

Canada. Parl. H. of C. Standing  
Comm. on Agriculture and  
Colonization, 1952/53.

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

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STANDING COMMITTEE

ON

# Agriculture and Colonization

*Chairman:* ARTHUR J. BATER, ESQ.

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MINUTES OF PROCEEDINGS AND EVIDENCE

Respecting

THE ANNUAL REPORT OF THE BOARD OF GRAIN  
COMMISSIONERS FOR CANADA FOR THE YEAR  
ENDED DECEMBER 31, 1952.

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THURSDAY, APRIL 30, 1953.

TUESDAY, MAY 5, 1953.

THURSDAY, MAY 7, 1953.

FRIDAY, MAY 8, 1953.

SATURDAY, MAY 9, 1953.

MONDAY, MAY 11, 1953.

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WITNESSES:

Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner, and Mr. John Rayner, Chief Administrative Officer, all of the Board of Grain Commissioners for Canada; Mr. J. L. Phelps, President, and Mrs. B. Norman, Secretary, of the Interprovincial Farm Union Council, and Mr. G. A. Mills, President, of the Saskatchewan Wheat Pool Employees Association.

STANDING COMMITTEE  
ON  
AGRICULTURE AND COLONIZATION

*Chairman:* Arthur J. Bater, Esq.

Messrs:

Anderson	Decore	Major	
Argue	Diefenbaker	Masse	
Arsenault	Dinsdale	McCubbin	
Aylesworth	Dumas	McLean ( <i>Huron-</i>	
Bater	Fair		<i>Perth)</i>
Bennett	Fontaine	McWilliam	
Black ( <i>Chateaugay-</i>	Gauthier ( <i>Lapointe)</i>	Murray ( <i>Oxford)</i>	
<i>Huntingdon-Laprairie)</i>	George	Murray ( <i>Cariboo)</i>	
Blue	Gour ( <i>Russell)</i>	Proudfoot	
Boucher	Harkness	Quelch	
Breton	Harrison	Richard ( <i>St. Maurice-</i>	
Browne ( <i>St. John's</i>	Helme		<i>Lafleche)</i>
	West) Jutras	Roberge	
Bruneau	Jones	Ross ( <i>Souris)</i>	
Bryce	Kent	Spence	
Cardiff	Kickham	Ward	
Catherwood	Kirk ( <i>Antigonish-</i>	Welbourn	
Charlton	<i>Guysborough)</i>	White ( <i>Middlesex</i>	
Corry	Kirk ( <i>Digby-</i>		<i>East)</i>
Courtemanche	<i>Yarmouth)</i>	Wood	
Cruikshank	Larson	Wright	
Darroch	MacKenzie	Wylie	
	MacLean ( <i>Queens,</i>		
	<i>P.E.I.)</i>		

R. J. GRATRIX,  
*Clerk of the Committee.*

## ORDERS OF REFERENCE

HOUSE OF COMMONS,  
MONDAY, January 12, 1953.

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

### AGRICULTURE AND COLONIZATION

Messrs.

Anderson,	Diefenbaker,	Major,
Arsenault,	Dinsdale,	Massé,
Aylesworth,	Dumas,	McCubbin,
Bater,	Fair,	McLean ( <i>Huron-Perth</i> ),
Bennett,	Fontaine,	McWilliam,
Black ( <i>Chateauguay- Huntingdon-Laprairie</i> ),	Gauthier ( <i>Lapointe</i> ),	Murray ( <i>Cariboo</i> ),
Blue,	George,	Murray ( <i>Oxford</i> ),
Breton,	Gour ( <i>Russell</i> ),	Proudfoot,
Browne ( <i>St. John's West</i> ),	Harkness,	Quelch,
Bruneau,	Herridge,	Richard ( <i>Saint-Maurice- Lafleche</i> ),
Bryce,	Hetland,	Roberge,
Cardiff,	Jutras,	Ross ( <i>Souris</i> ),
Catherwood,	Jones,	Spence,
Charlton,	Kent,	Studer,
Clark,	Kickham,	Welbourn,
Corry,	Kirk ( <i>Antigonish- Guysborough</i> ),	White ( <i>Middlesex East</i> ),
Courtemanche,	Kirk ( <i>Digby-Yarmouth</i> ),	Whitman,
Cruikshank,	Laing,	Wood,
Darroch,	MacKenzie,	Wright,
Demers,	MacLean ( <i>Queens</i> ),	Wylie—60.

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

MONDAY, April 27, 1953.

*Ordered*,—That the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952, be referred to the said Committee.

TUESDAY, April 28, 1953.

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

## STANDING COMMITTEE

WEDNESDAY, April 29, 1953.

*Ordered*,—That the name of Mr. Harrison be substituted for that of Mr. Hetland; and

That the name of Mr. Larson be substituted for that of Mr. Laing; and

That the name of Mr. Ward be substituted for that of Mr. Clark; and

That the name of Mr. Smith (*Moose Mountain*) be substituted for that of Mr. Whitman; and

That the name of Mr. Decore be substituted for that of Mr. Demers on the said Committee.

THURSDAY, April 30, 1953.

*Ordered*,—That the said Committee be granted leave to sit while the House is sitting.

*Ordered*,—That the said Committee be empowered to print from day to day, 650 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

WEDNESDAY, May 6, 1953.

*Ordered*,—That the name of Mr. Boucher be substituted for that of Mr. Smith (*Moose Mountain*); and

That the name of Mr. Helme be substituted for that of Mr. Studer on the said Committee.

*Attest:*

LEON J. RAYMOND,  
Clerk of the House.



## REPORTS TO THE HOUSE

THURSDAY, April 30, 1953.

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

### FIRST REPORT

Your Committee recommends:

1. That it be granted leave to sit while the House is sitting.
2. That it be empowered to print from day to day, 650 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

ARTHUR J. BATER,  
*Chairman.*

TUESDAY, May 12, 1953.

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

### SECOND REPORT

Pursuant to the Order of Reference of the House of April 27, 1953, your Committee had before it for consideration the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952.

Your Committee held 10 meetings during which the above-named matter was considered, evidence adduced thereon, and the said Report adopted.

Your Committee recommends that the Government give consideration to the advisability of referring The Canada Grain Act to this Committee for study at a future Session of Parliament.

A copy of the evidence adduced is appended hereto.

All of which is respectfully submitted.

ARTHUR J. BATER,  
*Chairman.*



## MINUTES OF PROCEEDINGS

THURSDAY, April 30, 1953.

The Standing Committee on Agriculture and Colonization met at 10.00 o'clock a.m. this day. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Anderson, Argue, Bennett, Blue, Bryce, Cardiff, Charlton, Corry, Darroch, Decore, Dinsdale, Dumas, Fair, George, Gour (Russell), Jutras, Jones, Kickham, Larson, MacLean (Queens, P.E.I.), Major, McLean (Huron-Perth), Quelch, Roberge, Ross (Souris), Studer, Ward, Welbourn, White (Middlesex East), Wood, Wright, and Wylie.

Mr. Bater thanked the Committee for his appointment as Chairman, and read the Orders of Reference.

On motion of Mr. Wright,

*Resolved*,—That a sub-committee on Agenda and Procedure, comprising the Chairman and 8 members to be named by him, be appointed.

On motion of Mr. Jutras,

*Resolved*,—That permission be sought to print, from day to day, 650 copies in English and 250 copies in French of the Committee's Proceedings and Evidence.

*Agreed*,—That the quorum of the Committee be not changed.

On motion of Mr. Argue,

*Resolved*,—That permission be sought to sit while the House is sitting.

The Committee adjourned to the call of the Chair.

TUESDAY, May 5, 1953.

The Standing Committee on Agriculture and Colonization met at 4.00 o'clock p.m. this day. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Argue, Bennett, Catherwood, Charlton, Corry, Darroch, Decore, Dinsdale, Fair, George, Harrison, Jutras, Kirk (Antigonish-Guysborough), Kirk (Digby-Yarmouth), MacLean (Queens, P.E.I.), McLean (Huron-Perth), McWilliam, Quelch, Studer, Ward, Welbourn, Wood, Wright, Wylie.

The Chairman laid before the Committee the recommendations of the sub-committee on Agenda and procedure, as follows:

1. That the Committee hear the Board of Grain Commissioners on Thursday, May 7, at 3.00 o'clock p.m.
2. That the Committee hear those organizations which have requested a hearing respecting the work of the Board of Grain Commissioners.

The said recommendations were considered and concurred in.

At 4.30 o'clock p.m. the Committee adjourned to meet again at 3.00 o'clock p.m., Thursday, May 7, 1953.

THURSDAY, May 7, 1953.

The Standing Committee on Agriculture and Colonization met at 3.00 o'clock p.m. this day. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Anderson, Argue, Black (*Chateauguay-Huntingdon-Laprairie*), Browne (*St. John's West*), Bryce, Catherwood, Corry, Darroch, Decore, Diefenbaker, Dinsdale, Fair, George, Gour (*Russell*), Harrison, Helme, Jutras, Kirk (*Antigonish-Guysborough*), Kirk (*Digby-Yarmouth*), Major, McCubbin, McLean (*Huron-Perth*), Murray (*Oxford*), Murray (*Cariboo*), Quelch, Richard (*St. Maurice-Lafleche*), Roberge, Ward, Welbourn, Wood, Wright, Wylie.

*In attendance:* Mr. G. McIlraith, Parliamentary Assistant to Minister of Trade and Commerce; Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner, and Mr. John Rayner, Chief Administrative Officer, of the Board of Grain Commissioners for Canada; Mr. J. L. Phelps, President, Mrs. B. Norman, Secretary, and Mr. J. Canart, Member of the Interprovincial Farm Union Council; Mr. G. A. Mills, President, and Mr. R. W. Thrasher, Secretary, of the Saskatchewan Wheat Pool Employees Association.

The Committee commenced consideration of the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952.

Mr. Phelps was called, presented a brief and was questioned thereon.

The Witness tabled the Decision of the Board of Grain Commissioners for Canada on the Brancepeth Case.

*Ordered,*—That the said document be printed as *Appendix "A"* to the Minutes of Proceedings and Evidence of this Committee.

At 5.50 o'clock p.m., the number of members present being below a quorum, and the examination of Mr. Phelps still continuing, the Committee adjourned to meet again at 8.00 o'clock p.m. this day.

#### EVENING SESSION

The Committee resumed at 8.30 o'clock p.m., Mr. Bater, Chairman, presiding.

The Committee resumed consideration of the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952; the examination of Mr. Phelps continuing.

The Witness laid on the table correspondence between the Witness and the Board of Grain Commissioners in connection with requests for certain information.

*Ordered,*—That the said correspondence be printed as *Appendix "B"* to the Minutes of Proceedings and Evidence.

At 9.45 o'clock p.m. the examination of Mr. Phelps having been concluded, he was retired, and the Committee adjourned to meet again at 11.30 o'clock a.m., Friday May 8, 1953.

FRIDAY, May 8, 1953.

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

*Members present:* Messrs. Argue, Bryce, Cardiff, Catherwood, Corry, Dinsdale, Fair, George, Gour (*Russell*), Harrison, Helme, Jutras, Kirk (*Digby-Yarmouth*), MacLean (*Queens P.E.I.*), Major, Murray (*Oxford*), Quelch, Roberge, Ward, White (*Middlesex East*), Wood, Wright, Wyle.

*In attendance:* Mr. G. McIlraith, Parliamentary Assistant to Minister of Trade and Commerce; Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner, and Mr. John Rayner, Chief Administrative Officer of the Board of Grain Commissioners for Canada; Mr. J. L. Phelps, President, Mrs. B. Norman, Secretary, and Mr. J. Canart, a Member of the Interprovincial Farm Union Council; Mr. G. A. Mills, President, and Mr. P. W. Thrasher, Secretary, of the Saskatchewan Wheat Pool Employees Association.

The Committee resumed consideration of the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952.

Mr. Argue moved:

That Mrs. Norman be heard before the hearings of the Committee are completed.

After discussion Mr. Wood moved in amendment thereto, the following:

That all the words after the word "heard" in the said motion be deleted and the word *now* be inserted therefor, the motion as amended read: "That Mrs. Norman be heard now".

After further discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

Mrs. Norman was called, made a statement, was question thereon and retired.

Thereupon Mr. Larson moved:

That, if the Interprovincial Farm Union Council has any further submission to make, it be heard now.

After discussion and by leave of the Committee, the said motion was withdrawn.

Messrs. McKenzie, Vallance and Rayner were called.

The Committee then commenced a detailed study of the Annual Report; Mr. McKenzie being examined thereon.

At 1.05 o'clock p.m., the examination of Mr. McKenzie continuing, the Committee adjourned to meet again at 3.00 o'clock p.m. this day.

#### AFTERNOON SESSION

The Committee resumed at 3.30 o'clock p.m. this day. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Anderson, Argue, Boucher, Bryce, Cardiff, Catherwood, Corry, Dinsdale, Dumas, Fair, George, Harrison, Helme, Jutras, Kirk (*Digby-Yarmouth*), Larson, MacKenzie, Major, McWilliam, Proudfoot, Quelch, Ward, Welbourn, White (*Middlesex East*), Wood, Wright, Wylie.

*In attendance:* Same as at the morning session.

The Committee resumed the detailed study of the Annual Report of the Board of Grain Commissioners for Canada for 1952; Mr. McKenzie being further examined thereon.

During the course of the examination of Mr. McKenzie, Messrs. Vallance and Rayner answered questions specifically referred to them.

Detailed examination of the Annual Report being concluded, Mr. Rayner made a statement on the part played by him in the Brancepeth case.

