushers; grain or hay dryers; grain or hay grinders; grain loaders; gravity discharge farm wagon boxes; hitches and couplings; hydraulic hoists for unloading vehicles; land levellers; machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; milk coolers; sodium metabisulphite; sprinkler irrigation systems; steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlors; all the foregoing for use on the farm for farm purposes only. Then brooders; ensilage cutters; fodder or feed cutters; hay loaders; hay tedders; post hole diggers; potato diggers; potato planters; snaths; stumping machines; all other agricultural implements or agricultural machinery, n.o.p.; and parts of all the foregoing.

409g covers incubators for hatching eggs; poultry sex testers; parts of the foregoing.

409h covers hay presses and complete parts thereof.

409i covers scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes; n.o.p.

409j covers fanning mills; peaviners; corn husking machines; threshing machine separators, including weighers, wind stackers, baggers and self-feeders therefor; and complete parts of all the foregoing.

409k covers windmills and complete parts thereof, not including shafting.

409l covers traction ditching machines (not being ploughs) and complete parts thereof.

409m (1) covers internal combustion tractors other than highway truck-tractors; accessories for such tractors, n.o.p.; and parts of all the foregoing.

409m (2) traction attachments designed to be combined with automobiles in Canada for use as traction engines and parts thereof.

409n covers portable engines with boilers, in combination, for farm purposes; horse powers; complete parts of all the foregoing.

409o covers equipment for generating electric power for farm purposes only, viz; engine, gas tank, generator, storage battery, and switchboard or panel; and complete parts of the foregoing.

409p covers pasteurizers for dairying purposes and complete parts thereof. The duty is 15% M.F.N.T.

409q (1) covers auxiliary internal combustion engines incorporated in or attached to, or to be incorporated in or attached to, agricultural implements or agricultural machinery; and parts of the foregoing.

409q (2) covers electric motors incorporated in or attached to, or to be incorporated in or attached to, agricultural implements or agricultural machinery; and parts of the foregoing.

409r covers milk evaporators and milk driers for dairying purposes and parts thereof. The duty is 7½% M.F.N.T.

409s covers poultry processing equipment, namely: plucking, scalding, washing, singeing, eviscerating and packaging equipment; and parts of the foregoing. The duty is 5% Gatt.

409t covers axles, belts and belting, bolts, brushes, chains, hinges, nuts, pulleys, rivets, screws, washers; all of the foregoing when for use with the goods entitled to entry under tariff items 409, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409l, 409m, 409n, 409o and 409q.

409u covers articles and materials, including carrying cases, for use in the processing, storing and insemination of animal semen.

409v covers roofs, chutes, ladders, wall sections with or without doors incorporated therein, materials and parts; all of the foregoing, of metal, for the construction or repair of silos for storing ensilage. The duty is 17½% M.F.N.T.

The CHAIRMAN: Are there any questions gentlemen?

Mr. MCGILL: There is one thing which I perhaps should add; tariff item 442 provides for duty free entry of any articles or materials which enter into the cost of the manufacture of virtually all the equipment I have already enumerated.

Mr. Wimble has drawn my attention to the fact that tariff 439c specifically provides for farm wagons, including four-wheeled farm wagons equipped to be tractor-drawn; farm sleds; logging wagons; logging sleds; and complete parts of all the foregoing. And it provides for free entry under the British preferential tariff, but at a duty rate of 15 per cent under the most favoured nation tariff.

Mr. KORCHINSKI: The list was quite impressive, Mr. Chairman. I wonder if Mr. McGill could tell us if he has received requests in respect of major pieces of equipment for inclusion in that list. I cannot think of any offhand that do not appear in the list, but I was wondering if there was anything that is not included in there.

Mr. MCGILL: Frankly, that does not come under the Department of National Revenue. The Department of Finance suggests amendments to the Customs Tariff. In the brief of the Canadian Federation of Agriculture there are numerous requests for changes.

Mr. RAPP: What is the date of the brief?

Mr. MCGILL: The date is October 20, 1959, with a supplement dated February 12, 1960.

Mr. BRUNSDEN: How does the department differentiate between entries for agriculture and entries not directly for agriculture? You made that distinction a moment ago.

Mr. MCGILL: If an article is provided in a tariff item, without qualification, that may be used any place; for instance, a plow that may be used on a railroad siding. It would still be entitled to free entry.

Mr. PASCOE: Mr. Chairman, my question was along the line of the question asked by Mr. Southam, but perhaps Mr. McGill could be a little more elaborate. At our last meeting it was suggested that a farmer bought a cultivater at an auction sale for $200, and it was appraised at a fair value of $600, and he had to pay $400 difference before he could bring it in. Would you comment on that situation?

Mr. MCGILL: Yes. Firstly he could not be assessed more than 50 per cent of the appraised value, so the maximum could not be more than $300.

Would you like me to say a word or two in regard to the method we use in appraising agricultural machinery?

The CHAIRMAN: Yes. I think that is what the committee desires to know. Have you a question, Mr. Gundlock?

Mr. GUNDLOCK: Yes, but proceed. I was just trying to catch your attention, Mr. Chairman.

Mr. MCGILL: Used equipment is appraised in accordance with section 38B (ii). That section reads in part: "wherein any case or class of cases the goods imported —" and I am skipping parts of it; "— are used goods, the overall duty shall be determined in such manner as the minister prescribes." So, all used equipmenat has to be appraised under section 38B (ii).

Mr. PASCOE: I would like to just follow that point up. Where a farmer paid $200 for a cultivator and it was assessed at $600, how much would he have to pay to bring this in?

Mr. MCGILL: If it were valued at $600, did you say?

Mr. PASCOE: Yes, and he paid $200. It was a cultivator.

Mr. MCGILL: If it were of a class or kind made in Canada it would be free of duty and exempt from sales tax, but it would be subject to a special or dumping duty to the amount of $300.

Mr. PASCOE: He would have to pay $300 more?

Mr. HORNER (*Acadia*): He would have to pay $100 more.

Mr. KORCHINSKI: Would he have to pay $100 or $300?

Mr. MCGILL: It would be in addition to the $200 that he has already paid. He has not paid that to the department. There is no regular duty. There is a special or dumping duty on goods of a class or kind made in Canada.

I believe you are dealing with an extreme case. I do not know of any instance in recent months, at least, where any farmer has gone across the line and bought equipment at an auction where it has been increased three times in value, as has been suggested.

Mr. SOUTHAM: This is exactly the situation I was worrying about, because a particular member of this committee stated that he knew of a particular instance where a farmer at an auction sale across the line in North Dakota paid $200 for a cultivator and in bringing it back into Canada, had to pay $400 more. That statement has wide ramifications, and I do not think that impression should be left among the farming population. We would like to know the policy that is involved in regard to this dumping duty, and have the situation cleared up. Could you give us an explanation of this duty?

Mr. McGILL: May I explain how we appraise used machinery? I have something written out here, and if you do not mind I will just read it:

> Used goods are appraised on the basis of the present replacement value now in accordance with the provisions of the customs act, less allowances for:
>
> (*a*) obsolescence, where warranted
>
> (*b*) depreciation based on the usual life expectancy of the machine or equipment, for the period in use
>
> (*c*) condition, if below average for the period in use.
>
> Following the deduction of the allowance for obsolescence, allowances for depreciation and condition are made consecutively from the preceding balance.

In other words, we endeavour to determine the present replacement value of used machinery and make allowances for obsolescence and depreciation depending on the average life expectancy of the equipment.

Dealing with agricultural machinery, except in the case of items I mentioned as being dutiable, there would be no regular duty and no sales tax, but if the equipment is of a class or kind made in Canada it would be subject to dumping duty, or a spectial duty, equal to the difference between the appraised value and the importer's purchase price translated into Canadian funds, but not exceeding 50 per cent of the appraised value.

Again, Mr. Chairman, and gentlemen, I say that one isolated case—I say this respectfully—may crop up, but I just do not know of any instance where a private purchase at an auction has been increased by $300. I am not doubting the member's word at all, but I just do not know of this type of thing.

Mr. SOUTHAM: This statement was made and it sounded rather exorbitant to me. There appears to be quite a hardship on the individual who goes across the line and has the good fortune to pick up a piece of machinery at a reasonably good price, but has to pay what he feels is an exorbitant rate in respect of dumping duty. That is where the bone of contention is. If a man picks up a cultivator for $300, which is appraised at $500, he would have to pay $100, which is 50 per cent of the difference between what he paid across the line and the appraised value, and he would therefore be paying an additional $250.

Mr. McGILL: He may not pay more than 50 per cent of the appraised value.

Mr. SOUTHAM: That would be $250?

Mr. McGILL: That is right. He pays the difference between his purchase price, translated into Canadian funds, and the appraised value, but it may not be more than 50 per cent.

Mr. SOUTHAM: If the appraised value was $500 he would have to pay $250 in dumping duty, is that right?

Mr. McGILL: If his purchase price were less than $250 he would have to pay $250 dumping duty.

Mr. MILLIGAN: Would this apply to a farmer purchasing equipment, or to dealers?

Mr. McGILL: Mr. Chairman, that is an embarrassing question, to be frank. May I suggest that there have been no instances, except possibly one isolated case, where a man has purchased agricultural machinery at an auction and has been required to pay anything like 50 per cent dumping duty.

Mr. MILLIGAN: The reason I asked that question is because I have bought machinery in the United States from a dealer, and there was no question about my bringing it over.

I know a friend of mine who was over in the United States and bought a baler from a dealer, not more than a month ago, and there was no question about him bringing it back. This was used machinery. Whether this practice applies to people other than farmers, I do not know.

Mr. DOUCETT: Would there be any dumping duty charged in respect of used machinery, which is not covered in the list of articles, which come in free of duty? If a farmer went over to the United States and bought a piece of machinery for 25 per cent of its value, would there be a dumping duty charged in respect of it?

Mr. MCGILL: Mr. Chairman, there legally and technically could be dumping duty if the equipment were of a class or kind made in Canada, and if the importer's price was less than our appraised value.

Mr. GUNDLOCK: I would like to go back to that phrase "all other agricultural implements".

Mr. MCGILL: Yes.

Mr. GUNDLOCK: I have in mind a particularly miserable situation in regard to an automatic stock waterer, which was duty free, and an automatic stock feeder, on which I paid duty. How do you explain that, keeping in mind the phrase, "all other agricultural implements"?

Mr. MCGILL: I would explain it this way; personally I do not think an automatic stock waterer or an automatic stock feeder are considered as implements, although if they were mechanical they would be machinery. The top half of tariff item 409F provides, and covers, automatic stock waterers. If an automatic stock feeder were mechanical in operation we would include it as agricultural machinery in the lower part of tariff item 409F.

Mr. GUNDLOCK: Then it would be what?

Mr. MCGILL: It would then be free of duty.

Mr. GUNDLOCK: It would be free of duty?

Mr. MCGILL: Yes. Is the one to which you refer mechanical, or is it a gravity type?

Mr. GUNDLOCK: It is a gravity type.

Mr. MCGILL: We would claim then, with respect, that there is no provision in the tariff item in regard to it, because it is not an implement and not machinery.

Mr. GUNDLOCK: There are a lot of people who would argue with you in regard to the definition of the word "implement".

Mr. MCGILL: And they do.

Mr. GUNDLOCK: I am not joking, because I went into this situation quite thoroughly a couple of years ago. I found several definitions of the word "implement" in the dictionary, and an automatic stock feeder certainly qualifies, as an implement, as much as or more than a pitchfork would, for instance.

Mr. HICKS: Surely an automatic grain feeder is mechanical?

Mr. MCGILL: An automatic grain feeder ordinarily would be mechanical, and that is why I asked if it was a gravity type.

Mr. HICKS: Would a gravity type not be mechanical as well?

Mr. MCGILL: Mr. Chairman, we have to be governed to some degree by decisions of the courts and the Tariff Board, because any decisions we make are subject to appeal. The Tariff Board in March, 1950, said that stanchions and equipment for milking parlours were not implements. Subsequently they have been provided for in the act.

Mr. GUNDLOCK: I would like to go a little bit further in this regard. When I was dealing with the situation in regard to the automatic stock feeder, we

went around and around the circle twice, and finally, after trying everything else, the answer I was given was that it was of a kind or class made in Canada.

Mr. McGILL: With due respect, that is not the answer I would give you, because class or kind would not enter into the classification of that item.

Mr. GUNDLOCK: I received that answer finally in a letter from the Minister of Finance, and I think it is a damn miserable situation.

Mr. FANE: Mr. Chairman, I would like to ask a question about grain driers. Last year, as you know, there were a lot of grain driers brought in, and they all carried a duty. They were agricultural implements. They all had working parts, and they were not gravity machines. How is it that they all carried a duty?

Mr. McGILL: You are referring to grain driers in use on the farm?

Mr. FANE: Yes.

Mr. McGILL: I cannot answer your question, because they are duty free, and specifically provided for in the top half of tariff item 409F.

Mr. FANE: They are now, do you say?

Mr. McGILL: Yes.

Mr. FANE: There is one more question I would like to ask. The cooperative seed cleaning association desired to put a grain drier into operation. Only farmers could be shareholders, and they had to pay duty on it. They tried to get the duty off that, and the duty was, I think, cut down to 7½ per cent. But that is an agricultural implement both for the use of and by farmers in a cooperative undertaking; and how is it that they had to pay duty on that?

Mr. McGILL: Mr. Chairman, this is a grain drier?

Mr. FANE: Yes, that was a grain drier.

Mr. McGILL: I would suggest the reason was because the statute stipulates grain driers must be for use on the farm.

Mr. FANE: On the farm?

Mr. McGILL: Yes, on the farm.

Mr. FANE: This was in a seed cleaning plant run and operated by farmers for the farmers in their district. I still say that should be an agricultural implement.

Mr. FORBES: Mr. Chairman, on that point, there is a number of pieces of equipment, dealing with the United States, that are duty free provided the purchaser takes out an affidavit that the goods are to be used for agricultural purposes. I mean, electrical motors, small gas engines, and so on. Is there not a clause in the act to that effect?

Mr. McGILL: Yes, provided they are to be incorporated in or attached to agricultural machinery.

Mr. FORBES: Mr. Brunsden asked a question along that line, the same as a number of other articles. If you take an affidavit at the time your purchase it that it is for agricultural purposes, then it is duty free; but some pieces of equipment could be for commercial purposes.

Mr. McGILL: They are not necessarily duty free because an affidavit has been taken out to that effect. They have to be for incorporation in the agricultural machine or a mounting on the machine.

Mr. KORCHINSKI: Suppose a farmer purchased a piece of equipment, with the intention that he was to use it on the farm, and after using it for a brief period found it was not exactly what he wanted, and sold it then into some commercial or industrial field; is that permitted?

Mr. McGILL: The great bulk of agricultural equipment is specified by name as being duty free without any use concept at all. There are some items which have to be for use on the farm or for farm purposes only. If machinery

were imported under that certificate or that entry right, and was diverted within a reasonable period of time, we would expect the duty to be paid on it.

Mr. KORCHINSKI: Is there any restriction placed at the time the equipment is brought over, instructions issued at that time?

Mr. MCGILL: If I may say so, there could hardly be instructions issued in that respect. But if we found a man bringing in machinery under the top half of tariff item 409f one day and diverting it shortly after to another use, he would become suspect with us.

Mr. HORNER (*Acadia*): Where would you classify portable stock scales? I have had correspondence with ranchers who wish to bring in portable stock scales for testing the weights of calves periodically during the summer.

Mr. MCGILL: We are given no option, because tariff item No. 461 specifically provides for scales, and they have to go there.

Mr. HORNER (*Acadia*): They have duty on them?

Mr. MCGILL: Yes, 20 per cent under the most favoured nation.

Mr. HORNER (*Acadia*): They are not classified as farm machinery?

Mr. MCGILL: No, because they are specifically provided for.

Mr. HORNER (*Acadia*): I can understand where those scales may not be, but portable stock scales have the scales fixed right on top of them.

Mr. MCGILL: The provision for agricultural machinery is qualified by the letters N.O.P.—"not otherwise provided for". Therefore, our interpretation of the statute is item 461, which specifically provides for scales.

Mr. HORNER (*Acadia*): What does it say in regard to scales? Does it classify scales at all, under No. 461?

Mr. MCGILL: No, it just says, "scales, balances, weighing beams".

Mr. HORNER (*Acadia*): That is all?

Mr. MCGILL: Yes, that is all.

Mr. HORNER (*Acadia*): It makes no stipulation as to what the scale has to be used for?

Mr. MCGILL: No, it does not.

Mr. HORNER (*Acadia*): Would not the scale then apply the same way as the gasoline motor? Would you not think if the declaration could be made that it was to be used strictly for agricultural purposes, that it should then be duty free, the same as you buy a gasoline motor and use it on a machine on the farm and get it duty free?

Mr. MCGILL: They could do so if parliament saw fit to amend the statute, as they did for electric motors and gasoline engines. There are more than two provisions for electric motors and gasoline engines, but the main two are one for agricultural use and one for other use. But there is only one—and, again, I am speaking generally—item in the tariff providing for scales, and that is tariff item 461.

Mr. HORNER (*Acadia*): That just states for all scales, whether for agricultural use or not?

Mr. MCGILL: Yes.

Mr. HORNER (*Acadia*): I think it needs a bit more clarifying and detail.

Mr. MCGILL: If I could suggest this, that should be a matter of submission to the Department of Finance, to the Minister of Finance.

Mr. HOWE: Mr. Chairman, I wonder if Mr. McGill could tell us how the rate of duty is arrived at in regard to the class of goods that are made in Canada, coming across? Is it based on dealer prices or retail or wholesale prices? How is that rate of duty arrived at?

Mr. McGILL: The rate of duty is calculated on a valuation—and if I might speak now of new equipment rather than used equipment—on the valuation determined in accordance with section 36 and 37 of the Customs Act, which, briefly, specifies that the valuation shall be the same as would obtain if the Canadian were in the United States, at the same trade level, buying the same quantity under the same conditions and at the same time and place. In other words, if the man is a dealer he may not pay duty on a lower value than a dealer in like circumstances would have to pay if he were in the United States and buying. Is that clear, or am I confusing it?

Mr. HOWE: In other words, a dealer may import machinery, but it has to be bought at the same price as he would pay the manufacturer. The duty has to be brought up to the same price. The duty is added on to the cost that he pays over there—or the same price as the dealer would buy from a manufacturer in Canada, is that it?

Mr. McGILL: No, that has nothing to do with it. The simplest way of explaining it is to move the Canadian over to the foreign market, and find out what he would have to pay at his trade level, buying the same quantity under the same conditions and at the same time and place in the United States. If he were a dealer he would have to pay at the dealer value; if he were a user he would have to pay on the user value. If he were a distributor he would be granted values in accordance with what the distributor would have to pay in the United States market.

Mr. REGNIER: And for used machinery?

Mr. McGILL: That is a little different because the minister has the right of appraising it under section 38 (b) (ii) of the act, and we determine the replacement value, new, when purchased by the same class of customer, and allow depreciation.

Mr. KINDT: Some machinery companies build certain machines in the United States to supply both their United States market and the Canadian market. Likewise, certain machine companies build machines in Canada to supply both the Canadian market and the United States market.

Mr. McGILL: Yes.

Mr. KINDT: With the removal of the tariff, what has been the pattern of development in the making of machines in Canada and in the United States; and what is the net position in Canada with respect to the manufacturing of machines?

Mr. McGILL: Gentlemen, I have studied economics, but I am not a practising economist. You may have read the article by Dr. Keenleyside, prepared when he was proposing the same in so far as the automobile companies were concerned. I am not in a position to reach a decision on this, but Dr. Keenleyside, who has studied this, thinks it works very well in the agricultural field and suggested the same thing for the automotive field.

Mr. KINDT: I do not think we want a vague answer for that. If the Department of Finance cannot come up with some figures on what the net position of Canada is at the present time with respect to the manufacturing of machines, it is high time something was being done to make a study and arrive at those figures, because the tariff on machines has been removed. We are all the way from three-quarters of a billion to 1.3 billion deficit on trade in the United States. What I want to know, as a supplementary question, is, to what extent has the removal of tariff brought about this adverse trade balance with the United States?

Mr. McGILL: It is not my intention to give a vague answer. I am not with the Department of Finance, and that is the Department which would study questions of trade balance, and so forth, with regard to the incidence of tariffs. I am with National Revenue, and we are administrative only.

Mr. THOMAS: On a point of order, Mr. Chairman, I do not think the committee should put the witnesses on the spot by asking them questions which deal with policy. We could call the Minister of Finance here, or the Minister of National Revenue, and question them.

The CHAIRMAN: Yes.

Mr. CLANCY: This is a minor question, but, for instance, there are things that come in for agricultural use which also come in for ordinary, industrial use, shall we say. Supposing as a farmer I went to a dealer or importer who was importing normally for other than the agricultural market and had paid duty on an electric motor. If I take it out for agricultural use, can I recover that duty?

Mr. MCGILL: May I repeat your question, to make sure I understand it. If you are an industrial importer and you bring in electric motors which are subsequently sold for use as specified in the agricultural schedule, you have two years in which to recover the duty.

Mr. KINDT: I would like to ask a supplementary question to the one I have raised. While it is true it is a policy question, it must have been a policy question that came up in the Department of National Revenue. Is it not possible, or is it not a fact that the importation of machinery and the trade both ways in machinery, across the line, is regarded in terms of dollars by the Department of National Revenue?

Mr. MCGILL: No, in dollars by the Department of Trade and Commerce, through the Dominion Bureau of Statistics.

Mr. KINDT: May I ask one other question, while that point is still before us. Who then should we ask to come before this committee to make enquiries concerning that point? I suggest we make a mental note, at least, to have those people prepare a statement on this question, and also instruct our economists who are working on studies in connection with this machine study, to be prepared to answer those questions.

The CHAIRMAN: I think, Dr. Kindt, we would have to call in officials from the Department of Finance for an answer on that.

Mr. KINDT: I contend, Mr. Chairman, that unless we get at this kind of point we are only sweeping in the corners, when it comes to finding out what are the real problems which are behind this price-of-machinery situation and its incidence on other industries, and on the bigger and broader picture of Canadian exports and imports regarding the United States. We want to know the facts, otherwise any action we might like to predicate would be based on hearsay, hunches, vague things, and so on.

The CHAIRMAN: I think the Department of Finance and the Tariff Board should be called in.

Mr. HOWE: Further to my question of a while ago with regard to how the vaule is arrived at on machinery and goods similar to a kind that are made in Canada, if they are now, is there any examination made of the costs of these machines that are made in Canada, to know whether they are at a level that is fair to the farmer? Is such an examination made by the department in comparison with the cost of machinery made in the United States?

Mr. MCGILL: Do you have in mind the manufacturing costs?

Mr. HOWE: Yes.

Mr. MCGILL: No. The Department of Finance may do that in recommending amendments to the Customs Tariff Act for the annual budget, but I am not in a position to say whether they do or do not.