The Witness laid on the table copy of the report made by him on the said case.

*Ordered*,—That the said report be printed as *Appendix "C"* to the Minutes of Proceedings and Evidence.

At 5.35 o'clock p.m., the examination of Mr. Rayner being continued, and the number of members present being below a quorum, the Committee adjourned to meet again at 8.00 o'clock p.m. this day.

#### EVENING SESSION

The Committee resumed at 8.30 o'clock p.m. Mr. Bater, Chairman, presided.

*Members present*: Messrs. Anderson, Argue, Aylesworth, Bryce, Cardiff, Corry, Cruickshank, Dinsdale, Fair, George, Gour (*Russell*), Harrison, Jutras, Kirk (*Digby-Yarmouth*), Mackenzie, Major, McWilliam, Murray (*Cariboo*), Proudfoot, Quelch, Welbourn, Ward, Wood, Wright, Wylie.

*In attendance*: Same as at the morning session.

Mr. Jutras moved:

That the Annual Report of the Board of Grain Commissioners for Canada for 1952 be adopted now.

After discussion Mr. Fair moved:

That the consideration of the question be postponed until later this day.

After further discussion, and by leave of the Committee, the said amendment was withdrawn.

The question then being put on the motion of Mr. Jutras, it was moved in the affirmative.

It was agreed that the examination of Mr. Rayner be postponed for the time being, and that Mr. Mills be called.

Mr. Mills was called, made a statement, was questioned thereon and retired.

At 9.45 o'clock p.m., the number of members present being below a quorum the Committee adjourned to meet again at 11.30 o'clock a.m., Saturday, May 9, 1953.

Saturday, May 9, 1953.

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

*Members present*: Messrs. Anderson, Argue, Bryce, Cardiff, Catherwood, Corry, Dinsdale, Fair, George, Gour (*Russell*), Harrison, Helme, Jutras, Jones, Kirk (*Antigonish-Guysborough*), Kirk (*Digby-Yarmouth*), Larson, MacKenzie, Proudfoot, Quelch, Ward, Welbourn, Wood, Wright, Wylie.

*In attendance*: Right Honourable C. D. Howe, Minister of Trade and Commerce; Mr. G. McIlraith, Parliamentary Assistant to the Minister of Trade

and Commerce; Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner, and Mr. John Rayner, Chief Administrative Officer, all of the Board of Grain Commissioners.

Mr. McIlraith answered a question raised at an earlier meeting as to the printing of the Annual Report of the Board of Grain Commissioners.

Mr. MacKenzie made a statement on the Board of Grain Commissioners' decision on the Brancepeth Case and was questioned thereon.

During the course of the proceedings Mr. Vallance answered questions specifically referred to him.

The examination of the Witnesses having been concluded, they were retired.

A general discussion arising, and it being 1.00 o'clock p.m., the Committee adjourned to meet again at 3.00 o'clock p.m. this day.

#### AFTERNOON SESSION

The Committee resumed at 3.00 o'clock p.m. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Anderson, Argue, Bryce, Cardiff, Corry, Diefenbaker, Dinsdale, Fair, George, Gour (*Russell*), Harrison, Helme, Jones, Kirk (*Digby-Yarmouth*), Larson, MacKenzie, Proudfoot, Quelch, Ward, Welbourn, Wood, Wright, Wylie.

*In attendance:* Same as at morning session.

Mr. Jutras moved:

That the Committee report back to the House the Annual Report of the Board of Grain Commissioners for Canada for the calendar year ending December 31, 1952.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

It being suggested that certain recommendations might be incorporated in the said report and, after further discussion, it was agreed that the Agenda Committee should meet, draft a report, and that the Chairman present the report to the main Committee for approval.

At 3.30 o'clock p.m. the Committee adjourned to the call of the Chair.

MONDAY, May 11. 1953.

The Standing Committee on Agriculture and Colonization met at 4.00 o'clock p.m. this day *in camera*. Mr. Bater, Chairman, presided.

*Members present:* Messrs. Anderson, Argue, Charlton, Corry, Fair, George, Gour (*Russell*), Harrison, Helme, Jutras, Jones, Kirk (*Digby-Yarmouth*), McLean (*Huron-Perth*), Murray (*Cariboo*), Ward, Welbourn, Wood, Wright, Wylie.

The Chairman laid before the Committee a "draft Report to the House" on the Annual Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1952, adopted unanimously by the Sub-Committee on Agenda at a meeting held at 11.30 o'clock a.m. this day.

After discussion and an amendment being proposed the said Report to the House was adopted without amendment on division and the Chairman ordered to present the Report to the House.

At 4.20 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRIX,  
*Clerk of the Committee.*



## EVIDENCE

MAY 7, 1953.

The CHAIRMAN: Ladies and gentlemen, if you will kindly come to order, we have a quorum now.

I will just advise you of some of the witnesses who are present before you. We have with us Mr. J. L. Phelps, Chairman of the Interprovincial Farm Union Council; Mr. D. G. McKenzie, Chief Commissioner, the Board of Grain Commissioners for Canada; Mr. J. Vallance, also a commissioner; and Mr. John Rayner, Chief Administrative Officer of the Board of Grain Commissioners for Canada.

I understand that Mr. Phelps has come directly from his seeding operations on his farm in Saskatchewan and I have spoken to the various witnesses suggesting that it would be only fair to give Mr. Phelps an opportunity to present his submission now on behalf of the Interprovincial Farm Union Council, which council is comprised of farm councils for Manitoba, Saskatchewan and Alberta. Is it agreeable to the committee that we call on Mr. Phelps and let him present his submission?

Agreed.

I will now call on Mr. Phelps to present his submission.

**Mr. J. L. Phelps, Chairman, Interprovincial Farm Union Council, called:**

The CHAIRMAN: For Mr. Phelps' information I will read the order of reference: "Monday, April 27th, 1953. Ordered that the annual report of the Board of Grain Commissioners for Canada for the year ended December 31st, 1952, be referred to the said committee. Signed Mr. Leon J. Raymond, Clerk of the House."

The WITNESS: Now, Mr. Chairman, I would like to make a short explanation before I present the brief itself. I would like to say that we have just had word from the Ontario delegates. There will be one or two here but they have had some car difficulties and will be here a little later.

We are associated on certain main points in this submission with the Ontario Farmers Union. I would like to point out that the short notice left insufficient time to consult the Alberta Union but on the main points there has been previous and continuous consultation.

I might say that I appreciate the opportunity of appearing before this committee. I believe you all realize that the notice we received was short and we did not have as much time as we would have liked to have. I was on the farm the night before last and this brief had to be prepared before we left and we hope you will bear with us if there should be errors and omissions. It might have been consolidated better, but we did the best we could under the circumstances.

The Interprovincial Farm Union Council appreciate this opportunity of making this our annual presentation to the Standing Committee on Agriculture of the House of Commons. Our submission in this instance will mainly centre on grain handling and marketing problems, as we understand these are the

two main items that have been referred by the parliament of Canada to this committee for attention. We do desire, however, to make a few general observations with reference to the economic conditions of prairie farmers.

At the outset we would caution those who assume that all prairie farmers are well off financially, basing this assumption on individual cases or a small percentage of relatively prosperous farmers who are sometimes cited by those who view the situation from a distance, or by those who reside in urban centres and who are not familiar in any way with economic conditions of the average prairie farmer at the present time. To assume that all, or even a majority, of western farmers are able to show an increasingly favorable balance sheet at the end of each operating year is completely erroneous. Many people who jump to such conclusions are no doubt completely misled by public statements from speeches or press reports giving the gross income of farmers.

The prosperity of agriculture, like any other industry or individual, cannot be judged by any calculation based on gross receipts, but it is the farmers' net income or "take home pay" that really tells the story. While it is admitted that the gross income to the agricultural industry has been increasing, like all other major economic groups in Canada, the fact remains that the net income to agriculture has been decreasing; and, in spite of higher than average production recently, we are concerned to find the amount of agricultural improvement loans are, of necessity, rapidly increasing. The amount owing to finance corporations on purchases of various types, as well as the outstanding accounts to local merchants, are a further matter of deep concern, and we are somewhat fearful that the present prices and income to western agriculture, as our share of the national income, does not leave the farmers sufficient reserves to protect them from the natural production hazards to which the agricultural industry is annually subjected.

We believe that some definite steps must be taken by the government of Canada to raise the basic prices for agricultural commodities, and particularly that portion of our production sold on our domestic market and consumed in Canada, on a price formula which will bear a direct relationship to the cost of goods and services prevailing in Canada at any given time.

#### *Grain Handling and Administration of the Canada Grain Act*

The prairie farm unions are becoming increasingly critical of the administration of the Canada Grain Act by the present Board of Grain Commissioners. On certain occasions, when farm delegations have met with this board, the impression gained by the western farmers and farm women attending was that the board appeared to be more in sympathy and solicitous of the welfare of the grain handling companies than it is in protecting and extending the interests and welfare of the farmers. We are of the opinion that the present procedure being followed in the board's grain handling statistics does not give a sufficiently detailed breakdown to provide a proper picture of the various companies' operations in order to follow accurately the movement of grain from the time it is delivered by the farmer at the local country elevator through to export or its grading on a basis of certificate final.

We have complained on previous occasions regarding the present unsatisfactory situation, but we are bound to report that there has been no noticeable change for improvement. In some cases we have letters on file from the board informing us that certain information relating to specific grades or types of handling is not available. In comparison we wish to compliment the Canadian Wheat Board on maintaining much more adequate and complete records of grain marketed by them by the various types and grades. No good and sufficient reason has been given us to date why a more complete check is not maintained by the Board of Grain Commissioners of the various grades of grain handled at different stages in processing.

Specifically we have sought for almost three years to obtain direct from this board complete and accurate information regarding the various grades and amount of each grade purchased from farmers at local elevators throughout the prairies as well as similar complete information on the total amount of grain to be accounted for or shipped and exported by each of the various companies on their complete operations. At one time we were informed that this information was not available. On several occasions we were told that other records were not kept, particularly as it related to the lower grades of grain handled.

We are forced to seriously question the position taken by the board in this respect as in some instances information that was denied us on the excuse it was not available was later tabled in the House of Commons in answer to questions by members. We presume this information, similar to that we were told was not available, was supplied, as it ought to have been, by the Board of Grain Commissioners. In the event it is argued that this information was supplied by some other agency than the Board of Grain Commissioners, then we would pose the question: What agency in Canada would have or ought to have more information on grain handling than does the Board of Grain Commissioners itself?

For these and other reasons we would recommend for favorable consideration and early action some re-organization of the present board. We would suggest that consideration be given to increasing the present board numbers from three to five; that Mr. Milner's leave of absence as transport controller be accepted as a permanent one and that a new appointment be made immediately to fill this vacancy; and that this person, together with the two new appointees, be actual producing farmers carrying the endorsement of the organized farmers from the prairies.

The two additional board members which we are recommending would not necessarily be full-time appointments nor need they, necessarily, enter into the daily routine of administration. What we are mostly concerned with is that these two additional farmer appointees would be available for regular meetings of the board, possibly once a month or oftener if an urgent need arose for a special meeting where matters of policy regarding the board's operation and administration of the Act would be decided upon. The actual implementation of these policies as well as the administrative details could continue to be the responsibility of the other three board members.

#### *Transferring Administration of Board of Grain Commissioners to Department of Agriculture*

On a previous occasion we asked for the transfer of all grain handling and administration to the Department of Agriculture. The main arguments advanced in objection, at that time, were to the effect that sales of grain more particularly had to do with Trade and Commerce and therefore more logically fell under the jurisdiction of that department. We are now asking that the enforcement of the Canada Grain Act be immediately transferred to the Department of Agriculture, as these same arguments certainly do not appear to have the same validity when applied to regulatory features of the grain trade, and it appears to us that the latter department, in the very nature of its set-up, is much closer to and conversant with the problems and viewpoint of western farmers. Sales of grain, in any event, are handled by the Canadian Wheat Board which could remain under the Department of Trade and Commerce, while the Board of Grain Commissioners would be responsible to the Department of Agriculture.

*Overages*

As on former occasions we wish again to bring to the attention of this committee the present unsatisfactory situation that exists insofar as grain overages are concerned. We note with growing concern that net overages amounting to 1,797,252 bushels of wheat alone were reported by the Canadian Wheat Board in their annual report this past year. This vast amount of wheat was not covered by producers' certificates. In addition to that there are the overages from other types of grain.

When this situation was first brought to light by the farm unions, certain interests and individuals tried to give it the brush-off in an effort to belittle its importance. However, as some indication of a changing opinion, we were interested to note that when a large farm delegation had occasion to meet with the Board of Grain Commissioners in Winnipeg recently, the chairman himself stated that these overages were the cause of considerable concern to the Board and that he definitely felt they were excessive.

It is noted in the annual report recently tabled in the House covering the operations of the Board of Grain Commissioners for the crop year 1951-1952 that only an amount of \$167.17 was paid to the board by two terminal elevator companies as excess overages on grain. We are at a loss to justify this in the light of the information on overages disclosed in the annual report of the Canadian Wheat Board. Quite properly it is not the responsibility of the Wheat Board to keep a record as to where these overages accumulated, and it appears that the Board of Grain Commissioners in their report do not clearly indicate what additional overages accumulated at country elevators in western Canada. While we appreciate that the overages in the latter category do not become liable for confiscation under the Act as it now stands, we would draw to the attention of this committee that under other sections of the Act the responsibility for these overages or their continuance rests squarely on the Board of Grain Commissioners.