May I explain our position, Mr. Chairman? We are actually just technicians administering a statute handed to us, or statutes handed to us. One covers the rate of duty, and the other covers primarily the valuation for duty.

Mr. RAPP: Mr. Chairman, I would like to ask Mr. McGill what drastic changes have taken place in the last few years as far as tariffs are concerned or dumping duties, because it seems that in the last ten years the price for farm machinery started to run away from us. There is no question about that.

Mr. McGill very likely is familiar with the changes which have taken place over the last few years as far as tariffs are concerned, and any other rates that were applied, and which did not apply before.

Mr. MCGILL: There has been an increase in the free entry allowance in the agricultural schedule throughout the years.

Mr. RAPP: In the last ten years?

Mr. MCGILL: Yes. More items have been added, and have been provided for free entry, that is, duty free.

Mr. THOMAS: Could we have a brief history of the dumping duty?

Mr. MCGILL: I do not know if I can actually name the articles which have been added this year as against last year. But in the last budget I know that magnets were added in item 409e. That was the only change in the agricultural schedule.

Mr. THOMAS: How old was that dumping duty?

Mr. MCGILL: How old was the dumping duty? In February, 1959, the minister saw fit to cancel the regulations which exempted used equipment from the application of dumping duty under regulation 7, as established under section 6 of the Customs Tariff Act.

Mr. RAPP: I have a supplementary question: then actually there were no changes except that the list was increased or added to, as time went on?

Mr. MCGILL: That is true, with the exception of the application of the dumping duty to used equipment in February, 1959.

Mr. RAPP: That was a useful answer you have given to my question.

Mr. MCGILL: Thank you.

Mr. RAPP: From looking at the figures which you recited here, we really do not have a very clear picture, because we did not know what happened before.

Mr. MCGILL: Yes.

Mr. RAPP: But your answer has cleared up my point as far as I am concerned.

Mr. MCGILL: There has been a broadening of the free entry allowance in the agricultural implement schedule.

Mr. KORCHINSKI: I have a further question to that raised by Mr. Howe. You indicated that there is a certain appraised value set upon farm machinery; but I was not clear as to whether the department was satisfied that this was a fair value in relation to the farmer and to farm costs.

My question is this: in this appraisal that is going on, is there a set value which remains constant over a period of years—for a year or two, or for six months, or something like that?

Mr. MCGILL: Oh yes. Each case must stand on its own feet. For example, a plough may have been standing in the open field for five years, and may have become virtually rusted out. So there is no such thing as a fixed value.

Mr. KORCHINSKI: What about new equipment?

Mr. McGILL: As to new equipment, again, each case must stand on its own feet, because the market prices in the country of export fluctuate from month to month.

Mr. KORCHINSKI: In other words, there is a constant reviewing of prices?

Mr. McGILL: There is a constant reviewing of prices as to valuation, yes.

Mr. REGNIER: Who sets the price of used machinery, the inspector or the customs?

Mr. McGILL: First, it is appraised at the local office; and that is one of our difficulties, Mr. Chairman. We have many offices across the country at virtually every border point.

I would suggest that if the $600 example that the member cited was a recent one at all, it must have been done by a local customs appraiser; and I would suggest that it probably was reviewed in Ottawa and reduced. But I do not know the case.

Mr. SOUTHAM: It was not my particular case. It was brought up by another member of the committee, and it did seem to be extremely difficult, and out of proportion.

Mr. McGILL: I cannot conceive of its happening.

Mr. SOUTHAM: May I follow with a supplementary question? In answering Mr. Rapp a moment ago, it was brought out that farm machinery prices have gone up. So naturally the appraised value of secondhand farm machinery would go up as well, and as a result the government itself would be netting more by way of national revenue. Has there been a greater degree of tolerance in the appraisal of this machinery, trying to balance it up? Has there been a tendency on the part of the officials to exert a greater degree of tolerance, and to be a little more lenient with it?

Mr. McGILL: I believe that we are fully aware of a very high degree of obsolescence and depreciation in agricultural machinery, because we realize that in many cases it has been standing out in the field for years, winter and summer; therefore we do not feel that it should be appraised as rigidly, shall we say, as a piece of plant equipment which is kept oiled and in good repair, and so forth.

Mr. PASCOE: This may or may not be a fair question to ask you, Mr. McGill. I do not know. But earlier you mentioned the appraised value of farm machinery in Canada. Could you indicate how far machinery prices in Canada compare with similar prices for farm machinery in the United States?

Mr. McGILL: It is not my business to know, and if I did know, I could not use the information. By law we are concerned only with the valuation obtaining in the country of export.

Mr. FORGIE: When farm machinery is purchased in the United States for use in Canada, what about the duty on replacement parts for that machine? How is it governed?

Mr. McGILL: I shall make a statement on that subject. To my knowledge for every piece of equipment in the agricultural schedule, free entry is also provided for the parts related to that equipment, so that they may enter duty free. That includes nuts, bolts, belts—in other words, parts related to the equipment, in the case of the agricultural schedule.

Mr. DANFORTH: Returning to this question that Mr. Howe asked again, which I believe opens up a very interesting field, and from listening to Mr. McGill's answer, I would like to have, for my own benefit a clarification of my interpretation of his answer concerning the estimation for value of machinery imported of a class or kind made in Canada. Should I say, from your answer, that there would be a difference in the estimated value of the machinery if I, as a farmer, went over and purchased it, as compared to having my own per-

sonal dealer go over and purchase this machine? Would there be a difference in the duty because of the difference in the status between myself as a farmer, and my dealer, as a dealer?

Mr. McGILL: There is no difference provided in the statute at all.

Mr. DANFORTH: I cannot understand your statement when you stated it would depend on his level in the trade, if I understood you correctly.

Mr. McGILL: I beg your pardon. I see what you mean. Ordinarily there are three levels in the machinery trade. First of all, there is the distributor, secondly, the dealer, and thirdly, the user.

The Customs Act requires that we take cognizance of the importer's trade status, or of his trade level. In other words, a distributor may go to the United States and buy at the same price that a United States domestic distributor may buy it.

A dealer may go to the United States and buy at the same price at which a United States domestic dealer regularly buys it.

But a user can only buy it in the United States at the price which the United States user ordinarily pays for it.

Mr. DANFORTH: Then my premise is correct; that there are in effect three estimated values on a single piece of equipment?

Mr. McGILL: Depending on the status of the importer, yes.

Mr. DANFORTH: Depending on the status of the actual importer?

Mr. McGILL: That is correct. But there is no difference in the duty; it is a difference in the valuation.

Mr. DANFORTH: But the fact remains that on a simple piece of machinery of a class or kind made in Canada, you have three different actual duties imposed on it, when it is imported into Canada?

Mr. McGILL: No. But you have the right idea. There would be only one rate of duty, whether it be free, or an actual rate, but it may be imposed on three different valuations.

Mr. DANFORTH: That is my point. The same piece of machinery could have three different valuations when coming into Canada?

Mr. McGILL: That is correct, and it applies not only to farm machinery, but also to chemicals, textiles, aircraft, or anything else.

Mr. NOBLE: Would it not depend on the invoice as presented at the border? Surely it would have nothing to do with the dealer, or the farmer; it would depend on the invoice.

Mr. McGILL: The value as shown on the invoice, according to the regulations, must be not less than what the domestic customer in the country of export would have to pay for it, in the same particular circumstances.

Mr. NOBLE: Supposed a farmer had a friend over the line who was a distributor. Might that farmer not have the advantage of the same valuation that would accrue to his friend, the distributor, on a given piece of farm machinery?

Mr. McGILL: Technically, yes. But section 36 of the Customs Act requires that we know the status of the importer.

Mr. McINTOSH: Following up the same thought, Mr. McGill referred to rules and regulations. Are these three different prices or appraisals covered in the act, or is it a ruling by regulation? And if it is a ruling by regulation are these approved by the Department of Justice at the time, because, to a layman, quite often these rulings and regulations seem actually to contravene the act?

Mr. McGILL: This is contained right in the Customs Act, section 36.

Mr. McINTOSH: What does that section say about the three different appraisals?

Mr. McGILL: This is rather a long section.

Mr. McINTOSH: Just give us the portion that refers to the appraisals.

Mr. McGILL: I will have to read section 36 (1) (*a*), which reads:

> the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the fair market value, at the time when and place from which the goods were shipped directly to Canada, of like goods when sold
>
> (*a*) to purchasers located at that place with whom the vendor deals at arm's length and who are at the same or substantially the same trade level as the importer.

Mr. FANE: Which, being translated, means what?

Mr. McGILL: Which translated means essentially that we are trying to transpose the Canadian domestic importer into the United States domestic market so that the individual would have to buy at arm's length in the ordinary course of business.

Mr. McINTOSH: Are these rules and regulations approved by the Department of Justice or are they just someone's interpretation?

Mr. McGILL: With all due respect, this is an act passed by parliament.

Mr. McINTOSH: Yes, but I could still argue with you on that point, because your idea and my idea may be different in respect of the interpretation of that one section.

Mr. McGILL: That is true.

Mr. McINTOSH: But it still does not seem very good to me to have an act for the different classes in Canada. One act should cover all classes, but by your interpretation of that act, you divide these into three different classes.

Mr. McGILL: I might divide them into ten different classes if there were ten different classes of purchasers in the country of export. There might be only two different classes. There is one well known sewing machine manufacturer who sells only to users.

Mr. McINTOSH: Yes, but I may be a dealer, I may be a distributor, and I may be a farmer as well. How would you appraise machinery that I bought, under those circumstances?

Mr. McGILL: If you care to give me a specific case I will be glad to help you out.

Mr. HORNER (*Acadia*): There are lots of farmers who are also dealers.

Mr. MILLIGAN: Is this an amendment to the act of 1959?

Mr. McGILL: It is 1958, I believe.

Mr. MILLIGAN: I know that previous to that a distributor or a dealer could not go to the United States and buy a machine without having to pay duty on it when he brought it back, but a farmer could go over and buy this machine and bring it right straight through without duty.

Mr. McINTOSH: He could then sell it to the dealer.

Mr. MILLIGAN: No, he could not sell it to the distributor. You have to use the machinery on the farm.

Mr. McINTOSH: For how long?

Mr. McGILL: That feature of the customs act was not changed in 1958, it was in the act before that. It is in slightly different wording now, but it contains the same concept.

Mr. MILLIGAN: Yes, but if a distributor buys machinery, one value is placed on it, and if a dealer buys machinery, another value is placed on it, and then even another value is used in respect of a farmer buying the machinery.

Mr. MCGILL: I would suggest that is the only interpretation which should be taken from these words "to a purchaser located at that place—who are at the same or substantially the same trade level as the importer".

Mr. HORNER (*Acadia*): In other words, we are led to believe that a dealer can purchase machinery in the United States and pay less duty than a farmer, because the farmer is further out on the limb of the transaction?

Mr. MCGILL: Allowing for the fact that most farm machinery is free of duty, the dealer in the United States domestic market would pay less for that machinery than the farmer in the United States domestic market.

Mr. FORBES: Does this not boil down to a declaration of the importer as to what the article is to be used for?

Mr. MCGILL: No, not what it is to be used for.

Mr. FORBES: If it is for agricultural, commercial, or domestic use, it would make a difference?

Mr. MCGILL: That is true for certain tariff items.

Mr. HOWE: Further in regard to this same question, how is the difference arrived at between the duty that a farmer will pay and the duty a distributor or a dealer will pay? Who arrives at the position, or who decides the percentage of profit that the dealer is entitled to, and the profit that a distributor is entitled to?

Mr. MCGILL: Pardon me for referring to the United States all the time, but I think most of our agricultural machinery comes from the United States. The United States manufacturer himself decides that, in publishing his price list and discount lists.

The CHAIRMAN: Are there any further questions gentlemen? It is now very close to the time we should adjourn.

Mr. HORNER (*Acadia*): Are you stating that the manufacturer of farm machinery sets the price, as to what that machine will be sold for?

Mr. MCGILL: Do not try to involve me in a discussion in regard to the Robinson-Patman Act, or something of that kind.

Most manufacturers do publish lists of prices. Some publish dealer prices, and they may publish a discount from list price, which would be given to the dealers.

Mr. KORCHINSKI: That is just a suggested price, is it not?

Mr. MCGILL: It is a suggested price, yes.

Mr. HORNER (*Acadia*): Let us assume that a dealer can purchase a machine for 20 per cent less than the farmer can, and this new machine is brought up to the border between the United States and Canada, the same 20 per cent difference still exists between the purchaser, farmer and dealer price.

Mr. MCGILL: Yes. In respect of valuation only, not in respect of duty.

Mr. HORNER (*Acadia*): Yes, in respect of valuation, or any way you want to put it, but that same difference exists?

Mr. MCGILL: Yes.

Mr. HORNER (*Acadia*): What would you do then in the case where a dealer is a farmer, and the farmer is a dealer? What would you do then? Would you let the machine come in as though it were purchased by a dealer?

Mr. MCGILL: We probably would not know.

Mr. HORNER (*Acadia*): That situation does exist quite often.

Mr. McGILL: It makes very little difference, if I may suggest, in the agricultural field, because most of the machines are duty free anyway.

Mr. HORNER (*Acadia*): Yes, but not in respect of used machinery.

Mr. McGILL: Yes, used agricultural machinery is also free of duty.

Mr. HORNER (*Acadia*): The appraised value is involved as well.

Mr. McGILL: Yes, but what is our appraisal for? It is to see if there is any dumping.

Mr. HORNER (*Acadia*): The same difference exists on the trade value. I used the figure of 20 per cent as an example.

Mr. McGILL: Yes, but the concept of this is to determine what the current replacement price would be to that class of a customer in the United States domestic market.

Mr. HORNER (*Acadia*): But the same difference would exist?

Mr. McGILL: Yes, the same difference would exist.

Mr. HORNER (*Acadia*): It would exist whether you were a dealer or a farmer?

Mr. McGILL: Yes.

Mr. THOMAS: I have one question, Mr. Chairman, that I would like to ask Mr. McGill. Is it possible to punish a person for buying used machinery in the United States by causing him to pay a greater price for that machine, through manipulations of this tariff, than he would have to pay on the basis of being a dealer in these machines? To clarify this, let me use an example. It was mentioned here before that someone paid $300 for a machine. He brought it to the border and it was appraised at $500, and according to what you suggest, he could have been charged $250 duty on that machine; is that right?

Mr. McGILL: He could be charged technically $200 dumping duty if the machine were of a class or kind made in Canada.

Mr. THOMAS: He could be charged up to 50 per cent of the $500?

Mr. McGILL: Yes, but in this case it would not be more than the difference between $300 and $500, which is less than 50 per cent.

Mr. THOMAS: In other words he would be charged 50 per cent of the appraised value, or not more than the difference?

Mr. McGILL: He would be charged the difference between the two, not exceeding 50 per cent of the appraised value.

Mr. THOMAS: That answers the question then; no one could be punished for buying machinery in the United States. An individual could bring it across the line at the appraised value of the machine, is that correct?

Mr. McGILL: Yes. He would get it across the line at the appraised value of the machine, yes.

Mr. REGNIER: What is meant by "a class made in Canada"?

Mr. McGILL: The Customs Tariff Act, section 6, and the regulations established therein, require the minister to declare equipment to be of a class or kind made in Canada, if it is so made in Canada to the extent of 10 per cent of the normal consumption in Canada.

Mr. REGNIER: I wrote last year to the minister in connection with some potato digging equipment. Someone wanted to buy this equipment, but wanted to know how much it cost before ordering it, and whether there was any duty involved. It was finally decided that it was of a class made in Canada. We could never find out the place, or the name of the factory where it was made in Canada. We requested that information but did not receive it.

Mr. McGILL: Could I ask for an extension of that question? Were you trying to have duty put on the potato digger?

Mr. REGNIER: No, we were trying to bring a potato digger in from the United States. It was a second hand machine.

Mr. McGILL: Yes.

Mr. REGNIER: Apparently, according to the information we received, there were none available in Canada, but it was declared by the minister to be a machine of a class made in Canada. We wanted to know where it was being made, but we did not receive that information.

Mr. McGILL: Mr. Chairman, I can only apologize for our staff, because we are duty bound to disclose where these machines are made in Canada.

The CHAIRMAN: We are now at the point where we should adjourn. The House of Commons will be in session very shortly.

The question as to whether we shall have future hearings depends a great deal on the length of time which the House of Commons is in session before prorogation. There will be a meeting of the steering committee after the caucus meeting tomorrow. We will perhaps have a better idea of the length of this session at that time, and then we will be in a position to decide what to do in respect of further meetings. This committee will definitely continue at the next session.

I would like to thank Mr. McGill and his associates for appearing before us this morning. We appreciate very much your coming here. We may call on you again at some time in the future. Thank you very much.

HOUSE OF COMMONS

Third Session—Twenty-fourth Parliament

1960

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, Esq.

PROCEEDINGS

No. 13

Respecting

PRICES OF FARM MACHINERY

and INCLUDING FOURTH REPORT TO THE HOUSE

TUESDAY, JULY 26, 1960

WEDNESDAY, JULY 27, 1960

RECEIVED
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WITNESS:

Mr. W. Kalbfleisch, Chief, Engineering Research Service,
Department of Agriculture.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

23568-9—1

STANDING COMMITTEE

ON

AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,

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

and Messrs.

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Badanai,
Barrington,
Belzile,
Boivin,
Boulanger,
Brassard (*Lapointe*),
Brunsden,
Campbell (*Lambton-Kent*),
Casselman (Mrs.),
Clancy,
Cooper,
Danforth,
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Michaud,
Milligan,
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Noble,
O'Leary,
Pascoe,
Peters,
Phillips,
Racine,
Rapp,
Régnier,
Ricard,
Rogers,
Rompré,
Rynard,
Smallwood,
Smith (*Lincoln*),
Southam,
Tardif,
Thomas,
Tucker,
Villeneuve—60.

(Quorum 15)

Clyde Lyons,
Clerk of the Committee.

REPORT TO THE HOUSE

THURSDAY, July 28, 1960.

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

FOURTH REPORT

On June 6, 1960, the Committee received from the House the following Order of Reference:

> "*Ordered*—That the Standing Committee on Agriculture and Colonization be empowered to enquire into the prices of farm machinery and to report to the House thereon."

Your Committee has noted the wide-spread interest in the subject of farm machinery prices.

Your Committee held four meetings on this Order of Reference. It heard representatives from the Dominion Bureau of Statistics on farm machinery prices; from the Department of National Revenue on farm machinery tariffs; from the Engineering Research Service of the Department of Agriculture on the different types of farm machinery.

Your Committee has found that interested persons or organizations would like more time to prepare presentations.

Your Committee recommends:

1. That the subject of farm machinery prices be referred to it as soon as possible after the opening of the next session of Parliament.

2. That the Ministers of the different government departments concerned, instruct their officers to offer every assistance to the persons designated by the Committee to procure and compile all available facts regarding farm machinery prices.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

23568-9—1½

MINUTES OF PROCEEDINGS

TUESDAY, July 26, 1960.
(24)

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

Members present: Messrs. Belzile, Boulanger, Brunsden, Cooper, Fane, Forbes, Forgie, Hales, Henderson, Howe, Knowles, Korchinski, Lahaye, McBain, McIntosh, Milligan, Noble, Pascoe, Peters, Racine, Régnier, Rynard, Smallwood, Smith (*Lincoln*), Southam, Stanton, and Tucker.—(27)

In attendance: Mr. W. Kalbfleisch, Chief, Engineering Research Service, Department of Agriculture.

Copies of a questionnaire on farm machinery prices which was prepared by the Sub-committee on Agenda and Procedure and intended for circulation in each member's constituency, were distributed.

Mr. Kalbfleisch was introduced to the Committee and was questioned on the operations of his service.

Mr. Kalbfleisch was thanked for his appearance.

At 10.50 a.m. the Committee adjourned until Wednesday, July 27th, at 3 p.m.

Clyde Lyons,
Clerk of the Committee.

WEDNESDAY, July 27, 1960.
(25)

The Standing Committee on Agriculture and Colonization met, in *camera*, at 3.10 p.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Belzile, Boulanger, Cooper, Danforth, Fane, Forbes, Jorgenson, Lahaye, McBain, Michaud, Milligan, Noble, Racine, Regnier, Smallwood, Stanton, Thomas and Villeneuve.—18

The Chairman read a draft report to the Committee.

The Committee suggested one minor change.

The report, as amended, was adopted and the Chairman was instructed to present it to the House.

The Chairman requested the Members to write the Clerk of the Committee suggesting persons or organizations who should be advised of its plan for a study of farm machinery prices next session.

The Chairman thanked the Committee for their cooperation during the proceedings of the Committee.

The Committee adjourned to the call of the Chair.

Clyde Lyons,
Clerk of the Committee.

EVIDENCE

TUESDAY, July 26, 1960.

The CHAIRMAN: Gentlemen, please come to order. We have a quorum now.

I am having the messenger give you a sample copy of the questionnaire on farm machinery prices which you requested the steering committee to draw up. Naturally you will amend it to suit your own ridings.

Today we have with us Mr. Kalbfleisch of the research branch of the Dominion experimental farm. I am going to ask Mr. Kalbfleisch to explain just what his section does in reference to farm machinery, following which I shall throw the committee open for discussion as you see fit.

Mr. MCINTOSH: How do you spell the name of the witness?

The CLERK OF THE COMMITTEE: The name of the witness is W. Kalbfleisch. K-A-L-B-F-L-E-I-S-C-H.

Mr. BRUNSDEN: Before we discuss farm machinery costs, will you please indicate to us what the idea is with respect to this questionnaire?

The CHAIRMAN: That is for the individual members to take home with them. It is just a rough draft that we drew up. You may add to it or delete from it. It is to send out to the different agricultural people in your constituency for their own ideas.

Mr. BRUNDSEN: Are we to use the committee to send it out?

The CHAIRMAN: No, it is for individual members, to suit their own constituencies, because there are no two constituencies the same, you know. Now, Mr. Kalbfleisch.

Mr. W. KALBFLEISCH (*Chief of the Engineering Research Services, Department of Agriculture*): Mr. Chairman, and gentlemen: in our work in connection with agriculture and engineering work in relation to agriculture we have covered a broad range of investigation, for the most part not attempting necessarily to try to cope with the entire field, but at the same time to deal with these things more on an individual problem basis in connection with machinery and other instrumentation work that is needed in agricultural research.

Sometime in the past we have done work on such items, specifically as haying machinery of different types, harvesting machinery of different types that are used, the operation of these machines, and their general field capacity. We do not restrict our investigation necessarily to the machine itself, but we also include the machine in relation to the entire job which it has to do, that is, with respect to the facilities to harvest crops. We seek to find out what a machine would do in the matter, such as the amount of labour connected with it, and the different methods that can be carried on in harvesting and haying. That is one type of operation we have done.