It may be argued that part of these overages can, and have, under the Act, been offset by shortages and the provision for shrinkage allowance. In our opinion, the Canada Grain Act should be so amended to provide that both these practices be discontinued. Dealing with the first one, namely the privilege to offset overages against shortages, we would draw to your attention that shortages should not normally exist or be refundable due to the fact that all of this grain is supposed to be weighed over government inspected scales, the operations of which are fully reported by S. M. Capon, Chief Weighmaster, on pages 4, 6 and 47 of the report. Dealing with the second point, if the shrinkage allowance is set at the proper rate to take care of the actual loss in shrinkage for grain handling, then no offset should be allowed since this weight in grain or the grain itself to the extent of the shrinkage allowance must naturally disappear; and, if it is to be allowed later as an offset, then it is an admission that the shrinkage doesn't actually take place to the extent of the shrinkage allowed for under the existing regulations.

However we must bear in mind that there are two kinds of overages in grain handling—the one most commonly referred to and, up to the present, the most talked about, has been the overages in weight. We would draw to your attention what seems to be a more serious side of this overage question which has to do with overages in grades. A breakdown of information supplied to us by the board, together with additional information taken from the public records of the House of Commons from information filed there, reveals a most interesting picture. A complete breakdown of all grades and conditions is not yet possible owing to the board's refusal to supply certain information. However some figures are revealing. (Chart attached)

REPORT OF OPERATIONS IN SALE OF WHEAT  
CANADIAN WHEAT BOARD — 1951-52 CROP YEAR

	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	Feed Wheat	1-4 Durham	1-3 Garnet	Other Grades	Total
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
Board Receipts 1951-52.....	2,055,980	35,376,645	159,399,320	119,329,483	77,429,359	31,186,683	6,754,034	9,121,805	2,709,525	10,635,095	453,997,933
On Hand—July 31, 1951.....	1,350,785	4,898,970	5,451,862	8,481,858	29,735,980	28,151,683	10,974,174		6,332,903		95,378,147
Amount to Account for.....	3,406,765	40,275,615	164,851,182	127,811,341	107,165,339	59,338,295	17,728,208		28,799,328		549,376,080
Less stocks on Hand July 31, 1952.....	5,006,886	9,006,229	13,008,493	9,675,357	34,487,523	23,519,845	4,132,763		4,321,307		103,208,409
SALES.....	(1,600,121)	31,269,386	151,842,689	118,135,984	72,677,816	35,818,450	13,545,444		24,478,021		446,167,671

Sales reported by Wheat Board—grades 1-5 — 372,325,754.

REPORT OF PRODUCER DELIVERIES OF WHEAT  
BOARD OF GRAIN COMMISSIONERS — 1951-52 CROP YEAR

	No. 1	No. 2	No. 3	No. 4	No. 5	1-4 Durham	1-3 Garnet	Other Grades	Total
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
Delivered by Producers 1951-52.....	1,931,046	30,031,109	92,861,795	53,084,860	51,532,448	4,482,819	1,742,520	219,648,405	455,315,002
On Hand July 31, 1951.....	2,770,939	9,047,074	8,287,754	8,553,210	23,320,172	2,650,916	860,906	27,676,891	82,567,862
Amount to Account for.....	4,701,985	39,078,183	101,149,549	61,638,070	74,852,620	6,533,735	2,603,426	247,325,296	537,882,864
On Hand July 31, 1952.....	209,439	4,105,255	18,537,900	13,679,047	28,890,641	805,368	364,459	36,878,041	103,470,150
TURNOVER.....	4,492,546	34,972,928	82,611,649	47,959,023	45,961,979	5,728,367	2,238,967	210,447,255	434,412,714

Turnover recorded by Board of Grain Commissioners—Grades 1-5 — 215,998,125.

I would like to draw to the attention of the committee at this point the chart which is here in our brief, dealing with certain figures of grade and grain handlings. At the top of this chart you will notice "Report of Operations in Sale of Wheat, Canadian Wheat Board, 1951-52 Crop Year."

You will notice in the center, following grade 5, that there are two lines struck, and the same with the table below.

The table below has to do with "Report of Producer Deliveries of Wheat by the Board of Grain Commissioners" for the same period. These two charts cover identically the same period, the crop year. They were computed on exactly the same basis to the best of our knowledge, and were taken from figures supplied by the Board of Grain Commissioners and the Wheat Board.

Also we have taken into consideration here the amount of each of these grades in store at the beginning of the crop year and the amount in store at the end of the crop year; in other words, a complete indication of the year's operation, taking in and taking out, and accounting for the amount of stock of each grade at the beginning of and at the close of the crop year.

Now, the reason this table is divided into two by this double line at grade No. 5 is simply because up to the present time, although we have sought to obtain information from the Board of Grain Commissioners for over two years, we have not yet received complete information as regards the balance of the figures that should be included in that bottom table. We have letters on file, and I have the letters here with me, from the board saying that this information is not available. We are not prepared to accept that, and I think that should be the subject of investigation by this committee when the board is called before you, to find out why this information is not available. However, we have prepared a comparison of the figures that are available, from grades 1 to 5, and you will notice, on top, the receipts as reported by the Canadian Wheat Board, and although the total figures correspond very closely, of the different operations right across the table, as to the total number of bushels handled, you will find a tremendous discrepancy if you take it grade by grade. You will notice, for instance—take any grade you like: 1, 2, 3, 4 or 5—start at the last one first. The report of the Board of Grain Commissioners is that there were 45,000,000 bushels purchased from farmers, almost 46,000,000 bushels, while the Wheat Board reports that they handled 72,000,000 bushels. Now, there is a greater discrepancy in No. 4 and a still greater, percentagewise, in No. 3. You will notice something else in this bottom table which raises a question that I think some of the members of the committee should get some further information on—we would like it at least—and that is with regard to the amount shown in the column "Other Grades". You will notice there a figure of 210,447,255 bushels is listed as "other grades", and almost 50 per cent of the handlings of that year are lumped under that general heading, but it is not broken down to say what percentage of this, or the amount in bushels, was No. 6, or feed, or what this was. You will notice these columns are blank. The Wheat Board does report their handlings but, as I say, the figures we have asked for from the Board of Grain Commissioners are not, according to them, available. Now, you will notice when you check on the first five grades, 1 to 5, there is a difference here of 156,327,629 bushels. I think that some further information certainly is required here to find out where this difference exists, and why. Now, you will find further information in another return that I have here in answer to question asked in the House of Commons by Mr. Fair in regard to grain handlings, and I will draw the attention of this committee to the great differences shown. This was a copy of the report of May 7, 1952, tabled here in the House. You will find here a difference of some 12,000,000 bushels of wheat existed in feed wheat alone during that crop year that was referred to.

Now, Mr. Chairman, we submit that these are differences that require considerable further information and explanation as to the discrepancy of these grades, and I am going to deal with it a little further on from another angle.

These figures are not yet complete, nor do they designate—

Mr. WARD: This is all very interesting, Mr. Chairman, but we have the Board of Grain Commissioners here. Would it not be well to deal with these various parts of the submission made by Mr. Phelps as we go along? You have a very lengthy report, Mr. Phelps, and it will take most of the afternoon to read it. Would it not be well if we dealt with these questions raised by you as we go along? This is a very interesting statement that you have just given us and it seems to me if we pass over it now and go on with the balance of your statement, we may not get back to getting the answers, if there are answers, to these very pertinent figures you have given us.

Mr. DECORE: Mr. Chairman, I would suggest we continue as we started. We might as well get through with this report and then if there are any questions to be asked they can be asked later.

The CHAIRMAN: Would the members like to have this table printed in the record?

Mr. DECORE: I will make a motion to that effect.

The CHAIRMAN: Is that agreed to?

Agreed.

Is it agreed that Mr. Phelps continue until he has completed his brief?

Agreed.

The WITNESS: I appreciate that, Mr. Chairman. I am in your hands and I am prepared to work on any basis that you want me to in order to handle this. By the way, that word "include" in our brief has been changed to the word "designate"—they did designate averages in tough and damp grain. Although the Wheat Board reported their purchases in each of these classifications, the Board of Grain Commissioners has to date consistently refused to make complete information available to us regarding purchases at primary points, by grade and condition, in order that a complete check may be made from the farmers' deliveries to the final export or delivery to domestic mills.

The degree to which these figures indicate the possible mixing of grades and up-grading resulting in very large averages in grades as defined in section 138 of the Act, which in turn, if the Act is to be rigidly enforced, should be the same as averages in weight. We believe that this whole question of grain averages, both in weight and up-grading as well as the mixing of tough and damp grain with straight grades under the so-called "natural drying" process, should be the subject of special study by the Parliamentary Commission of Enquiry which we are asking to be established as we feel the Board must have known these averages in up-grading actually existed and we are at a loss to know why the necessary disciplinary action was not taken in accordance with the terms of the Canada Grain Act.

The above picture clearly indicates at least a part of the answer as to why there has been so much dissatisfaction among the farmers, particularly the last two or three years, regarding the unsatisfactory and inconsistent grades they have been receiving at many primary delivery points.

Instead of there being grain overages, particularly in wheat, we contend that there should be substantial shortages insofar as grain not covered by producers' certificates is concerned. The Wheat Board, in their annual report for the crop year 1951-1952, indicate that some 3,975,096 bushels or its equivalent in weight of wheat alone was lost in transit, drying and reconditioning. Much of this, no doubt, is loss in weight through excess moisture being driven

out in the artificial drying process. However, all of this grain and excess moisture was originally weighed in at the country elevator as wheat and producers' certificates were issued for this excess moisture and all. Such producers' certificates were not destroyed in the drying process, or adjusted, but are still in existence and are callable for settlement. The deduction was made to the farmer by way of a decreased price per bushel; but it would appear to us, unless there is some satisfactory explanation to the contrary, that the wheat actually delivered to the Wheat Board by the various elevator companies in total should have, if accurately recorded, shown a substantial shortage in actual bushels of grain to this amount, reflected mainly from the drying process. We are astounded to note that instead of being short in bushels to the extent of approximately 4 million bushels there is actually over  $1\frac{3}{4}$  million bushels of overage, which might conceivably mean that there could be an actual surplus in one year's operation of over  $5\frac{1}{2}$  million bushels of wheat, or its equivalent, not completely accounted for.

*Brancepeth case*—that has to do with the Kreutzweiser hearing. The case took place at Brancepeth, Saskatchewan, where the incident occurred.

We believe that the circumstances and proceedings of the public hearing held at the request of the Saskatchewan Farmers Union with reference to the Brancepeth case are fairly well known to the members of this Committee; and, in case there are individuals who are not fully conversant with all the details, we would recommend a study of the evidence submitted by various parties concerned at this public hearing, a transcript of which is available for the public record. We have a copy of the whole evidence here with us.

The evidence placed before the commissioners on this occasion clearly indicates some weaknesses and certain inconsistencies in the present Act, and the result of the Board's ruling on this case has left the farmers' position more insecure than it was formerly considered to be. As a result of the board's ruling, the farmers have less protection than we have been led to believe was the case by none other than board members themselves on previous occasions. For practical purposes the effect of this ruling, if it is permitted to stand or unless an immediate clarification of the Act is provided by amendment, is that farmers do not have complete protection under section 112 in the actual sale of their grain. According to this ruling of the board, such protection is provided for storage only.

The farm unions are very critical of the Board's ruling in this particular case, and we feel in its findings the Board fails to take into sufficient consideration the position of the farmers under sections 9 and 21 of the Canadian Wheat Board Act. It is true the Board of Grain Commissioners are only required to administer the Canada Grain Act, but we feel, in fairness to the farmers, that these two Acts must be and are related one to the other. Under the Canadian Wheat Board Act a farmer is compelled by law to deliver his grain according to quotas established and to certain designated delivery points for sale to the Canadian Wheat Board, under which Act all elevator operators have been designated as agents of the Board. What is the farmer's position, therefore, if according to one Act he is compelled to sell his grain under certain specified and definite conditions and under another Act he has no protection, under section 112 of the Canada Grain Act, as to sales if a disagreement arises as to grade and dockage.

We believe, as a result of this hearing, that some definite amendments to the Act are clearly indicated to clarify several points raised, including amendments to section 112.

Another important sidelight on the Brancepeth case, and which incident further illustrates some definite negligence on the part of the board itself in administration, has to do with the initial report on this case by Mr. John



Rayner, at that time acting in the capacity of an assistant commissioner of the board. Following a complaint by the Saskatchewan Farmers Union, Mr. Rayner made an inspection trip to the elevator concerned, then filed a report with the Board of Grain Commissioners. In his report, Mr. Rayner signed a written statement to the effect that there was no space available in the elevator for this 55 bushels of wheat in controversy, while later, at the public hearing, his evidence, given under oath, is on record, admitting his report was in error. In effect, on his own admission his first written statement on which the whole case was based was a false document and it would have appeared logical and reasonable to assume that the board would have considered it their duty to either immediately request Mr. Rayner's resignation or dismiss him from the public service. Instead of this we were astounded to learn recently that Mr. Rayner had been promoted to a new position. We believe this is another instance of maladministration by the present board, and certainly their actions in this respect cannot be condoned by western farmers, as we feel actions such as Mr. Rayner's in this instance cannot by any line of reasoning be regarded as fairly serving the farmers' interests in the administration of the Canada Grain Act, which is so important to prairie farmers.