In other studies we have done instrumentation work in general agricultural research, wherein plant breeders are attempting to improve grain by forage controls. In this case there is some machinery required where there are plots which are relatively small and where you have to handle small quantities of grain for this purpose, and where this sort of machinery is not available.

Therefore in these cases it is necessary to design apparatus and construct it for research purposes. I think that is probably, broadly speaking, a general description of the work that we have to do, Mr. Chairman.

The CHAIRMAN: Are there any questions you wish to ask Mr. Kalbfleisch?

Mr. BRUNSDEN: Has your branch done any research work into cooperative ownership of machinery? I am thinking in terms of groups of farmers who may wish to reduce their overhead by purchasing a unit for joint operation?

Mr. KALBFLEISCH: Not necessarily in our branch; that matter would fall into the economics group, and I think if there is someone here who could answer your question, it would be someone from the economics branch.

Your question relates to a study of machinery and has reference to economics and group use.

Mr. MCINTOSH: Has your branch done any study in relation to the cost of machinery and research into cost?

Mr. KALBFLEISCH: No. We are working more on the engineering phase rather than on the cost phase.

The CHAIRMAN: Is there any department which is working in the cost phase?

Mr. KALBFLEISCH: No, not at the moment. This is more of an economic problem in relation to agricultural machinery, labour, and so on, and it is more in relation to the economics group. I believe you have some people here who are in that section and who might possibly answer the question.

The CHAIRMAN: Has your department done anything in the way of standardization of machinery?

Mr. KALBFLEISCH: Not directly on standardization. This is being done, however. I think there is quite a bit of work being done in that field. One of the big contributors is the American society of agricultural engineers, who have brought together the main machinery manufacturers of this continent, and have standardized innumerable things, many more than you would ordinarily appreciate. They have standardized such things as belt sizes for V take-offs, power take-off sizes, speed of power take-offs for tractors, belt pulley speeds, and so on. They have done a great deal of work in this section, and I think it has contributed materially to the improvement of machines along those lines.

Mr. BRUNSDEN: You are talking about the improvement of machines; but has there been any saving passed back to the farm operator as a result of this work?

Mr. KALBFLEISCH: On the specific question of standardization, I think very much so. In connection with any of these things such as the power take-offs, for example, for tractors, your whole machine is involved, and if this did not fit, it would be necessary always to buy extra parts to fit it. Also in connection with belt pulley speeds: these things are always tremendously important, and I think it is very difficult to measure them in terms of dollars and cents.

But if you do have this standardization of speeds, and of the different parts for machines, your standardization results in a real saving, to say the very least.

Mr. BRUNSDEN: I was thinking of it in terms of dollars and cents. That is what we are interested in.

Mr. KALBFLEISCH: This type of thing sometimes is very difficult to evaluate.

Mr. SMALLWOOD: It is the dollars and cents aspect of the business that we are interested in here, not details about standardization of power take-offs. We already know about that. We now are interested in the dollars and cents that the farmer may get out of it today.

I have a very interesting little piece of equipment right here which I brought with me from home. It is a sprocket off a Massey Harris swather. It weighs 14 ounces, and it cost me $9.25. Perhaps you would like to look at it? It weighs only 14 ounces, yet it cost me $9.25.

Mr. FORBES: Give it to me and I will put on my machine.

Mr. SMALLWOOD: This is the sort of thing we are interested in in this committee.

Mr. KALBFLEISCH: There is such a broad range of farm machinery that it would be necessary to look into specific items or questions which you have as to the evaluation of every item in terms of dollars and cents. To give you this information is a pretty difficult task; but if there are specific things which you have in mind, then they can be looked into.

Mr. SMALLWOOD: This is just one example which took place.

Mr. MCINTOSH: The witness said something about making a study on an individual problem basis, and he made reference to haying machinery. Does the cost vary according to the different types of machinery, such as grain growing, haying, and dairy machinery?

Is there a difference between the manufacturer's cost and the purchaser's or consumer's cost—does it vary percentagewise, or is the percentage the same?

Mr. KALBFLEISCH: I think it is probably based more on what the production cost would be; for instance, in the case of a machine which was made in many thousands as compared to a machine of a specialized nature which has a limited production. I think that is what we would find.

Mr. MCINTOSH: Has that always been the case? Has there been any change in the pattern, compared to what has been the case over the last 30 years?

Mr. KALBFLEISCH: I think there are changes in the pattern taking place all the time in the type of sales that go on. For instance, a tractor is one piece of equipment which sells for the greatest dollar value. During the war, and around that time, the one-way disc was in demand; it was a big item. But now the trend is towards these large harvesting machines, which climb in sales, but which do not necessarily express a greater volume.

What we needed initially in general agriculture was a tractor field worker. But following this, we get into other types of machines as they are developed, and I would say that the sales would run roughly one-third, in dollar volume, in the case of tractors, while one-third would be roughly harvesting machinery, and the remaining one-third, still in dollar volume, would be other commodities—that is, miscellaneous groups. So that is how you would have it broken down.

Mr. MCINTOSH: Do you deal with costs in any respect at all? That is what I am trying to get at.

Suppose there is a large demand for tractors. Would you say that the cost increased as the demand increased, and vice versa: that if the demand decreased, the cost would decrease? Would you say the cost goes down?

Mr. KALBFLEISCH: We have not attempted to follow such a change. I have not noticed that this takes place at all.

Mr. McINTOSH: Would you care to answer question No. 2 on the questionnaire which says:

> Please list what you consider to be the most important factors contributing to the increase of farm machinery prices?

You have already said that one-third would be tractors, one-third harvest machinery, and the other third general machinery.

Mr. KALBFLEISCH: Yes, it takes in all the others.

Mr. McINTOSH: I presume you would go along with the answer to the first question, your branch?

Mr. KALBFLEISCH: Well, yes. In this first question, in dollar volume of sales, I think that out of roughly $200 million, it would be around $63 million, which would be the tractor item itself, while harvesting machinery is around $57 million or $58 million.

Mr. McINTOSH: That is in millions of dollars?

Mr. KALBFLEISCH: Yes.

Mr. McINTOSH: In your research would you attempt to answer question No. 2?

Mr. KALBFLEISCH: I could only say that we are working in engineering economics along these lines. I think the only way I could answer this question would be with respect to technical advances in machinery, rather than a study of machine prices in relation to other prices, or general inflationary trends that we have had over the times. I could only speak in connection with improvements in machines.

Mr. McINTOSH: Might I ask you this question: has the cost of engineering machinery gone up percentagewise in relation to the cost to the consumer?

Mr. KALBFLEISCH: Not that I know of. The engineering is more expensive, I think. It has increased. Even salaries of engineers have increased. So if you speak of it from this basis, it has increased.

I do not think there has been any increase that is out of proportion to anything else, to my knowledge.

Mr. McINTOSH: To eliminate one factor, then: you say, through your studies, that engineering costs have not contributed to increased cost to the farmer as much as some of the other factors taken into the cost price of a piece of machinery?

Mr. KALBFLEISCH: I think the figures on this would have to be looked into. By and large, I do not think it is an important factor on this score at all. I think there are other factors that are much more—

Mr. McINTOSH: That is what we are trying to get at, and I asked you that question. What are those other factors? You say that engineering is not a factor. What are the factors, in your opinion?

Mr. KALBFLEISCH: There is the cost of materials, the cost of labour, the cost of transportation of equipment: these factors have gone up.

Mr. McINTOSH: They are the three main factors?

Mr. KALBFLEISCH: Yes.

Mr. SOUTHAM: Mr. Chairman, I would like to ask the witness this question. He is more interested in, or concerned with the engineering features of farm machinery, and I have often heard it discussed these last number of years among farmers that due to the advance in engineering techniques in the production of farm machinery, and its improvement, in relation to productivity as far as agriculture is concerned, there is not such a vast difference in the actual cost.

Have you gone into that factor, as to whether the improved type of machinery in farm operations cuts down the over-all cost of production per acre? Quite a discussion goes on among farm groups, and so on, about that. Have you any information on that?

Mr. KALBFLEISCH: Machinery improvement has definitely made the machines better. Particularly, for instance the tractor. This is a much more versatile machine than it once was. It is much easier to handle; it has a great many additional features which have been added to it. This has improved it.

By and large, I think we could say that in the move from horses to tractors—particularly tractors with rubber tires—once we got past that point at about 1930, when rubber tires went on them, I think the field speed of machines has roughly doubled. That is, the operation within the field can be carried on at twice the speed.

Also, certain hauling operations have been improved because of rubber tires. At one time our tractors were about a five-mile-an-hour type of machine. They are now geared from about one mile an hour to 15 miles an hour, and with rubber tire wagons. This has speeded up operations; there is no doubt about it.

There is always the fact, that I think you can always say, pretty broadly in connection with any machine, that the machine is no better than the man management of it.

Mr. SOUTHAM: That is the question I had in mind. We know there has been definitely accelerated improvement in engineering features of farm machinery over the last period of years. What I am asking about is the relationship between that increased engineering feature and its productivity ability, plus the relationship of the farm operation itself, as to whether that has remained constant, or whether there has been any variation?

Mr. KALBFLEISCH: There has definitely been an improvement in these machines and what they can do; there is no doubt about that.

Mr. SOUTHAM: But what is the relationship between them and the productivity, as applied to the cost of the farm operation?

We have had these increased and improved engineering features, at an increased cost to the farmers, and it is the relationship between them and the productivity of the farm that I am concerned with. In other words, we know we can produce more bushels per acre under better conditions than we could back in 1935, by using better farm machinery.

Have the improved engineering features been in the same relationship? How do they relate, economically, to farm productivity? I wondered if there had ever been a study made of that. I have heard discussions along these lines, and it is a matter of debate as to how they are related.

Mr. KALBFLEISCH: I do not know how we can relate these two items. The improvements to the machines themselves have contributed materially; there is no doubt about it. It depends on how far you look back.

If you say, well, a man cut down, with a cradle, four acres a day, and what he can handle with a self-propelled combine today is vastly different, there is a tremendous spread of improvement today.

The tractor, in what it would do in 1900 or 1910, as compared with what the machine will do now, and the speed with which it will do it, has gone up terrifically. A man can do more work with a machine; there is no doubt about that.

Mr. SOUTHAM: I think that is definitely agreed. But, looking back from the farmer's point of view, it is the net income in relation to this increased investment in improved farm machinery that is the point.

Taking for granted it has increased productivity, and so on—which we know—it is the relationship to meet that variation that has come over the

years; that is the point. In other words, whether the cost of farm machinery, in order to get greater productivity, is accelerating at a faster rate than the productivity. If it remained constant, we would not complain about paying more for farm machinery, provided we got increased productivity. That is the point. That is the thing I would like to have settled.

I wonder if you could relate your engineering knowledge, plus your knowledge of economics in this field, and come up with a set of tables. It would be very interesting, because it would settle a question in a great many farmers' minds that I have heard discussed in farm groups, and so on.

Mr. KALBFLEISCH: There would be difficult things to assess in this; but some data could no doubt be compiled on this score.

Mr. FORBES: On that same point, Mr. Chairman: I think Mr. Smallwood brought up part of the problem when he brought in his piece of casting. I presume that was from a 1948 or 1950 swather. They do not make that piece of equipment today for that kind of swather, because there is a change in the types of swathers sold.

The company has to change its designs so often; they have to keep such a stock of repairs, particularly the agent, in servicing these machines, that he has to charge a hell of a price for them. Somebody said that thing was worth $2.00 or $2.50; but maybe the agent would have to carry that in stock for many years, and then somebody comes up to him for service, wanting that repair, and he has to charge a price for it.

There is another thing, and that is this matter of obsolete parts. There is quite a variation, I find, on making inquiries, between the agent and manufacturer as to how he carries these parts. Some have an allowance when they become obsolete; but in many cases they do not. Many do not get any allowance; they are carried strictly at the loss of the dealer. Those are features that enter into what Mr. Smallwood had in mind, on the cost of machines.

Mr. Southam speaks of the design of machines. You get a new design on a tractor of one make practically every year now. They make those tractors, and the parts that will fit one, will not fit another one. So you have to carry a bunch of these on hand to service them all—and I think that is the cost.

I think that is one point. I think we get away from that idea in this committee in relation to the cost. I think that is one point on this. You people, who are specialists in some particular line, could assist us on that. Is it necessary to have all these new designs of equipment in order to improve our agricultural product—and then, their cost, due to the fact that they are changing these designs continually? You could help us as to whether there should be some system of standardization, so that parts in 1958 fit a 1965 machine, and so on. I think that in itself would reduce the cost of the machines.

Mr. SOUTHAM: To go a little further, Mr. Chairman: you have heard suggestions—and I hate to think of this; but there are people who seem to have a lot of knowledge in industrial know-how as far as machinery, manufacture, and other related things are concerned, who say there is a planned obsolescence. Do you people deal with that term, or have you made a study of that in engineering?

Mr. KALBFLEISCH: We are not handling economics as such from this angle.

Mr. SOUTHAM: That has been mentioned by people who have knowledge: they say that they follow the pattern that, because they make so many items in a year, if they standardized things they would lose money. For the relative cost of keeping a manufacturing plant in operation, and successful economically, they have to take this factor into consideration, planned obsolescence. We often wonder if that is entering into the machine phase of our economy, because if it is, it would be a very big and deciding factor in the cost.

Mr. KALBFLEISCH: In connection with the other gentleman's point: when these people make another machine, maybe a swather, or something of this description, they usually take out of their stock parts any piece of gearing or chain, or this type of thing, that will do the job, that is within their stock that they can use. But then we are always, of course, looking for improvements on the machines. They are trying to improve these machines. I think by and large they are doing this quite honestly. There is a part that must be changed, another type of casting is needed, in which case this naturally adds just another part to the whole set-up.

I think some of these questions would really have to be placed before the manufacturer himself, to get his ideas. It is not my personal impression that there is any attempt at a scheduled obsolescence. I believe that this may depend on the practice of buying, up to a point. There are tractors in use that are many, many years old, and they are still doing a good job. You may want another one that has more of these improvements on it, and wish to purchase one—I think that is the individual's liberty, probably.

I have never received this impression, that there is any attempt at this type of thing. I think there are such possibilities with improving machines. They see from their present machine that the next machine can be improved, and they will bring out an improved type of machine. Usually, we cannot go back and buy the old models somehow—production has stopped. Certainly, you can keep a machine for a good length of time.

Mr. MCINTOSH: Mr. Chairman, I have a supplementary question, following Mr. Southam's question about obsolete machines.

In any designs, or any of the new ideas that come out on any machine, have you ever found that there was no need to make that change—to take up Mr. Southam's statement that there is a planned obsolescence program going on?

Engineering-wise, would you say that every improvement you have investigated has improved that machine, and has not just taken place?

Mr. KALBFLEISCH: By and large I would say, yes, because, for instance, with tractors we got rubber tires: this was a big and major change. Then there was the possibility of hydraulic lifts on these tractors. That was another thing. Then this three point hitch. This type of invention was a very definite improvement on tractors; I do not think there is any doubt about it.

These things, of course, were then placed on virtually all tractors. I do not think this was any intentional change; these were inventions, actually, of material value, and they immediately became incorporated into the machines.

Mr. MCINTOSH: I was thinking of something similar to this repair part that we have. I think Mr. Forbes said this is now belt-driven instead of chain-driven. Would you say the belt-driven piece—I do not know what it is off; a swather, or something—is an improvement over the chain-drive, in this particular instance?

Mr. KALBFLEISCH: In this particular instance, it is very hard to say. You get changes this way. Belt-driven machines can sometimes be made at lower cost, and sometimes it is desirable to put a belt in rather than a chain because you get shock absorption from a belt. That is, a belt will tend to absorb the shock of a machine, where a chain takes the direct pull on it, and it has to come then, or something goes. So there is sometimes a change to belt-driven drive for machine products: it improves the machine in that way. To my knowledge, I do not know of any attempt at any time to change this type. Certainly it has not been conspicuous; there is no doubt about this.

Mr. SMALLWOOD: That is not an obsolete piece; it is off a "V" belt swather. It has a short piece of chain on the end of a power take-off, and it is still a chain today. The rest is driven by a "V" belt; that is not an obsolete part.

You are going back so far—from the walking plow up to the tractor—but I would like to draw to your attention that a combine in 1953 cost $5,600, and that is a self-propelled 90 Massey combine; and the 1958 model costs up to pretty well $8,900. I have the same on that other combine, except the sealed bearings. I have the same cutting bar, the same width of cylinder, and the same capacity in body, the same motor and the same tires. I can go and follow last year's combine around, and it does as much work as it can; it is as good and it does just as good a job. The major change was the sealed bearings. They streamlined it and brought the body line down so that it would look nicer, but it has jumped from $5,600 to $8,900, and yet the mechanism is practically the same.

Mr. KALBFLEISCH: I do not think I can account for that without studying that machine in detail. Maybe the person who would be able to answer this directly is the man who made it.

Mr. SMALLWOOD: That is what we have to find out when the time comes.

Mr. RYNARD: I was wondering, in the case of a manufacturer, he makes a tractor of one type and then makes a little bigger one. Why is it, in some instances, that the equipment that tractor draws cannot be interchangeable? Why do they not make it so that the other tractor can draw the same equipment as the first one? Suppose I have a little lighter tractor and then buy a little bigger one, in many cases the equipment made for that smaller tractor cannot be hitched to the bigger tractor. I am talking about equipment from the same firm. I am wondering what the purpose is and what the reason is. It is not a question of power, because both of them could draw the same equipment, up to a point.

Mr. KALBFLEISCH: I was wondering what particular machine you are thinking of. For instance, a pull type plow pretty well fits any type.

Mr. RYNARD: I am referring to the hydraulic types.

Mr. KALBFLEISCH: As this invention was made on the three-point type of hitch, it was a material advance. There was some shifting at the start to see if they could not improve this. After all, there was some competition in this, and some tractors put on a slightly different type of hitch. This is coming around to this place, that most of these things can be handled. The British have done work on this, and I think the general American market have probably followed it somewhat.

If you had a small cultivator that would work on a two-plow tractor, and then you came to a four or five-plow tractor, it might be desirable at that point. You would not say it was "desirable", perhaps, but it would happen you may not put those machines up so that they will fit the same machines, or take them on. With the two-plow tractor you may have had a pin on the three-point hitch that was, say five-eighths of an inch diameter. When you came to the four or five-plow tractor that tractor can pull so much the pin requirement for that tractor would be nearly one inch in diameter. If you try and take a pull key for a two-plow and put it on a four-plow you may be in difficulties; and you can see why there would be reason for this. I think things are coming along now, in the case of most of these three and four-pin hitch machines, that they will fit most tractors.

Mr. RYNARD: Those tractors were both made within a year of one another and it was a very small step-up in power. The farmer got it and found that he could not use the equipment that he had at all, and he has had to go back and buy all new equipment.

Mr. KALBFLEISCH: This would not be in models in less than a couple of years?

Mr. RYNARD: Two years ago. That is the Allis-Chalmers. They made good tractors; I am not criticizing them. But I am quoting an instance where it did cost the farmer a lot of money where he intended to put up with the equipment that he had.

Mr. KALBFLEISCH: Most of these things are ironing out by standardization. But I think we have found recently that machinery becomes somewhat married to a tractor.

Mr. COOPER: You mentioned hydraulic hoses and couplings. They come in two different sizes for different tractors. That is not standardization at all. If you have one with a three-quarter inch coupling you have to buy, beside the hydraulic hoses, the couplings to fit the tractor. They may be five-eighths of an inch or more.

Mr. KALBFLEISCH: Progress has been made along the line of standardization, but I do not say it is entirely solved.

Mr. BRUNSDEN: Does this trend towards standardization offer any financial benefit to the farmer?

Mr. KALBFLEISCH: Definitely, where we can exchange machines. If he bought one tractor in one size and another different tractor and you could attach the same equipment, this is an advantage.

Mr. BRUNSDEN: You feel we are on the eve of some savings for the farm operator by virtue of this standardization?

Mr. KALBFLEISCH: It is hard to see these things going along. We are trying to attain standardization, and yet we are also trying to improve. When you get standardization things would always be the same. That is, if you just standardize and say, "It must be thus", this would possibly tend to hold back progress. But there is standardization continuing amongst the companies themselves, in conjunction with some associations that work along this line. This will probably continue on the part of these associations and companies. On the other hand, we will be met by new things in the future. That is, we have got this three-point hitch. If some person comes along and gives us another invention of equal value to that one, we run into somewhat the same condition again, that we cannot mate that new possibility with the equipment that we have, without making a change again. This thing sort of progresses along. A power take-off is one of the things which I have in mind. If these were not standard and every tractor had a different one, we would be in a horrible mess.

Mr. MILLIGAN: I was wondering whether your department had done any work in connection with the cost of the diesel as compared to the gas?

Mr. KALBFLEISCH: Not to my knowledge. This can be worked out, but you cannot work it out on an individual basis. One of the items in connection with diesel and gas has been the amount of use of the tractor. This is a problem in the industry. Almost all farm machines are used less than ten days in the year.

Mr. MILLIGAN: I wonder if you, in your department, find there is an improvement you could recommend to a machine company, are you in a position so that you do make that recommendation—if you find a defect in a particular machine?

Mr. KALBFLEISCH: Yes, for instance, when we worked on the hay harvesting machine we wanted changes in the length of cut. The length of cut was entirely too short on the initial machines, and the companies did not appreciate this point. We asked for machines which would have larger or smaller size of drive required to give a cut up to four inches. This facilitated the curing of the hay. They went along with it quite a way, and made them available for the purpose.

Mr. HALES: Could Mr. Kalbfleisch give us some of the outstanding examples of research they have passed on to manufacturers, which you feel have definitely saved the farmer money?

Mr. KALBFLEISCH: Yes. I think, very definitely, in this hay harvesting project that we do—in this very item this man has mentioned. I do not know how you could say it this way, but when you chopped hay to about one inch in length it was just a horrible job to keep it. It consolidated too tight in any barn, and it had to be bone dry; it practically had to be bleached out to be able to keep the hay. By changing this and bringing this to the attention of these manufacturers, that longer lengths were needed, we got a much more satisfactory crop harvesting.

Almost the reverse was true when it came to some of the silage, where you wanted to get a fairly short cut. In this instance we were able to get the machine to do the job, that would give us the right commodity at the end. We got good hay out of it. It could be kept well, and we got the type of silage we needed. I think this is a specific example where this type of thing has helped.

Mr. HALES: Have you some other things your department has done?

Mr. KALBFLEISCH: In this type of thing we were also into hay rakes, and this type of operation, where we looked, at that time, at the quality of the hay and how it was being handled. The roller bar rake handles hay much more gently than the others, and lifts it over much easier. We were watching for leaf loss, looking at the agricultural aspect and not just necessarily at the machine itself. This style of thing was drawn to the attention of these people, as to speeds of operation of the teeth and so forth, to try and get the best quality of product.