At the time of the public hearing regarding the Brancepeth case, the chairman of the board, Mr. McKenzie, stated that some of the main points raised would be referred to the federal Department of Justice for a ruling. At meetings in the country we have been asked to ascertain whether or not this procedure was actually followed by the board. In correspondence on this point we find another instance where information was withheld. In answer to a letter from the Saskatchewan Farmers Union president to the chairman of the Board of Grain Commissioners, the acting secretary replied, admitting that the board did not correspond directly with the Justice Department. It might be inferred that they did correspond indirectly by using a third party. It was further stated that it would not be proper for the board to divulge inter-departmental correspondence.

We contend that the implication of this ruling is so far-reaching as to justify a request by the members of this committee for the tabling in the House of Commons of any documents or correspondence which passed between the Department of Justice at Ottawa and the board, or its representatives, in connection with this important case.

#### *Parliamentary Commission on Grain Handling or Royal Commission of Enquiry*

We are confident that the widespread dissatisfaction among farmers on grain grading, weighing, mixing, et cetera, together with the continued refusal of the Board of Grain Commissioners to supply complete statistical records on grain handlings as previously indicated, coupled with their handling of the Brancepeth case and with particular reference to the Rayner report, is convincing evidence that there is considerable room for improvement in the grain handling business with reference to the administration of the present Canada Grain Act. And while we are prepared to make some definite recommendations regarding certain amendments to the existing Act, we feel there is sufficient evidence to indicate the need for a complete review and possible major revision, not only of the Act itself but with particular reference to the elimination of certain abusive practices which have crept into the business of handling grain.

We would, therefore, definitely recommend to this committee that a parliamentary or royal commission of enquiry be appointed at an early date, and such commission should be representative of all parties in the House for

the purpose of making a complete investigation of grain grading, storing, weighing, shipping, and all other matters pertaining to the handling of grain and the administration of the Canada Grain Act by the present Board of Grain Commissioners, and that this commission have power to sub poena witnesses and take evidence under oath and to provide adequate legal counsel for interested farm organizations to question such witnesses as would be called before such a commission. The commission should be given the responsibility of making recommendations for changes in policy, practice, or personnel, as well as to make recommendations regarding any changes in the regulations or the Act itself pertaining to the handling of grain in order to insure that the interests of the actual producer, the farmer, will be more adequately protected and maintained.

#### *Objections to Late Filing of Annual Report of Board of Grain Commissioners*

Again, as on former occasions, we wish to register the strongest protest against the present procedure in filing the report of the Board of Grain Commissioners so late in the session. Section 23 of the present Canada Grain Act provides for the filing of this report with the minister in the month of January each year. We can appreciate that the present arrangement results in some delay in printing, but the whole procedure is completely unsatisfactory for two reasons: first, it does not provide sufficient time for farm organizations and others who are interested in analyzing this report and obtaining further clarification on certain sections and information contained therein. Equally objectionable in practice is the fact that when this report is so late in being tabled, as was the case a year ago and again this year, it does not provide sufficient time for the members of parliament, and particularly those from western Canada who are most interested in the welfare of prairie farmers they represent, to thoroughly analyze this report prior to its being referred for further study to the agricultural committee of the House of Commons. The result of all this is that the session is pretty well over before these reports can be adequately dealt with by the committee, and the necessary amendments which could and should arise from the discussion and questioning are too late in being placed before parliament, and as a result have to be deferred until another session.

For these reasons we think the present procedure is completely unsatisfactory and would suggest, as one means of meeting it, that in future the annual reports of the operations of the Board of Grain Commissioners be computed on the basis of the crop year and that the cut-off be made then and the annual statement be prepared following the same procedure and practice as that of the Canadian Wheat Board. We do not think that any valid argument can be raised in objection that the changing of the compilation of this report would disrupt other bookkeeping methods due to the fact that neither the present calendar year method or the new one proposed of the crop year coincide with the financial year of the government; this coupled with the fact that practically all the tables contained in the report and other data is now compiled on the basis of crop year operations.

#### *Need for Review of Present Grain Grading Practices*

A cause of continued irritation to farmers, particularly in these last few years, results from present grain grading practices. This has been a point of contention in varying degrees almost since the beginning of commercial wheat production on the prairies. We believe, however, that it has now reached the point where present practices can no longer be justified or condoned. We are prepared to file samples of grain as exhibits with this committee as definite evidence that there exists, in practice, two different standards of grades as

between those offered western farmers when delivery is made at receiving points on the prairies, and the quality of the grain shipped out of the terminal elevators or delivered to farmers at lake ports, grain companies claiming this is the same grade.

Now, Mr. Chairman, I wish to divert for a moment. I want to file with this committee some samples of grain. I wish to say in filing them that they have been sealed. I sealed them myself so that there would be no tampering with them by anybody, not by this committee, but so that they would not be tampered with while coming to this committee. I can assure you these are samples without any adulteration at all. I have here a sample of grain taken from our own farm. It has the chief grading inspector's certificate and was graded No. 5 tough and was later sealed. I have an additional portion of the same sample retained at home. My own daughter took it to the chief grading inspector to get the certificate because I was not satisfied with the grade given by the local elevator. It was not for the purpose of bringing it here but it was because I was not satisfied with the grading. It was in the nature of an appeal and when we were interviewing the Board of Grain Commissioners my daughter took the sample up. Now, that is he says number five.

Now, with respect to the number five that is sold to the eastern farmer here, we have two samples of No. 5 that were taken out of the spout as it went into the farmer's truck, one at Owen Sound and one at Collingwood. I am going to file these with the committee and I hope the committee members will look them over. Those are samples of number five marked and sealed at this end, and the others are from our farm at home. I hope the members of the committee will examine those grains very closely. I think if you do you will become convinced of the fact that there is a very definite reason why there is so much dissatisfaction on the part of eastern feeders in respect to the grade of the grain they are receiving and why there is so much dissatisfaction by farmers at the other end with the grading we are receiving there.

I wish also to file a sample of the screenings that were also taken from the same elevator that one of these samples was taken from as it went down in the farmer's truck when being loaded.

*By Mr. Argue:*

Q. Was that from a retail grain feed business?—A. Yes.

*By Mr. Larson:*

Q. May I ask if these are samples the witness has taken and sealed himself?—A. Yes.

Q. Is there any other witness or is there an affidavit of this? If these samples are to be submitted in evidence of course they should be properly documented.—A. I did not know the procedure.

The CHAIRMAN: There are no documents recording it?

The WITNESS: No, just the chief inspector's certificate. When this was taken there was no thought of filing with the committee. I would suggest that if the committee is sufficiently interested I am certain we can get scores of samples.

Mr. LARSON: The samples were taken by the witness himself and sealed by himself.

The WITNESS: Quite right.

*By Mr. Gour:*

Q. This gentleman has samples that he had taken himself. This one sample was taken on the farm?—A. That sample was taken; myself and my daughter took it to the chief grading inspector and obtained the grading of the chief grading inspector. It was the chief grading inspector at Winnipeg.

Q. It was taken by the inspector at your farm?—A. No. You send the sample in and he grades it there.

Q. You took the sample yourself.—A. Yes.

Mr. GOUR: It is the same when I buy peas. I offer a man so much on the sample and very often when they are delivered they are not nearly as good as the sample.

*By Mr. McCubbin:*

Q. You took the samples at Collingwood and Owen Sound?—A. I got them myself.

Mr. GEORGE: I suggest we proceed with the brief.

Mr. McCUBBIN: If anything is filed as evidence we should know where it is coming from.

The WITNESS: I submit that we can obtain for you scores of samples if you wish.

The CHAIRMAN: In connection with this Collingwood sample, did you obtain the certificate of the elevator operator who gave it to you?

The WITNESS: No. It was sold as number five wheat to the farmers.

*By Mr. Jutras:*

Q. Where did you get the information that it was being sold as number five.—A. From the invoice. I did not get a copy of the invoice but I saw it.

Q. You saw the invoice itself?—A. Yes. As I say I took that originally for my own information, not thinking of filing it with this committee. I wish so say that in so far as my own sample is concerned there are 300 bushels of the grain where that came from. I am going to seed it one of these days if I ever get back to the farm. Until I get it seeded you can have lots of it.

*By Mr. Argue:*

Q. You took a certain sample to the chief inspector and the grade was number five?—A. No. Number five tough.

*By Mr. Gour:*

Q. I am a buyer of wheat myself, a retailer. If they grade your number five a good grade and you send us grade number five and we pay for number five and have a poorer grade than the farmers of the wheat, I am interested in that. I want that sample graded by the inspector.—A. I would submit, Mr. Chairman, that I have given this for your information. I had not intended to file the samples this way. If you want to get samples I am satisfied you can get scores and scores of samples.

*By Mr. Helme:*

Q. With reference to the sample from Collingwood and the other elevator, would you know for what grade they had purchased this wheat?—A. No. I did not inquire into it. That was the grade they were selling it out for.

*By Mr. Argue:*

Q. Was it a large retail company?—A. They have elevators here on the lower lake ports. I do not know which company it is.

Q. A substantial company at any rate?—A. Yes.

*By Mr. Larson:*

Q. Naturally if there was some switching done in grades between the time it leaves the western farmers and reaches the eastern feeders that is an important situation. If we are going to go to the authorities with this we must have the samples properly documented before they go in evidence. This is a statement by the witness.

Mr. ARGUE: This is not a court, after all.

The CHAIRMAN: He has no certificates with it.

The WITNESS: I did not know what the procedure was. Those samples were taken for my own information. I wish to bring it to the attention of this committee and I hope you will have it investigated further and will get some samples because I know they would be available to you.

Mr. WRIGHT: I think the point that arises here is simply that neither the Board of Grain Commissioners or the Wheat Board are responsible for what happens to wheat or coarse grain after the grain reaches the head of the lakes. Once it comes down here then it comes under Ontario regulations with regard to feed grain. If this committee wishes to see there is a follow through from the head of the lakes it is their responsibility.

Mr. LARSON: I think this should be pursued because it is important to the western farmer and the eastern feeder.

Mr. JUTRAS: As far as the official sample is concerned there is no question there. As far as the other is concerned the witness told us it was taken out from the spout going into the truck and he was told by the operator of the truck, I imagine, that he had purchased it as number five and then he added that he had seen the invoice to that effect which the farmer had paid. The question arose out of that sample since there is no certificate to identify that grain as such. He says he saw the invoice on his own responsibility.

*By Mr. McCubbin:*

Q. The Ontario feeder has no protection under the Canada Grain Act and I imagine they can sell that for any grade they like.—A. I might add when those samples were shown at the Ontario Farmers Union convention at Orangeville most of the farmers said that was a better than average sample than they got at this end.

*By Mr. Welbourn:*

Q. Did you have either of those samples taken from the spout here in Ontario graded by graders in western Canada?—A. No. I would have had to get a two-pound sample.

We have no hesitation in saying that we believe we can, given a little time, provide this committee, or any other interested body, with many more samples to bear out this contention, namely that the standards of grades based on the actual grain delivered by producers and the grain shipped from the terminals shows considerable discrepancy.

We have here the out-turn samples from the inspection department and we suggest that the committee might be interested in checking the standard of samples given to the farmer at the receiving point, and at the local shipping stations, and the standard of samples set out by the board themselves as their export samples.

Mr. WRIGHT: Have you any of those samples to file with the committee?

The WITNESS: Yes, I have some samples here of standard No. 5, No. 4 Northern, and No. 6.

Mr. ARGUE: It would be interesting to compare this No. 5 with the No. 5 which is sold.

The WITNESS: It will be your privilege to do so. Those were received from the inspection department and I just brought them along.

Mr. HELME: They are properly sealed by the inspection department?

The WITNESS: Yes. They have been in my desk for about 3 weeks.

The CHAIRMAN: This one is not sealed; they are not sealed at all.

The WITNESS: They are just as we received them from the inspection department.

Mr. WRIGHT: Those samples can be obtained anyway.

The WITNESS: Surely. Those samples are available to you at any time.

Mr. BRYCE: You can get some sealed samples with the inspector's certificate on them?

The WITNESS: Yes. Surely they would be available to you.

Mr. ARGUE: Who gave you the samples?

The WITNESS: We wrote to the inspection department. We have never had any difficulty in getting any samples which we wanted. We usually get two-pound samples but in this case we sent and got paper samples because we thought they would be easier to carry in a club bag. That was why.

If the standard of quality of export shipments of grain, which this board and other citizens have so often boasted as being superior to that of many other countries, is to be maintained, then we definitely recommend that a much more rigid inspection of grain be enforced, both at the lakehead on export certificates, as well as to lower lake ports where sales are made to eastern buyers—farmers and feeders.

Representatives of western farm unions were considerably disturbed to learn recently, while attending the Annual Convention of the Ontario Farmers Union, that the present type of inspection service on out-turn grades to farmers in Ontario not only appears totally inadequate, but in many cases, almost completely non-existent. At the Ontario Farmers Union Convention a resolution was passed asking that consumers and purchasers of this grain be protected by having the same standards or grades apply to the out-turn as those established for the farmer-producer from time to time at the point of delivery.

Mr. GOUR: That is right!

When in Winnipeg recently, a farm union delegation, representing farmers from the prairie provinces, together with the representatives of the Ontario Farmers Union, discussed the present discrepancies in grades that exist on the same grain as between the western farmer who produces it, and the eastern farmer who purchases it. This latter discrepancy refers principally to the commercial and feed grades of wheat and other grains. Mr. D. G. McKenzie, Chairman of the Board of Grain Commissioners, went on record, admitting that there were differences in quality of grades as between the western receiving points and delivery to the eastern farmer at the lake ports and that the out-turn samples were of an inferior quality to that maintained at the local delivery points in western Canada. His argument on this point, however, was that the Board of Grain Commissioners has no control over the movement of grain after it leaves the lakehead.