Mr. BRUNSDEN: This is supplementary, and after this I will keep quiet, In these transitions who pays the bill, the machinery manufacturer or the farmer?

Mr. KALBFLEISCH: What transition?

Mr. BRUNSDEN: These transitions or improvements?

Mr. KALBFLEISCH: Well, I think there is no other way than to have it added to the machine cost. There is no other place it could be charged. Is that a logical answer to it?

If you made a machine and improved on it, I think it naturally becomes part of the machine cost.

Mr. PETERS: Does the department put out a bulletin which indicates the best machines, something like the consumers magazines? Does the department offer such a bulletin to the farmer as a service, having to do with what you accomplish?

Mr. KALBFLEISCH: No.

Mr. PETERS: Why not? If there is a saving by using one type of rake over another type, is it not the responsibility of your department to put this information out, and to say to heck with the machinery companies, but to see that the farmer gets the best buy, according to your experience?

Mr. KALBFLEISCH: A bulletin was put out from that viewpoint, but not from the viewpoint of the rake. There are various companies which manufacture these same rakes. But we put out a bulletin as to the different methods of handling and harvesting crops by various types of machines. We do not pick individual types, but we discuss types or methods. It was quite a comprehensive bulletin which was put out, and it had quite a wide distribution.

Mr. PETERS: Was it along the same line, or different from the tracts which have been sent out about mowers, for instance? I remember come years ago

that the Massey-Harris mower seemed to be defective in that you could not get a pitman shaft to stay in it, and so on. I believe they were not engineeringly sound, or at least they did not appear to be.

Mr. SMALLWOOD: There are an awful lot of stumps up in northern Ontario.

Mr. PETERS: If you had done any experimenting with it, would it not have been quite an advantage to the consumer to advise him of your results?

For example, the consumers magazine might indicate to its readers that the 1947 Ford is not very good because of the transmission, or because it does not have proper shocks.

Now, if you people do it, it would save the farmer a lot of money, and it would greatly discourage all these trends towards the development of new models every year.

For instance, my brother has an International Farmall tractor. He has had it for 20 years. He paid $800 for it, and he would be only too happy if he had the opportunity of buying a similar model today, even though he might have to pay three times as much for it in terms of dollars.

So this might be a good place in your experiments to give the consumers an honest evaluation, and to the farmers as well. It might be a method which would compete with the publications of the farm machinery companies themselves, because they are not always honest. It is their business to sell farm machinery, not to make appraisals.

Has your department ever considered doing that?

Mr. KALBFLEISCH: I do not know that I could answer for the entire department as to what consideration has been given to this style of thing. It would become a large problem, as you will appreciate. There are a lot of machine companies which are in competition, and they are bound to try to improve their machines.

Naturally, they are on the market to sell them. But there are changes in these things which take place. Sometimes your supply changes, or the cost of the basic material, such as whether you use one type of casting or another. These are problems which the manufacturers have. If one type of commodity rises, he may shift to another type, or he may shift from a casting to a welded frame. They have to watch these things rather closely. So, to keep abreast of this type of thing would be quite a task.

Mr. MCINTOSH: I think what Mr. Peters was referring to is that if such information is available, the farmer could get it if he wants it. If he writes to you, will give it to him?

Mr. KALBFLEISCH: Not in the terms that you are covering, because it would be a big item to cover all these things. But we would make available to the farmer anything that we had covered, most assuredly.

Mr. MCINTOSH: You would send out the most recent publications that your department has on the subject?

Mr. KALBFLEISCH: Yes.

Mr. BOULANGER: Might I make the suggestion that you add a fourth question to the questionnaire, something along the following lines: What increase in farm production should we expect in order to offset the increase in the cost of farm machinery?

Mr. MCINTOSH: I think Mr. Boulanger has reference to a similar question asked by Mr. Southam in regard to the new production of farms in relation to this increased and higher price of machinery. He wants to know what increase in farm production should be expected to offset the increase in farm machinery?

Mr. BOULANGER: That is right.

Mr. KALBFLEISH: I think you would have to take it right across the board. This makes a very general question. Possibly the economics people might try to evaluate this point. But all we can say from a technical point of view is whether or not a machine will do twice as much work in the field as it did on some specific date further back. If you wish to pick some specific time, that is the type of thing we can do. But whether, by using it twice as much, it would operate twice as fast in the field, becomes a more difficult thing, and I think considerable work would have to be done to handle questions of this nature.

Mr. PASCOE: Did I understand the witness to say that on an average farm the machinery is only used for about ten days a year? Does he have some kind of report which would help us, and which would indicate the figures as to the average use?

Mr. KALBFLEISCH: We have one bulletin on the subject, but it does not give the trend now. It would have to be brought up to date again, having regard to current wage rates, and so on.

Mr. PASCOE: I think it would assist this committee.

Mr. KALBFLEISCH: We put out a publication in 1953, which indicated for eastern Canada what we could get—through circulation among the farmers—with respect to crop acreage, and as to what the machines would do on the average. For instance, if a farmer had a machine, and if he had only 100 acres, this might be divided so that there would be crop rotation, and when he came to cut hay, it would only be in a limited area. So by and large most of the machines would operate only the ten days that you speak of.

But this raises a problem in relation to what the plant would do if you worked an eight hour day in an area, taking off Sundays and holidays, or having relation to a production plant in which you might expect 2,000 hours.

Here we have the case where a lot of machines are only used for ten days out of the year. But when you get to larger farms, such as in the western area, where the use is a little greater than it is in the eastern area where the crop is not as great and where the farm machinery is not used as extensively, it is another question.

Mr. PASCOE: Do you not think that a further question should be added to the questionnaire, along these lines: how much time do you use your machines?

The CHAIRMAN: I think that is a very good question.

Mr. HENDERSON: I have noticed around here that there are many moonlight farmers; they work in the city, for the municipality, or for the government, and they do their farm work after supper.

I saw a place where there must have been 20 hay fields, with some hay cut; but they were going to work that night on it. So it is a different situation altogether from what we have in the west.

I received a letter yesterday morning from my boy, and he said that he starts at 4:45 a.m. and he works through until 8 o'clock, when another man takes over from him and works until midnight. So that machine is really getting some work, whereas in the case of the moonlight farmers, they do not even work the oil through it.

Mr. KALBFLEISH: I think this is an important factor: that machines are not used anything near to capacity. It makes no difference to a tractor. It will go ahead and keep on working, save for the time out to put oil into it and to do some repairs which may be needed; that tractor will just keep on working. So I doubt that we have an average use of tractors across Canada of over 500 hours a year. As far as the tractor is concerned, it could operate much longer than it is used, even if we say that it is used for only one-half the time, because of the winter season. I think this is a big factor in the cost of farm machinery.

Mr. PETERS: There is no point in running a tractor just to run it up to the average number of hours.

Mr. KALBFLEISCH: No.

Mr. HENDERSON: The first tractor we bought was a Case, and it cost us $1,050. It is still running. But nowadays people never seem to get finished paying off their $800 or $900 on tractors which are cheaper now. That is one of the difficulties in farming, in paying for these big machines. They may run for a less number of hours, and they are not as good today as the older machines.

Mr. MILLIGAN: This may be an unfair question to ask, but I think you mentioned that there was someone here from the economics department. Has the department done any research work in relation to the price of farm machinery in the export market as compared to the price of machinery here in Canada?

Is there a tendency on the part of the machine companies to charge more for their machines in Canada in order to make up for a possible loss in the export market, so that their overall business will show a profit?

Mr. KALBFLEISCH: I do not have information on this point.

The CHAIRMAN: I think that should be a question for the farm machinery manufacturers.

Mr. MILLIGAN: I wonder if your economics department has done anything on it?

When I was in the old country I could purchase a machine and ship it back to Canada for less money than I could buy that machine here.

Mr. McINTOSH: I think the witness said that a certain firm, or perhaps firms, expect to get 2,000 hours out of a piece of equipment. Have you found, from your research into engineering, that the potential hours of any piece of machinery have increased over the years as a result of these new engineering features that are put on them.

Mr. KALBFLEISCH: Yes. The tractor originally, for instance—it depends how far back you go—had lug cleats on it, and could not go on the highway as well. It did not have as much potential as it does now. So it will be used now for more jobs, and in that way the tractor will be able to do additional work and has a greater potential in hours. A man can use it more, and I do not think there is any doubt that its use has gone up. Originally we used a tractor virtually for plowing; then we reverted to horses for a lot of other operations. As the tractor became more versatile, it could be put to a great deal more use. This is important.

Mr. McINTOSH: Does that apply to all machines, with these new engineering features that they have on them?

Mr. KALBFLEISCH: It does, and it does not. You can take a combine out, or a baler. A baler might run 30 tons a day; but you may find a man owns a baler and has used the thing to do maybe 200 tons. That it the machine's capacity, as far as he is concerned. Whether, of course, there is a factor in there, I do not know; but he could have done twice as much as that with a baler.

Mr. McINTOSH: I am thinking in terms of hours: does a machine last longer.

Mr. KALBFLEISCH: Now, than it did at one time?

Mr. McINTOSH: Yes, under the same conditions.

M. KALBFLEISCH: I think that probably some machines do. I will speak of tractors, because we have to look at the past. Somebody says he has a tractor that is 25 years old, and is still running. I think a tractor that we buy now, 25 years from now, with the same care, will be still running.

Mr. McINTOSH: But not any longer?

Mr. KALBFLEISCH: I think this will depend a little bit on the care of the tractor, as much as anything.

Mr. McINTOSH: With similar care. With these new engineering features and improvements on machinery, does it make the equipment last longer, as far as the farmer is concerned? That might be one of the factors why he should pay more for it. But, if it does not last longer—other than the versatility, I suppose you would call it, of the piece of machinery—he has not gained much advantage?

Mr. KALBFLEISCH: I do not think, from strictly your question, there is a great difference in that. A lot of the increase in cost is for these other factors. This three-point hitch, the hydraulic attachments, six, seven or eight gears forward, when there were only one or two speeds initially—this is the type of thing that has contributed to the cost. Perhaps this is strictly the answer to your question. The internal combustion engine—I do not know that there has been a fundamental change that makes it last longer.

Mr. KORCHINSKI: Is the fact that this machinery now operates at a great speed on the field—that is, three miles an hour, up to about six miles an hour— contributing to its deterioration more rapidly?

Mr. KALBFLEISCH: If you think of the tractor, I do not think this is any—

Mr. KORCHINSKI: I am not thinking of the tractor.

Mr. KALBFLEISCH: You are speaking of field machinery? On smooth ground, on good conditions, yes. Where you have stones, and you must hit them faster and harder, I think you are in difficulties. They have tried to improve the release hitches to take some effect of this impact; but when you change your speed from three miles an hour to six miles an hour, the impact is much greater.

Mr. KORCHINSKI: It is not only the stones. I can well agree that that would be a contributing factor. But there is also the fact that with the machine moving faster, perhaps there is a tendency not to grease the parts that require greasing, and this grease deteriorates more rapidly. And there are other factors there—is wear of the machine greater that way?

Mr. KALBFLEISCH: There could be some factors along this line. Care of equipment is always important. Faster operation, I think—if you take it by and large, on everything—costs more. That is, to just increase speed.

If you increase speed with your car, you get greater wind resistance, and this type of thing—more tire problems, and so forth. If you take machinery by and large, and operate it very much faster, you probably are not gaining by this, in one aspect. You may get that crop off, which is awfully important.

Mr. KORCHINSKI: Have there been any studies conducted as to what would be the speed at which it would be most advantageous, and the cheapest, to operate?