There is no compulsory inspection service and if a farmer wants a carload of grain inspected he has to pay a fee of \$12.00 per car, plus travelling and other expenses for the inspector, which for practical purposes makes this service almost completely inoperative. As a result grain companies are not

required to retain any other standards than those set by themselves, and the general tendency seems to be to allow the grades to deteriorate as much as the traffic will bear.

The argument of the Chairman in this case that they have no jurisdiction over the grain after it leaves the lakehead seems to be simply begging the question. We contend that under sections 32 and subsection 3 of section 57 of the Canada Grain Act, that the Board of Grain Commissioners has ample power to extend inspection services to any part of Canada, and it is our contention that it be considered in the public interest to do so.

In the present circumstances where two standards of grades are in operation, in addition to encouraging mixing and adulteration of grades, it provides a means whereby grain companies can reap exorbitant profits by adulterating the grades at the expense of both the primary producers and eastern farmers and feeders. We would definitely recommend that the Board be given specific instructions to extend compulsory inspection services out of lower lake elevators on a similar basis and according to the same standards that apply to western Canada receiving points.

### *Grain Mixing*

A close study of information on the amount of various grades taken in at local country elevators and the amount of these same and other grades of grain, during the same period, being turned over to the Canadian Wheat Board, clearly illustrates the degree to which mixing is being practiced. If the Canada Grain Act was being properly enforced it is the opinion of the organized farmers that the results of such up-grading should be subject to confiscation by the Board under section 138 of the Canada Grain Act, section 2 of which reads as follows:

If upon any such weigh-over it appears that the handling of grain in a public terminal elevator has resulted in the transfer of any grain from a lower to a higher grade the excess in any grade shall be the property of Her Majesty and shall, subject as *hereinafter* provided, be disposed of as the Board may direct.

Later on there is provision in further sections for offsetting shortages as referred to previously. That is subsection (2) of section 3-A.

We firmly believe that in practice considerable up-grading as defined under the above section of the Act results from the practice, which is becoming more common, of the grain companies mixing tough and damp wheat with straight grades under a somewhat new classification labelled "natural drying".

On page 65 of the Annual Report covering the board's 1952 operations it is noted that out of a total of 168,825,310 bushels of tough and damp grain passing through different points, that almost 30 per cent, or the very substantial amount of 46,274,576 bushels of this tough and damp grain had been mixed with dry grain under the heading "natural drying".

We believe that, seeing the farmers have been penalized to the extent of a substantial reduction in price per bushel, this practice of so-called "natural drying" has resulted in unjust gains to the elevator companies which should be subject to confiscation according to a strict interpretation on overages or upgradings as defined in section 138 of the Act.

It is thus evident that there have been some major infractions of the Canada Grain Act by grain companies, particularly as it applies to grain mixing and overages by up-grading from farmer to consumer or export. We also feel that this fact should have been, or is known to the Board of Grain Commissioners or its employees. We are satisfied that a complete independent audit, by competent accountants and an experienced grain statistician, of the books

and records of these companies over the past fifteen years' operations, compared with the record of the Canadian Wheat Board handlings, will supply ample proof and will substantiate this claim.

If everything is in order and absolutely aboveboard, then what valid reason is there for the Board to refuse to supply the information asked for on grain grade handlings in order that a complete check can be made by grade and condition right through from the time it is delivered by the farmers at the country elevators until it is shipped out for export on certificates final or sold to Canadian mills.

The recent action of the Parliamentary Assistant to the Minister of Trade and Commerce, Mr. McIlraith, in the House of Commons in refusing to supply this information, claiming as an excuse that it would reveal the competitive position of individual grain companies, is wholly unconvincing. These grain companies all operate, or are supposed to operate, under the laws and regulations laid down by the Canada Grain Act. They have no reason to claim immunity, nor has anyone a claim to such on their behalf.

If the answers to these questions are not available from the board on the specific request of the three farm unions, on several occasions over the last three years, and they are also refused for tabling in parliament, then how, may we ask, are the elected members, the farmers, or the public to know if the requirements of this Act are being lived up to or to what extent they are being violated. We feel this is a major point and it is not a question of company immunity, but one of public concern. Particularly since the inception of Wheat Board marketing we have, or can obtain, a fairly complete record of grain sales by grades and condition, we would definitely recommend that an audit of grain handlings should check with the records of the Canadian Wheat Board handlings on the basis outlined against receipts at country elevators by each individual company on a basis of grade, dockage and condition, in order that a complete picture will be available.

We therefore feel that, seeing the Board of Grain Commissioners has refused this information and the Parliamentary Assistant to the Minister of Trade and Commerce has also refused, then there is only one final alternative, and that is to call a Parliamentary or Royal Commission of Enquiry to subpoena witnesses that the farm unions and others shall call after a complete examination of their books and operating records by independent auditors, in order that we will know and the public will know what is going on in this business of grain handling, and to what extent, if any, the Canada Grain Act is being abused or violated. We contend that the longer this information is denied and the more strenuous the objections to complete investigation, the more suspicious such actions become.

#### *Cancellation of present diversion charges*

The practice which has been followed for a number of years before the inception of Wheat Board marketing with regard to the levying of a diversion charge on certain types of grain, is, we believe under existing circumstances, quite unjustified. Any arrangement or charge for a service that is not rendered should be discontinued immediately. This is especially true during recent years when existing terminals are already loaded to capacity, and the argument that they should be allowed to make a charge for business they do not, and cannot, do, mainly on account of congestion, should be stopped forthwith.

When this request was made on a previous occasion direct to the Board they contended that this was a charge put on by elevator companies and agreed to by millers, in other words it was an agreement entered into by the parties concerned and therefore outside the jurisdiction of the board. However, a close reading of the Act indicates that the responsibility for all charges on handling



or storing of grain is quite clearly and definitely the responsibility of the board, and we would strongly urge that this Committee make a definite recommendation that the present diversion charges be declared illegal by the Board of Grain Commissioners.

*Suggested changes in procedure at annual public hearings*

Following the public hearing of the Board of Grain Commissioners in Winnipeg last summer, the three farm unions were pleased to note that their objections raised to the applications of the majority of elevator companies for an increase in elevation charges for grain were sustained. We believe that on this point the board was well advised, considering the very substantial returns enjoyed by elevator companies during recent years.

One definite suggestion we would make for the improvement of future public hearings of this type is that all companies desiring to file briefs or to make submissions requesting review of rates, should be required to file same with the board a reasonable number of days in advance in order that individuals or groups interested may have an opportunity of perusing such applications in advance, and thus be in a position to prepare their rebuttal if they desire to do so. Under present procedure we have no means of knowing what proposals will be placed before the board and we are therefore in the dark to know how to proceed with the research necessary to check in advance of the hearings the effect of new proposals being implemented. The Board of Grain Commissioners is an important public body with a definite responsibility in protecting the public interest. Many of the public bodies in a like position require the filing of briefs in advance for the reason outlined above and we would strongly urge that this procedure be adopted forthwith to be applicable for the annual public hearings which are held by the board during the summer months.

*A study of the sale of screenings*

We believe that the sale of at least certain types of screenings for feed should be immediately discontinued. We also feel that the whole question of the sale of these screenings by elevator companies as feed should be subject to close examination and study. While it is admitted that certain types of re-cleaned screenings do have considerable food value for livestock, we would point out that the sale, particularly at the present high prices being charged, does not in the main tend to improve the regard of eastern feeders for western feed grains. We believe that the fact that large and continuous shipments of these screenings are fed onto eastern markets tends to have a certain depressing effect and very definitely every boatload of such screenings fed onto the market takes the place of, and is sold in competition to, the better types of western feed grains for which western farmers are desirous of maintaining and extending a dependable and high quality market. We feel that any move to impair the quality of this feed and unnecessarily lower the grade standard may result in undermining the confidence of eastern feeders in the quality of western feed grain. In fact we have sufficient evidence to indicate that, as a result of the present actions of some of the grain companies, this very condition has already been brought about to an alarming extent.

*By Mr. Argue:*

Q. On this point of screenings, what percentage of the screenings are weed seeds?—A. What percentage of screenings are weed seeds? That, of course, depends on the grade of the screenings. There are re-cleaned screenings and refuse screenings and various types. They are supposed to be sold by grade

and often are sold by grade as well. My observations of any samples of screenings that I have examined, for example, the screenings contained a greater or lesser, and usually a greater, percentage of weed seeds.

Q. Don't you think that is a rather dangerous practice in so far as infestation of farms by weeds goes?

Mr. JUTRAS: This is getting into quite a bit of questioning.

The CHAIRMAN: I think we will let Mr. Phelps continue reading his submission.

Mr. ARGUE: I think I have the right to ask a question here.

Mr. DECORE: I thought it was agreed that the witness would finish his brief and then he would be asked questions by the members. There are a lot of questions that I would like to ask, too, as the witness goes on.

The WITNESS: Very well, then, Mr. Chairman.

### *Revision of Inspection Fees*

On previous occasions we have urged, and again recently requested, to have inspection fees on samples of grain sent in for inspection directly by individual farmers themselves be discontinued. The Canada Grain Act and the Board of Grain Commissioners are supposed and intended to exercise very definite and regulatory control on the movement of grain. Provision of this service was not intended to be used as a means of providing new revenue to the federal treasury. Since this new charge was imposed, we note there has been a considerable increase in revenue which was mainly paid by farmers. The ready use of the inspection department as an official check, providing the only protection the farmer has to safeguard his interest in matters of grain grading, is of utmost importance. Surely it should, at all reasonable times, be readily available to him without additional cost. We would therefore urge that the recently imposed fee of \$1.00 per sample be discontinued insofar as it applies to the samples sent in by individual farmers.

### *Amendments to the Canada Grain Act*

The three farm unions urge that pending an investigation of the whole grain handling business previously referred to in this brief, certain amendments to the Act be provided for immediately as their need appears obvious.

First we request an amendment to section 138 and 138A, subsection 2 in each case to provide that where proceeds of the sale of overages are being paid to Her Majesty, such proceeds shall be paid over to the Canadian Wheat Board for inclusion in the final payment back to farmers on a pro-rated basis calculated on the number of bushels delivered. Further amendment to these sections to provide that country elevators shall be brought under the same regulations in regard to the confiscation of grain overages of wheat and other grain as that which will apply under the proposed new amendment to the operations of the terminal elevators. We would further recommend that the term "public terminal elevator" as used in section 138 and the term "Eastern elevators" as used in section 138A should both be changed using the terms "all terminal elevators". This would then include all public semi-public and private terminal elevators as we feel it is in the public interest it should do.

We would also recommend that the Act be amended to delete those sections which provide for an off-set of shortages against overages and to prevent the inclusion of any amount whatsoever as represented by shrinkage allowance being set off against grain overages. While we are not averse to a proper shrinkage allowance, provided it is fixed at or as near as possible to the actual amount that grain does shrink in handling on the average, we do object most violently to it being used as an offset; and if this practice

were to persist, we would have to make a definite request for the discontinuation of the shrinkage allowance entirely. We do not think this will be necessary if the power of offset is prohibited.

We would recommend that section 23 of the Act be amended to provide for the operating year of the board to be calculated on the same basis and to coincide with the crop year, namely August 1st to July 31, and to require the tabling of the annual report of the board's operations as soon as the House of Commons resumes its sitting after the New Year.

In regard to the ruling handed down by the board on the Brancepeth case, we make a special request for amendments to section 112 of the Act to place the same obligation on the elevator operators or managers to purchase farmers' grain as are at present provided to receive it for storage. The provision for storage was written into the Canada Grain Act at a time when wheat was sold on the open market, and it was very often in the farmers' interest to store grain pending an upswing in price. Today, all western wheat is sold through the Canadian Wheat Board, and no grain is made in storing, particularly wheat, for a later sale. Thus it would appear to us that what is required is a clarification as to what constitutes available accommodation in country elevators for purposes of accepting for sale the grain offered by a producer. In our opinion, there should be an amendment to provide for a clear understanding on the part of all elevator agents that, when there is space available for the grade offered, and the farmer is not satisfied, the grain should be accepted and placed in the bin of the grade offered and the farmer be given, without question, an interim cash certificate or a subject-to-grade-and-dockage ticket, and a sample be sent to the Board of Grain Commissioners for a ruling. Any other procedure subjects the farmer to an arbitrary ruling by the local agent—an untenable position in the light of the present system of quotas and designated delivery points.

Furthermore we believe that as long as the present congested conditions exist and where at many points elevator space at local shipping points is definitely at a premium, each elevator agent ought to be required, either by amendment to the Act or additions to existing regulations, to post periodically or at stated intervals in his elevator for public inspection the amount of storage space available for the various grades of grain.

If this practice were followed it would give every farmer an equal chance to deliver grain and would remove the opportunity or suggestion that any elevator agent could show favoritism in receiving grain from one farmer when it has been reported that other farmers have been denied the right to deliver grain of similar grade.

#### *Summary of Points*

The farm unions are therefore asking for adjustments to the following:

1. Grain grading.
2. Grain mixing.
3. Grain overages.
4. Discontinuing diversion charges.
5. Inspection fees to individual farmers be eliminated.
6. Review of or curbing sale of screenings.
7. Reorganization of Board of Grain Commissioners and transfer to Department of Agriculture.
8. Changes in preparation and filing annual report of Board of Grain Commissioners.
9. Amendments to Canada Grain Act.
10. Parliamentary or Royal Commission of Enquiry.

Since the three farm unions made application early in the session to meet the Agricultural Committee of the House, it is regrettable that the invitation was extended so late in the session and at such extremely short notice—less than 48 hours to prepare this brief and arrive in Ottawa.

As a result this submission was prepared under difficult circumstances, and had more time been available no doubt it might have been improved and co-ordinated and somewhat condensed. However, in spite of the difficulties we have endeavoured to set out the viewpoint of the farm unions on these various items in the hope and belief that something can and will be done without further delay to make the necessary adjustments in order that a larger measure of justice will be available to farmers in the handling of grain.

All of which is respectfully submitted on behalf of the Interprovincial Farm Union Council.

The CHAIRMAN: Now, gentlemen, do you wish to ask Mr. Phelps any questions?

Mr. ARGUE: I understand that was to be the procedure, that Mr. Phelps would read his report and then would be available for any questions by members of the committee.

The CHAIRMAN: Is it agreed that we have a question period now?  
Agreed.

Mr. ARGUE: Mr. Phelps, in that table—

Mr. HELME: I wonder, Mr. Chairman, if we could not go through this submission paragraph by paragraph, the same as is done in other committees? I believe we could complete it more rapidly in that way.

The CHAIRMAN: Is that agreed?

Mr. JUTRAS: Maybe not paragraph by paragraph, but topic by topic.

The CHAIRMAN: Is it agreed that we proceed that way?  
Agreed.

Well, we will start with page 1. Has anyone any questions in connection with page 1?

Mr. DIEFENBAKER: I would like to ask a question of Mr. Phelps. At the foot of page 1 he says:

The prairie farm unions are becoming increasingly critical of the administration of the Canada Grain Act by the present Board of Grain Commissioners.

As one reads the report and listens to the reading of the report, it is pretty obvious that the submission is a challenging summary of the case presented in those opening lines, and I would like to ask Mr. Phelps this: In order to implement the recommendations, which seem very reasonable and very necessary, would it not generally require a drastic and almost complete rewriting of the Canada Grain Act, and, also, would he be able to tell the committee when the last occasion was when the Canada Grain Act was revised and brought up to date, because certainly a number of these conditions have arisen in recent years, and, no doubt, are the reasons for the general words of complaint at the beginning against the present board.

The WITNESS: Mr. Chairman, I think Mr. Diefenbaker has brought up a very important point. You will notice here in the brief we suggest that we believe a major revision is indicated, but that, we think, would take some time. That is something you cannot just rush into, and should not be rushed into. Maybe a committee should be set up to review this matter and maybe have hearings over a period of twelve months, to know what we are going

to do about a major revision. We are suggesting some immediate amendments pending a more extended review of the whole Act. I can say in answer to your question, further, that we were discussing this matter with the board at an interview we had a little over a year ago on the matter of amendments to the Act, and I was quite pleased to hear the chairman say that this Act had not been overhauled in something over twenty years, 1929 or 30, as I recall it, he stated that the time may have arrived for a major overhaul—those may not have been his exact words but they were to that effect. I think the change in conditions and the Brancepeth case brought out things which he admitted had never been brought out before, which would indicate that our Act was getting out of date and not meeting present day conditions.

The CHAIRMAN: Any other questions on page 1?

Page 2?

Mr. ARGUE: On page 2, you refer to your effort to get from the Board of Grain Commissioners a record of the various quantities of grades of grain purchased by elevator companies. Now you go on to say that you had been told that these records were not kept. In asking the Board of Grain Commissioners for information at various times, what has been their general attitude? Do you take it from your experience that they have been willing and prepared all the time to give you every available piece of information, or have you had to more or less pry it out of them, and were they reluctant to give you that information?

The WITNESS: Well, I would say that, generally speaking, when it was a question of general information we have usually gotten it fairly readily. I say that with regard to general information. But when it comes to a question of specific information about deliveries, or grades and conditions, then, let me tell you, you are up against something there. I have letters here—you can read them. I would say that when it comes to that point, then the attitude of the board definitely changes in so far as supplying information is concerned.

Mr. DECORE: Have you got any letters with you?

The WITNESS: Yes, we have a whole file of them here and we can file the letters with you if you want us to.

*By Mr. Argue:*

Q. Do you think your difficulty in obtaining that information is really the fault, shall we say, of the Board itself, or is it in the Act that does not give the Board sufficient authority to get for you the kind of information you want?—A. Well, there is nothing in the Act that we can see that would lead us to believe that was so. There is ground for argument in that there is a difference in connection with grading as between eastern and western points. The committee can satisfy themselves on this point by reading the Act. It is a matter of interpretation, I should say, but in so far as the records pertinent to deliveries are concerned, the board has stated on different occasions that that information is not available. We will not agree with that for this reason, that every time a farmer delivers—I do not care if it is only two bags or two bushels—of wheat, or other grain, there are two or three definite records kept, and I will recite them. There is your cash ticket which, when it is cashed, is in turn returned to the company. They do not throw it in the ocean. It is preserved for a reasonable time. That original record is there. A copy of the cancelled ticket is kept in the book and returned to the company. Some companies give you a copy of your cash ticket as well—a thin one—but all companies do not do that. Then, you have your grower's certificate, and the producer has one, and a copy of it is sent to the wheat board saying how many bushels of grain have been delivered, and the delivery date, grade condi-

tion and so on, and so there is a distinct record available to the board under the ordinary regulation of the Act and so we cannot see how the information is not available. One, two and three it is indicated in this report. There are receipts for numbers one, two and three. Where are the receipts indicated by bushels for three, four, five and six, and feed wheat and tough and damp for each grade. Where is it? This report in my opinion, Mr. Chairman, and in the opinion of many farmers, is notable for the things which it does not contain.

*By Mr. Wright:*

Q. I, as a member of the committee will be interested in having placed on the file some of the letters from the Board of Grain Commissioners which would back up the statement which you have made. I am sure if the Board of Grain Commissioners appears before this committee, there will be arguments on this point, and I think there should be something on the record.—A. I have them here, and if you will give me a few moments after questioning, I will place them before the committee.

*By Mr. Diefenbaker:*

Q. What is the answer given as to why the information cannot be given in so far as it is set forth in numbers one, two and three to be made available in the report, but the other information that seems reasonable on grade four, five and six, or whatever the classification might be, what is the justification or explanation for not giving that information?—A. I have been equally puzzled, and it has not been clear in the reports or letters from the board as to why this information is not available.

*By Mr. Helme:*

Q. I think you will agree that the duplicates of the cash tickets and any tickets in connection with the purchase of grain are the property of the grain companies and not of the board.—A. In answer to that question the grain companies are not a law unto themselves. They operate under the Canada Grain Act, and it is not a matter of company concern, and that is where we cannot agree with the position taken by the assistant minister in the House, that this reveals the competitive position of the grain companies. We claim this is asking for an immunity that is not granted under the Act, or that should not be made available to any grain company. Otherwise, how are we going to know if the Act is being adhered to, and what companies are guilty, and what are not. Let us not accuse them all of being guilty.

Q. It has been mentioned that the Board of Grain Commissioners have received these. I think you gave out an instance that these duplicates went to the Board of Grain Commissioners whereas they go to the grain companies, and the Board of Grain Commissioners will have to get them from the various companies. I just wanted to get that straight.—A. But under the Canada Grain Act, Mr. Helme, every company is compelled to make an accounting to the Board of Grain Commissioners, so it is not a matter of the Board of Grain Commissioners asking for these. They are required to file them, and I do not see why they are required to file numbers one, two and three as is done in the report, and not four, five and six and tough and damp for each grade.

*By Mr. Argue:*

Q. Have you ever asked individual grain companies for their statistics. Have you tried to get them from the grain companies and been turned down, and do you feel the grain companies themselves are reluctant to give the statistics?—A. We have always taken the stand rightly or wrongly that our

job as a farm union is to deal with the recognized government appointed agencies in getting this information. In other words, we have tried to go through the usual and recognized and proper channels and that was always the first attempt. We thought that the Board of Grain Commissioners was the logical and legitimate body, as licensed under the regulations to administer the Act, to have that information, and I do not think we have ever gone directly to a company. We have asked the pool for certain information, but I cannot recall we have ever asked them for a breakdown of grades.

Q. When you have asked the pool for certain information you usually got it?—A. Yes. We asked about receipts, storage and percentage, and I do not recall any information ever being denied us when we asked for it, but we have never asked for a breakdown of grades.

*By Mr. Diefenbaker:*

Q. How is the competitive position of these companies in any way endangered by a refusal of the information as far as grading on four, five and six and tough and damp and so on is concerned.—A. I am not familiar with that, and you gentlemen are in a better position than I to obtain that information by questioning the proper authorities in the House. I am just saying we cannot see from a farmer's point of view why this information is not just supposed to come automatically and no company can refuse it under the Act as we see it, and if there is any reason for this refusal then I think when the Board of Grain Commissioners come before the committee they will have the opportunity of explaining it.

*By Mr. Argue:*

Q. Can you see any way in which it would hurt the elevator operators' competitive position. Most of the competition is down at the local delivery point. At the delivery points I am acquainted with, every elevator operator knows at the end of the year what other elevator operators have purchased. Each one seems to know the other man's business, and if that information is exchanged between local elevator operators actually in competition one with the other, how do you feel that the competitive position of the companies might be prejudiced?—A. I completely fail to see that line of argument. I can see how other factors in their operations might be prejudiced, but not their competitive position.

*By Mr. Diefenbaker:*

Q. You mentioned a number of letters which you are going to file with the committee later. Can you produce any reason for denying this information which is, after all, to the benefit of the farmers?—A. At one time they said that this information had never previously been compiled.

The CHAIRMAN: Any other questions on page 2?

*By Mr. Dinsdale:*

Q. On page 2 certain recommendations are made concerning the addition of personnel to the board. Now, there seems to be some specific reason for that. Would you enlighten us further?—A. Yes, we feel that if this board is strengthened—as you know Mr. Milner is on leave of absence, and we have objected many times, as we believe that Mr. Milner's continued leave of absence weakens the board at a time when three capable and active members of the board are certainly needed. We are suggesting that a replacement for Mr. Milner be selected, and two additional appointments made, and we are also suggesting that the two additional appointees along with the new one

all be farmers, and that they need not necessarily enter into the day to day administration of the board, but they would attend the regular meetings of the board where matters of policy are decided.

*By Mr. Argue:*

Q. What do you think of the reply to that suggestion, that well, we would like to appoint additional men, but we do not know where we can find sufficiently qualified men who know the grain business to occupy a position such as that.—A. Mr. Chairman, in answer to that, we have heard that question proposed as long as I can remember that we cannot find the person to do the job. My answer to that is that I believe we have many farmers—yes, and some farm women—in the three prairie provinces that are quite capable of deciding matters of policy so far as grain handling is concerned. This is a regulatory body. It is not a body concerned with the actual selling of grain. It is the matter of administering the regulations and I would submit that in order to intelligently administer the regulations pertaining to grain handling, it is necessary that you have people who are conversant with the situation as it exists today from a farmer's point of view.

*By Mr. Jutras:*

Q. The only point that arises out of that is that in the case of the Board of Grain Commissioners, as you said, it is more a question of administration than policy. Your suggestion is to add two members that, according to the wording, would be more or less not of the board itself, but in an advisory capacity. Would not these two additional members, from the very nature of the constitution of the board itself, also be administrative officers, the same as the other members, or what other useful purpose would they render.—A. Mr. Chairman, that is one point that has been raised in connection with the wheat board. For my part, I am not an expert on administration. I have had very little experience.

Q. That is my point. There is quite a difference between the wheat board and the Board of Grain Commissioners. I could understand the argument being valid in the case of the wheat board, because there are many questions of policy involved, but in this case, it is more of an administrative question, and a question of administering the Act. Where would these two added commissioners come in? Merely to advise on policy?

*By Mr. Wright:*

Q. May I ask a question along the same lines, and the two could be answered together. Is it not a fact that under the Canada Grain Act, as under most other Acts, there are a lot of regulations passed in the sections of the Act, and the regulations are sometimes just as important as the Act itself, because they interpret the administration of the Act.—A. I was just going to refer to that. The Act is one thing. That is the responsibility of this parliament, and of the committee to make recommendations, though that is only the superstructure. The regulations under that Act, are sometimes even more important so far as the actual farmers' day to day operations are concerned than the Act itself, and the regulations of course are the responsibility of the board, and when it comes to making these regulations it is most important that farmers be consulted.

*By Mr. Jutras:*

Q. Just to pursue this one step further. The only point I am concerned with is your suggestion to replace Mr. Milner. That brings the board to three and then you add two more. Has your experience shown that the board is



not capable of keeping up with the load of work before it, or that the load is too big, and it requires two more men, or what is the idea?—A. That was at the back of our minds in suggesting these two additional people, but not necessarily administrative people because there is a difference between the actual administration of the Act, and its regulations, and the implementation of these. It is quite conceivable for instance—referring to one particular case in Saskatchewan we have a pool, and we have a board of directors who meet once a month, and decide the policy of the pool, and its operations, but the directors do not deal with day to day administration. In fact I think in practice some confusion exists as a result of the procedure of some boards in trying to do all the administration as well instead of confining themselves with general policy matters. Frankly I think that may be or is one of the causes of the trouble here. And secondly these folks are so busy they have not the time to keep contact with the farmers in order to find out what the farmers are thinking and as a result there is not the coordination of effort in the administration of regulations as there should be. We have drawn that to the attention of the board on a previous occasion.