Mr. KALBFLEISCH: We have not done that, specifically; but there has been work done where speed is based on travel. For instance, if you go out with a deep chisel, or cultivate fairly deeply at high speed, it is better for you to go along, with a larger machine, at lower speed. There is increased cost when you do that; but it is better to move more slowly with a larger machine.

The CHAIRMAN: Mr. Kalbfleisch, would you be of the opinion that these high-speed machines contribute materially to the increase in repairs, over the other types of machines as drawn by tractors, and what have you?

Mr. KALBFLEISCH: I think we would have to say that the higher speed probably increases repair costs; certainly from the standpoint of hazards that you are liable to hit on this score.

Mr. HENDERSON: Like the hay machine?

Mr. KALBFLEISCH: Yes, particularly of that type of machinery. If you go along with this machine very slowly, and see there is a stone in the way, and that type of thing, you can remove it. There is more hazard driving a machine at a higher speed. I think we get into somewhat this type of thing as we operate faster. But, of course, we want to do this when we can, to get the crop off in a limited time.

Mr. SOUTHAM: Mr. Chairman, I think the witness has a salient point, probably, there. I think it is agreed that an increase of speed in farm machinery has a bearing on the longevity of the machine itself, and a direct bearing on the cost.

But as far as the economy of farm operations is concerned, the increased speed with which we can put in a crop and take it off in the proper growing season has a direct bearing on this matter. I think that possibly offsets the wear and tear on the machine itself due to the increased speed. I think that is agreed among the farmers.

I think the whole tendency of acceleration on the part of farm machinery has been offset by the increased amount of productivity over the last 25 years, if you look at the figures.

Mr. HENDERSON: Farm machinery used to last way longer when it was used with horses. You could only travel at a certain speed, and you could only work so many hours because the horses would only last so long.

Mr. PETERS: How much enlargement would it take if we were to require farm machine companies to have approved any modifications they made in farm machinery?

In other words, if we operated on a licensing basis, where you do not put out a new model unless you can prove there is some advantage that the engineering department would accept as an advantage? In other words, just to streamline the tractor—maybe a number of young farmers, the kids, want a very fancy tractor with a radio on and an aerial, and all that; but the average farmer who is interested in cost is not too particular whether the grille is changed this year or not.

If we operated on a licensing basis, where the farm machinery companies came to the department and said, "We have this modification. We would like to put it on our next model"—would you be in a position to test, or check it and evaluate it?

Mr. KALBFLEISCH: It would take a lot of staff to do this.

Mr. PETERS: It would perhaps save the farmers some money. It seems to me the study into prices that was undertaken this year came to the conclusion that the consumer was the guy who, in the final analysis, was at fault; and yet we know the American car manufacturers in particular have gone in for cars that we did not particularly want, and the trend now is to buy imported cars that are of altogether a different type than the ones we have been faced with, and still some of the manufacturers are continuing to push that car that obviously has become obsolete.

I am wondering if this has not also happened in farm machinery, that we are being sold something that we do not want because we have not anything on the other side of the picture to tell us that there are advantages in not having that. In other words, if these engineering things came out, and the manufacturer at fairs and ballyhoos tells everybody how valuable this is, he creates a tendency in the purchaser to want that—and it may not be good for him if he gets it. It might be that this would be an easy way of cutting down the cost of farm machinery, if we licensed farm machinery production to the extent that, before they brought out new changes, they were approved by the engineering department, which would say whether or not it served any value.

Mr. KALBFLEISCH: Something like this would have to be given a great deal of thought, because, as you have indicated yourself, there is always the factor of human buying to take into account, on the one hand.

We have what I think may be thought of as the chain system of economy, by which we operate in this part of the world, that companies are in a competitive position amongst themselves. Things might be very difficult to keep on an even keel.

Mr. PETERS: Yes; but the price commission did find out that these things that we have wanted, like the supermarkets and other things of this nature, where progress appears to be growing very rapidly in this direction, was not progress as far as the consumer was concerned. He was not getting value for his money, and it was not necessarily a good thing.

Would it be possible for an engineering department to carry out an evaluation without looking towards the sales end of it? In other words, you would be looking at it from the actual value to the farmer, and not whether or not it sells.

Mr. MCINTOSH: They did that, during the war, in the old country with regard to furniture. They had a standard piece of furniture, and that was all you could get. People did not like it. I wonder whether or not some department in the government could not apply the same reasoning to a style of clothes, to see whether people would buy it.

Mr. KORCHINSKI: I think that is a very important point, Mr. Chairman. I have had some experience along that point, and when you suggest it cannot be done, I do not quite agree, because I am thinking of the underwriter laboratories which underwrite things like space heaters, or oil heaters. They do not say, "You should buy this unit", or "that one". You have a choice in the matter. But they say it is safe to use, and unless it is underwritten a fire inspector can say it is a hazard.

The same principle could be applied to machinery—"We do not suggest in any way that this machinery is good or not; but suggest there are certain weaknesses in it." I have had this experience with a combine, which was of a new design. The agent himself was a very good, aggressive salesman. I was gullible, and young and foolish, if you want to put it that way. But the point is that there was a rash of sales of that particular type of machinery in that district. A year later we found out that there was something wrong with the design; the deck had to be lowered, because it did not have the capacity.

That factor itself contributed to the enormous cost, because they had to replace the decks. The old decks had to be thrown out, and there are other minor changes. There is a place for some test or means whereby the department could be satisfied that this is a machine that normally should function and should come up to a certain standard. I think this is a point that should be considered.

Mr. KALBFLEISCH: In one of your earlier statements, I do not think I said things could not be done.

Mr. KORCHINSKI: I had that impression.

Mr. KALBFLEISCH: You will want to look into this thing to see its ramification, because we have these factors of methods of sale, or the competitive systems of sale, and these human factors that get tied into the whole thing. If you could eliminate all these things, and come down to pure engineering, technical data, you get on to ground that you can measure. This type of thing has been done. In Europe and some of these other places they have done more of this nature of thing. Some countries did it for different purposes than we would. Some of the countries in the Far East have testing units, because the governments are buying in large quantities, importing, and they

want some idea of what the machinery is like. It becomes a purchasing standard which they need, and that is quite a different thing from what we are talking about.

I think the thing should be given a lot of thought before we start out on something like this. It is not a matter of maybe not being able to be done, but I think it should be studied carefully.

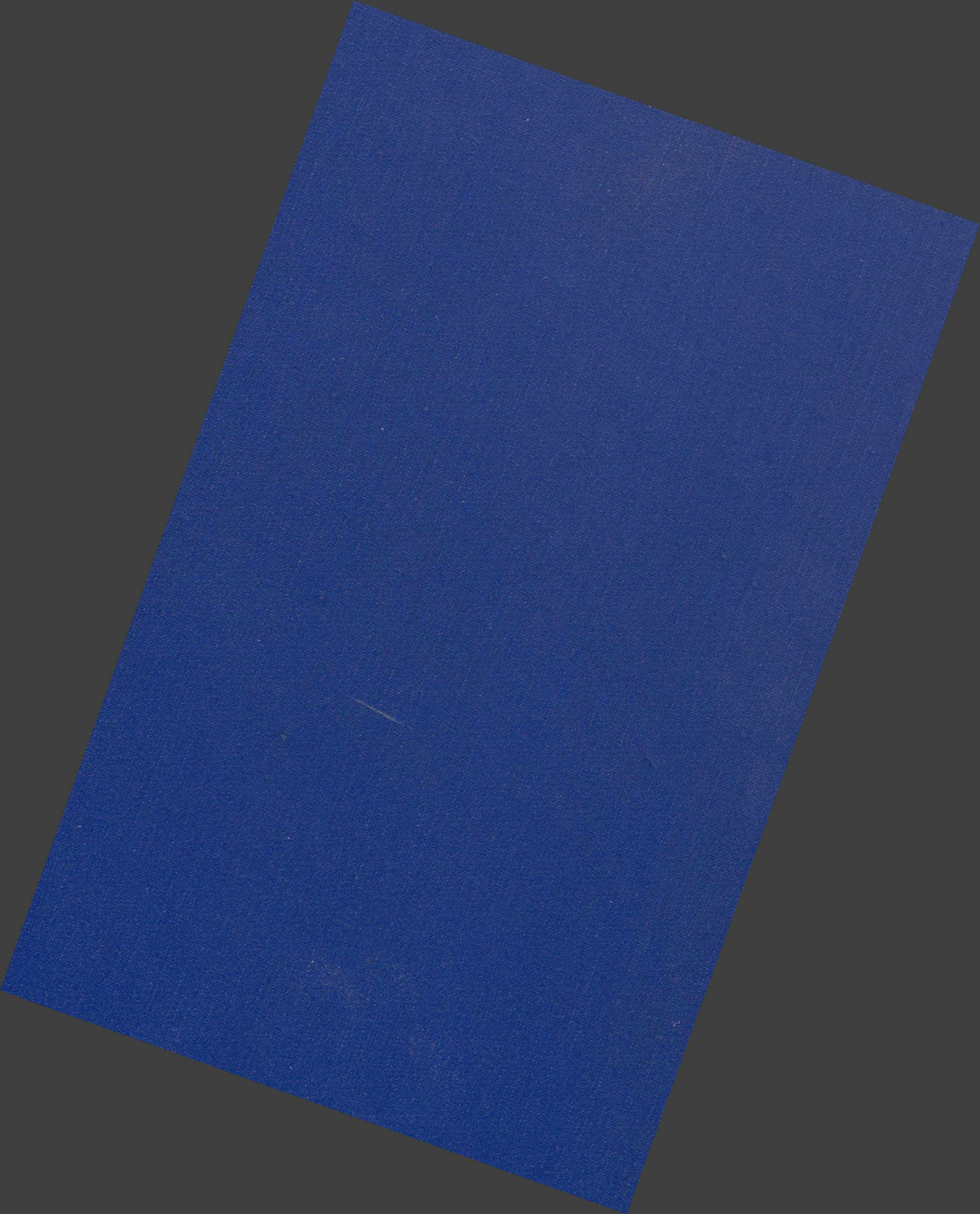
Mr. PETERS: I do not think we were giving direction to the engineering department to go ahead with this. But we think we may be getting high pressure salesmanship that is not producing dollars value. It might be wise, therefore, for the engineering department to look at the small field they have handled and see if, going back over the records, these suggestions they made, in their limited way, had been put into farm publications, how much they may have saved the farmer in a case like this. If one year's test had been made on the combine that he bought it might have saved the farmer $1,000. This saving would be worth the department holding up licensing that machine company, to make that machine in such a way that you could ensure the farmer that he was going to get value before he bought it.

The CHAIRMAN: I believe the bell will soon be ringing now. We appreciate very much, Mr. Kalbfleisch, your coming here, and I am sure the committee members have all appreciated your attendance.

Gentlemen, we will be meeting in this room tomorrow, Wednesday, at 3.00 o'clock to study the report to the house.

I was wondering, gentlemen, as the committee will be meeting in camera, and as it is customary for just the members of the committee and the clerk to be present, as Mr. Haase and Dr. Andall will be preparing the brief and figures with statistics for this committee when the house resumes—I am just wondering if it would be satisfactory to the committee to have them present tomorrow, because we want to know just what the members wish to be brought up at the next session, when the committee reconvenes. Is that satisfactory to the committee, for Mr. Haase and Dr. Andall to be present?

Agreed to.

The CHAIRMAN: Then we shall meet tomorrow at 3.00 o'clock in camera. You will be getting notices of that meeting.

Mr. SOUTHAM: Could I thank our witness this morning? I think we have had a very interesting discussion and there have been good thoughts coming out of it.