*By Mr. Diefenbaker:*

Q. Is this a summary of what you answered to Mr. Jutras? That while the law is set forth in the statutes, the regulations too often create an arbitrary situation because they do not in effect interpret the statute. Go beyond it, and what is needed is one of these representatives from the farms, those particularly affected by the operation of the board in order to ensure the regulations shall not be arbitrarily designed and to ensure greatest possible return for the farmers.—A. That was one point. I was not bringing up the fact of whether or not the regulations superceded the Act, but certainly we are anxious to know when regulations are passed what the effect of the application of those regulations is before they are applied.

Q. And only a farmer having practical experience would realize from experience what the effect would be?—A. I may have known all the answers ten or twenty years ago but that does not say I know how they apply today.

*By Mr. Decore:*

Q. I notice you state that these two farmers should carry the endorsement of organized farmers from the prairies. What bodies do you consider to be organized farmers?—A. There are two or three. I do not say the Farmers' Union would be the only body. There are other organizations.

Q. Would you include the Canadian Federation of Agriculture?—A. Yes. I do not think in this case the wheat pool should be included. They are commercially interested in grain operations, but the federation as a member of the pool would represent them.

Q. Is the Farmers' Union of Saskatchewan affiliated with the Canadian Federation of Agriculture?—A. No, we are not.

*By Mr. Wright:*

Q. Would you go so far as to say if there had been two practical farmers on the board at the time the Board of Grain Commissioners made the decision on the Kreutzweizer case that that situation might have been different from what it is?—A. I would hope so, sir.

*By Mr. Harrison:*

Q. What is the main function you think that these two extra men would perform?—A. As I said before, a matter of meetings where general policy

matters and changes in regulations are discussed. They could be distinguished from day to day administration. We would not object if they wanted to put them on full time but we do not think that should be necessary.

Q. I gathered that one of the functions, or the main one, possibly, that you had in mind was that they act more or less as a liaison between the farmers and the present board here to keep them informed of what was going on in the country and in the farmer's minds.—A. Partially so. But not necessarily in the form only of an advisor to the board. They would be setting it at a policy level and their decision on those matters would carry equal weight with any board member.

*By the Chairman:*

Q. Is the province of Saskatchewan the only province that is not cooperating with the Federation of Agriculture at the present time? The Farmer's Union I am speaking of.—A. I am not going to argue or quarrel with the chairman of this committee, but I think the choice of the words "not cooperating" was perhaps a slip.

*By Mr. George:*

Q. I am not quite sure in my own mind what Mr. Phelps is driving at. Is he criticizing the policy of the Board of Grain Commissioners or the administration of the Act by the Board of Grain Commissioners?—A. I would like to answer the chairman's question first. I would say this, that the Manitoba Farmers Union are not a member of the Federation and never have been and Saskatchewan used to be a member of the Federation. There is always the right of withdrawal. There are other organizations which have withdrawn. We have the Municipal Association of Saskatchewan which has withdrawn and was never accused of not cooperating with the Federation. The Saskatchewan Farmers Union took the stand as a result of the convention mandate. I should say we tried to make it pretty clear in the brief. We did try to be fairly explicit that we are criticizing this board on two or three main counts. One is we are criticizing the board in its actual administration of the Act; secondly, we are very definitely making a number of substantial recommendations as to amendments to the Act as well as changes to the regulations existing under the Act.

Q. Are your suggestions as we have seen in the brief based on changing times and progress and that regulations made twenty years ago do not necessarily cover the situation today.—A. A number of them are. I was interested to note the chairman of the board's recommendation in summing up at the hearing at Saskatoon where he stated that the hearing had served a very useful purpose, and that in his long years of experience in administering the Act that these points had not been raised previously. One reason they were not raised obviously was the situation had not created the need. No one need to argue that the people who drafted the Act did not do a good job, but times have changed and amendments are needed.

*By Mr. Argue:*

Q. In your opinion if the Act were strictly enforced by the board do you think there would be any substantial criticism then of the situation that would result? That is, where is the main difficulty? Is it that the Act itself is wrong or is it that the Act as you would read it is not being strictly enforced today.—A. I would say some of both. I would say in regard to the inspection east of Fort William that can be done as provided for in the Act now. The regulations are again within the control of the board. There are other sections under which I think the board is labouring under a handicap today. The

provisions for offset of shortages on the shrinkage allowance on the side of the grain companies is something that I think should never have been drafted in that way in the first place. The board has no alternative but to administer the Act as it is. Mr. Chairman, we are critical of the board on certain points and are not backing up on that, but we do not want to blame the board for things they are not responsible for. We think to make the board more efficient it would require some amendments to the Act in addition to enforcing some of the regulations that are there now.

Q. Why would it be so wrong to offset the overage by the shortage, provided that if, as a result, you still had a surplus overage, and that overage were turned over or handled according to the Act.—A. In the opinion of farmers, in studying the actual procedure here, we failed to see why shortages should occur. After all, as we have said in our brief, this grain is all weighed over government inspected scales, or supposed to be so weighed, and by people who are 21 years old or older. Therefore we do not see why there should not be a fixed responsibility. No other organization operates on the basis that you guarantee their mistakes or short weights or anything. We do not see why it should not be operated in a way to contain the features of responsibility. However, we would not argue the point too seriously. But certainly the present operation of the Act and its administration of the power to offset completely nullifies that section, so far as overages are concerned.

Q. Is not your main objection that there is a small amount of overage or shortage? Certain people who might go out to weigh 100 million bushels of wheat four times are certainly going to get four different weights. I am sure of that. But would not the objection to the amount of shortage in the grade of wheat that is shown by relation to the purchases according to this table be this? It is a fact,—if it is a fact,—that the overages are there, at least as far as the value is concerned, and the shortages, if any, are fairly negligible.—A. That is quite true. You have brought up a very important point and I am glad the committee has an opportunity to consider it. So far as the three farm unions are concerned, we would not expect that all this grain will be weighed to a definite pound. We have never suggested that. But we do believe that a better job can be done than is being done. We are most concerned that a provision be made, where these overages occur, that they go back to the farmers. We think this is an abusive practice which is wrong in principle and which lends itself to abuse to allow any company to absorb those overages in the companies' profits, which is the present procedure to a large extent, and we want to have it eliminated.

*By Mr. Wright:*

Q. I take it that you want the country elevators to be treated in the same as the terminal elevators?—A. Yes, and under the present Act. That is another point not covered in so far as this brief is concerned. While the board is responsible for overages, they do call in the agent who they think has overages which are larger than necessary. They call in that agent and they do some private investigation on their own, or hold some hearings and they indicate to that company the responsibility it has for doing something about it. Our contention is that not enough is being done, and that the Act has not got enough teeth in it to do the job which needs to be done in regard to these overages.

*My Mr. Quelch:*

Q. At the bottom of page 2 of your brief you have a recommendation which reads as follows:

On a previous occasion we asked for the transfer of all grain handling and administration to the Department of Agriculture. The main arguments advanced in objection, at that time, were to the effect that sales of grain more particularly had to do with Trade and Commerce and therefore more logically fell under the jurisdiction of that department. We are now asking that the enforcement of the Canada Grain Act be immediately transferred to the Department of Agriculture—

In other words, you have a recommendation that the Board of Grain Commissioners be transferred to the Department of Agriculture; and on next page you have a suggestion that the Department of Agriculture has a better understanding of western problems. On the other hand, it seems to me that there has been less criticism of the Wheat Board under the Department of Trade and Commerce than under probably any other branch of the Department of Agriculture. Why do you feel that the Board of Grain Commissioners would give better satisfaction if administered by the Department of Agriculture rather than by the Department of Trade and Commerce?—

A. Of course, sir, the matter of the sale of grain is one thing, and they have almost entirely to do with that, with commercial operations. The majority of the transactions have to do with international connections, which is not the same thing, therefore the same arguments do not apply in so far as the enforcement of regulations and the inspecting of quality and so on, and the cleaning and grading of the grain. Percentage of weed seeds, etc., in so far as Canadian operations go, concerns two groups of people, the producers who are farmers, who work every day and the Department of Agriculture with whom they have a lot in common. Secondly it is true that the movement and the grading and sale of feed grain—a large percentage of it is sold right here in Canada. Therefore they are very closely connected with it and in fact we think that to separate the handling of feed grain from the livestock industry of this country is unwise. We think that it should be treated by the department which is mostly concerned with it. We think there is something to be said for the actual sale and administration or regulatory features. After all I have heard the chairman of the Board of Grain Commissioners say that they are the policemen of the grain trade. In that case, there is something to be said for having the administration of the regulatory features located outside of the department which looks after the sales. It is a question of their right hand not knowing what their left hand is doing.

*By Mr. Diefenbaker:*

Q. Turning to the subject of overages, I would like to ask you this question: I have never had anything to do with overages. Any complaints I have had have usually been about shortages. This matter of overages is rather difficult for me to understand. The amount exceeded is overage, regardless of the fact that it represents but a small proportion of 1 per cent. You have made a statement that the Canada Grain Act should be re-written in order to bring it up to date, having regard to modern conditions. Did overages through the years amount to these proportions?—A. That is quite a question and we would like to have the answer to it just as much as you would. That is one of the reasons we suggest that if this commission of inquiry is set up, one of its duties should be for example to check back

and see what has been going on over the years. The question of overages, to my knowledge, had never come actively to the attention of the farmers and the people, until the farmers' unions went into this matter. We have not any grain statisticians and we have not had an opportunity of going into it and studying it as far back as we would like to.

Q. Were there no statistics available to show what the amount of those overages were, back until the time the Wheat Board was in operation? I am not going beyond that, when the wheat business was a matter of private business, when that information would not be available. But as to that knowledge, since the Wheat Board has been operating, since 1941, has the information been available as to those overages?—A. I think that it would, sir, and for a simple reason. We get more regulations in our business, and the farmers are the ones who are quite completely regulated in so far as grain handling and seeds are concerned. Since those regulations have come into operation, it would appear to me that plenty of statistics and information regarding the handling of this grain at different areas would be available to prove your very point.

Mr. ARGUE: The information you have in this table—

The CHAIRMAN: Just a moment, please. Are there any more questions on page 3?

Mr. DIEFENBAKER: I was going to ask one more question, Mr. Chairman.

The CHAIRMAN: Very well.

*By Mr. Diefenbaker:*

Q. Would not this whole thing be covered by an amendment to produce the amount of overage that would be permitted?—A. The amount of overage that would be permitted?

Q. In order to offset the loss which comes about. Certainly there are losses in wheat from time to time. There are losses sustained in that regard and of that kind, as I see it, to be insured against. But in order to offset those losses, is not the situation today that the amount allowed for overages is too great?—A. That is one point, but as we have said in our brief, we cannot see any justification for the offsetting. There is an argument brought up that they are entitled to a shrinkage allowance. When you say that should not be allowed, I want to say this in defence of the board, that when it was brought up at one of our meetings with them, there was brought up the other set of arguments. They have never advanced them a second time. That has never been an argument in our submission direct to the board.

*By Mr. Fair:*

Q. I wonder if Mr. Phelps has had any information that the shrinkage allowance is too high or too low?—A. Yes. At the public hearing last summer the grain companies themselves stated that the shrinkage allowance as it applied to tough and damp grain was higher than they felt was required and they offered a reduction themselves, and I think that fact is an indication that there was some adjustment needed.

Q. Did they have any complaint then that the shrinkage allowance on dry grain was too much?—A. Yes, before the first reduction took place it was evident that the shrinkage allowance was excessive, and the companies agreed to the reduction. It was cut in half and they said that was too much, that it did not leave them enough leeway, and they prevailed upon the Board of Grain Commissioners to increase it, which they did, but not to the previous amount of one-half of one per cent.

Q. It was agreed by the majority that they should have some shrinkage allowance so as to make up for some losses in loading, and that kind of thing?

—A. Yes, Mr. Chairman, in the brief again we do not deny that there is not a natural shrinkage in the handling of grain, but we do say this, if they are going to allow that as an offset against overages, then we would have to ask for an adjustment on the shrinkage. You cannot have jam on both sides.

Q. With all that in mind and the fact that the company's operator operates the scale, can you see any justification for a shortage in those elevators?

—A. No, I cannot, quite frankly. There are overages, and the elevator companies will argue that the shrinkage allowance is not sufficient, but I think the majority of them will agree that the present shrinkage allowance is sufficient and, as I say, their action last year at the public hearings in Winnipeg was quite significant when the companies suggested a lowering, and if that shrinkage allowance is set at a proper percentage, then there should not be a shortage.

Q. Then I wonder if you could explain why in 1949-50 there were 1,797 elevators reporting shortages, in 1950-51, 897, and in 1951-52, 569 elevators reporting shortages? This is shown on page 10 of the 1952 annual report of the Board of Grain Commissioners.—A. Well, of course, that has got to be proven by a complete weighover as to just how this shortage took place, if it took place at all. Those are their figures which have not been, maybe, checked, but I do not know whether there has been a shortage in weighing. I would not know whether there has been some grain disappeared, or what the cause is, but the whole thing would require a pretty close scrutiny and a check of the figures, and a pretty close check of the physical operations of the elevators concerned.

Q. We find, also, Mr. Chairman, in the same table in 1949—this might explain some of the answers given in that table—that in 1949-50 there were no reports of elevators not being completely weighed over; 1950-51, 1,974 elevators had not been wholly weighed over; and 1951-52, 3,016. So with those conditions existing, I do not think it is possible to have accurate information in connection with either shortages or overages, because the elevator companies themselves did not know what their actual position was. That, I might say again, was brought about mainly by the heavy crops we had and the inability of the elevators to obtain sufficient transportation, and that kind of thing.—A. Yes, we will agree that the present congestion has aggravated the whole matter.

Q. Under present congested conditions, I do not think you could get that matter cleared up. You will have to have a short crop before you can get all those matters satisfactorily explained.

*By Mr. Helme:*

Q. Could you tell the committee what the present allowable rate of shrinkage is on wheat?—A. Three-eighths of one per cent.

Q. That is a reduction of one-eighth of one per cent in recent years?—A. Yes, it was originally one-half of one per cent and it was reduced to one-quarter of one per cent, and the companies said that it was too low and they prevailed on the board a few years ago to bring it back up to three-eighths of one per cent.

*By Mr. Larson:*

Q. Would it not be accurate to say you never get a proper figure on overages and shortages until the grain actually goes through the terminal? Those overages and shortages we have here are practically all involved in the country

elevators and, as Mr. Fair just said, it has not been possible, due to congestion, to weigh over these elevators, and so the figures we are talking about mainly are just grabbed out of the air, are they not?—A. Well, there are a number of factors to take into consideration in regard to the operation of country elevators. I happened to be in one elevator—I won't say what company or where it was situated—and I would imagine that there were about 150 or 200 bushels of wheat down under the scales, which got there, I suppose, when the trucks dropped their loads into the hoppers, and the hoppers were not big enough and it went out the back end. I would certainly say that there were 150 to 200 bushels of wheat down there. I do not know if that would eventually get cleaned out. There are all sorts of places where shortages can happen.

Q. As far as overages are concerned, I think I understood the witness to say this matter had never been discussed until very recently, until the farmers' union took it up?—A. That is true.

Q. Is it not true that there was a commission in Manitoba which investigated this question years ago? I have heard of this question for a long time.—A. Overages are not something that has just come up. That is one of the things that has been inquired into and investigated before.

Mr. QUELCH: There was a lot of publicity about false bottoms in elevators at one time, was there not?

The WITNESS: Yes.

*By Mr. Argue:*

Q. I just have one question, Mr. Chairman. It has to do with the figures you have presented in this table. I might say that they read to me as pretty amazing figures. They show producer deliveries at 215,000,000 bushels of wheat, grades 1 to 5. The sales amounted to 372,000,000 bushels of wheat of the same grades. This is an increase that I calculate roughly at nearly 75 per cent. I would like to know where that other 156,000,000 bushels of grain could have come from. You suggested in your presentation that you have not had information, that this is something that needs to be explained. You do not find 156,000,000 bushels of wheat very readily. Where did it come from in your opinion?—A. Lacking any further information, I am asking the same question, and deliberately. You want to know, though, my belief or opinion on the matter?

Q. Yes.—A. I rather suspect when we get a breakdown of these figures here denoting "other grades", the totals here do correspond reasonably accurately, there are a few million bushels out but that is neither here nor there, at least we won't consider it in this discussion, but the figures do total fairly accurately and would lead me to believe that what has happened is that grain was brought up from the lower grades, and I would also say that some of the grain went this way, but in mixing they could be short on No. 1 and No. 2, that is quite possible, and in mixing quite explainable, too, because there is only about three cents a bushel on most of the higher grades, so they could afford to skim some of the cream off because every bushel that can be raised a grade at the lower end means ten cents for sixty pounds, so there is quite an advantage in bringing wheat both ways for blending—they call it blending instead of mixing, it is a smoother name—the 210,000,000 bushels here in other grades would make up your totals and it would come out fairly even.

Q. Just on that practice itself, I would like your opinion as to what is wrong with that practice? I have some barley at home which has 23 per cent wheat in it and they grade that "mixed grain", and I get the same price as somebody else who has some mixed grain which is half wild oats and half barley, but I have another bin of good barley and I am going to mix the two

and I am going to bring up that mixed grain, which is barley with 23 per cent No. 2 Northern wheat in it, into a higher grade of barley and it will certainly help as far as the return is concerned. Don't you think when all this grain is finally sold and it can be mixed to come up to a higher grade that that is good business?—A. Good business for the elevator companies in this case. I submit these elevator companies have been showing quite substantial profits, and do not think they are Santa Clauses.

Q. Suppose they did not mix any grain, and did not show a profit, then I suppose they would go to the wheat board, and ask for an increase in the annual charges, would they not?—A. That is quite all right if they can justify it, but I do not think we ought to have a system of charges, and neither do the farmers' unions, where it is something in the nature of a cover charge or a hidden charge. If the charges are inadequate, and if that can be proven, then I would say that the charges ought to be raised, and a charge made on the basis of the service performed, but do not let us have something in the nature of hidden income, to compensate you for an imaginary or real loss in some other part of your operations. We do not think that should be permitted.

Q. Is it contrary to the Canada Grain Act?—A. Not in so far as it pertains to commercial grains. Under the Act, the mixing of milling grades is definitely prohibited, but the mixing of commercial grades is only blinked at.

Q. But the mixing must have gone on if this table is correct in order to make this terrific difference in the upgrading.—A. It depends on where it takes place. If it takes place in a country elevator, I do not think under the Canadian Grain Act that would be illegal. The only thing that is illegal is mixing milling grades, and not in public terminals. You could mix it at some other classified terminals, and you are not liable.

Q. Do you want all mixing outlawed?—A. We think the principle is either right or wrong, and we believe this, that if mixing is going to be condoned or agreed to by law, then of course if it is wrong in one grade, it must be wrong in principle.

Q. In other words you think what should be done should be consistent?—A. Yes, we do, and if you are going to condone mixing, then the benefit of that should go to the producer, and not to the company handling the grain. They should not be the ones who reap the cream, though they should be paid for services rendered.

Mr. LARSON: I trust we are still on page 2, and we are not dealing with the table.

The CHAIRMAN: I understood we were dealing with page 3.

*By Mr. Larson:*

Q. There was one matter on page 2 that I wanted to discuss in regard to the question of policy. The witness said he would have two extra members on the Board of Grain Commissioners to deal with matters of policy, but the Board of Grain Commissioners have noting to do with the creation of policy.—A. I would think in the administration of the Act, it is likely that the wheat board or any other board or commission empowered or instructed for the purpose will have a lot to do with policy, particularly pertaining to regulations.

Q. But do not the regulations have to be approved by the responsible minister?—A. I imagine in practice all these regulations have to receive approval by order in council, but that is usually more or less a matter of form.

Q. But much that is in this brief regarding criticism of the Board of Grain Commissioners is directed chiefly at the government and is criticism of the government.—A. No, I think in fairness to the government I would not say it is the responsibility of the government necessarily. They have set up the board, and the board is responsible for making recommendations, and ordinarily



in practice, most governments when a board makes recommendations feel that the recommendations should be accepted. If a great many were not accepted, then of course the board would only resign if they felt they had not the confidence of the government.

Q. But the Minister of Trade and Commerce is responsible for the actions of the board?—A. Well, when the chips are all down, I would assume so, but for all practical purposes, I think you will realize that all these boards have a lot of latitude, and some responsibility with it.

Q. But the regulations under which they operate would have to be approved by the minister?—A. Yes.

Q. So in other words, an advisory board to the Board of Grain Commissioners would not be required. You would not have an advisory committee to the Board of Grain Commissioners, it would be an advisory committee to the government.—A. But in fairness, I do not think it is fair to say that he submits these regulations by himself. He is guided by the recommendations of the people he has appointed, and when they make recommendations to him, naturally the minister will not throw them in the waste paper basket too many times in a row.

Q. I agree, but I wanted to clarify the position of the Board of Grain Commissioners. A lot of these criticisms are actually directed against the government.—A. But it is a public body in the Dominion of Canada, and when it makes a ruling, there are only certain types of rulings against which you can appeal to the courts. There are very few boards in the Dominion of Canada that have the power of the Board of Grain Commissioners. They are a very powerful body in the operation and handling, the physical handling of grain and matters appertaining thereto.

Q. They must be.—A. Yes, and I am not objecting to it, but let us recognize the facts. There are few of their rulings against which you can appeal to the court, except when property and money is concerned.

Q. As far as appeal to the court is concerned, I imagine from a theoretical legal standpoint you are right, but when you start appealing to a court it costs money, and usually the people who have the money to pay are the grain companies.—A. We would have appealed against the ruling of the board if it could be done, but under the Act it was not possible.

Q. But it would be an advantage to the grain company rather than the farmer to appeal. I understand when property or money is involved, there is an appeal?—A. Yes.

Q. On table 5—

The CHAIRMAN: Before you jump that far, I think Mr. Helme has a question.

*By Mr. Helme:*

Q. Talking about mixing grain, I would not think personally there is a lot of up-grading in the lower grades of grain or wheat. I think it is generally recognized by grain buyers—I had some 16 years of it myself—and I think it is generally recognized by grain buyers that it is a very precarious thing to do, to try to up-grade lower grades of grain with one possible exception, and that is with rusted wheat. With rusted wheat you might get away with mixing higher qualities of wheat, but if you try to mix good wheat to bring up the frozen wheat, you are inevitably going to lose on the good wheat. The poor grade wheat drags the other down, and I think you will find that is the general experience of most grain buyers.—A. I think you are referring to mixing at local elevators.

Q. Or any place.—A. I think we might find there is quite a substantial amount of mixing—

Q. No matter where it was done, you would still run into the same proposition.—A. I would ask this question, how do we get approximately 12 million bushels of wheat disappearing. They did not dump it into the lake.

Q. I could not say, I am just giving my personal opinion of it based on considerable experience.—A. Dealing with other points, may I just say that these tables with the exception of "Amount to Account for"—those figures are all supplied to us. But the basic figures, the "Board Receipts 1951-52", "On hand", "Less Stocks on hand" were figures all supplied to us from, one, the Canadian Wheat Board, and two, the Board of Canadian Grain Commissioners; they were not our figures.

*By Mr. Harrison:*

Q. While we are on this matter of overages, you pointed out that the weighing powers allowed to operators consist of  $\frac{3}{8}$  of 1 per cent and that is only 10 pounds in a 3,000 pound load according to my calculation. Do you think that could be improved upon? On an ordinary elevator scale I think if anyone weighs within 10 pounds in 3,000 he is doing a good job. I do not think it is possible to drive one load in an elevator and out again and come within 10 pounds in weight. With the number of loads delivered in western Canada in a year you might have a tremendous discrepancy and it might run either way.—A. So far as the farm unions are concerned we would in fact prefer a recognized shrinkage allowance to the old method of taking up the break of the beam. We would rather prefer to have something that is legalized and recognized on the top of the table rather than doing something underneath the table. You get into the human element again of weighing the load. I think the submissions of the grain companies themselves would indicate the present shrinkage allowance is not too far out of line and so far as the farmers are concerned we are not objecting to that present shrinkage allowance and it is not in our brief. We are not asking for its abolition, but we would prefer that proper adjustment be made another way.

Mr. WARD: Are we through with number two?

The CHAIRMAN: Yes. I think we are over to number 4.

Mr. WRIGHT: No. We are questioning on this table right now.

Mr. JUTRAS: That is in between 3 and 4.

The CHAIRMAN: It is part of 3.

*By Mr. Ward:*

Q. The brief states that there is 1,797,252 bushels of overage, but nothing is stated as to what period that covers?—A. That is reported, Mr. Ward, in this annual report of the Wheat Board covering last year's operations. You will find it in their annual report.

Q. It covers only one year.—A. One year. There last year's operations.

*By Mr. Wright:*

Q. The figures in the first place of the Canadian Wheat Board are taken from the annual statement of the Wheat Board?—A. Yes. You will find them on page 11 of the annual report of the Canadian Wheat Board.

Q. And the figures in the second place are figures supplied by the Board of Grain Commissioners?—A. Yes.

Q. In the Canadian Grain Act it forbids the mixing of standard grade one, two and three at the head of the lakes, and I understand when that was put in the Act it was to protect the grades for the export market so that the buyer of grain in the export market would be protected, to see that he was getting the same as the producer was paid for. I take it from your brief that you want

to see that carried through so that the feed buyer in eastern Ontario would get the same protection the export buyer has at the present time?—A. Yes. I think that point is an important one and well taken to raise it at this committee. Mrs. Norman and myself were down to Ontario and attended the convention of the Ontario Farmer's Union. We talked to certain farmers and after checking some of the samples and hearing their stories and the complaints we feel quite concerned regarding the attitude that is being adopted by many of these eastern feeders and farmers, and we think quite legitimately so because of the adulteration of the grade of grain by mixing and deteriorating, and as a result they are not getting the standards or quality at this end that we feel they are entitled to based on the grades we are given at our end, and it affects the whole confidence of buyers right here in our own country, Canada, in western feed grains and we think that is serious.

The CHAIRMAN: Are there any other questions? Shall we pass to page 4? I think probably page 4 is a continuation of three and the table. Is it not?

*By Mr. Argue:*

Q. Do you object to the natural drying process in relation to drying grains? It seems to me it is a reasonable practice if you can dry your grain by mixing tough grain or damp grain with dry grain.—A. We are not objecting to that. It is quite a natural proposition, but what we are objecting to is this, that the elevator companies dry this grain with tough grain or damp grain and the farmer is penalized and in our opinion the company has access to profits there to which they are not entitled. We contend that is in the nature of an overage the same as any other kind of overage and a strict interpretation of section 138 of that Act would bring it into that category of up-grading.

Q. Have you any indication that that practice is carried on in the terminals?—A. Well, it is difficult to say where it is carried on, but it is reported on in the annual report of the Canadian Wheat Board where it says at page 9:

In addition to the unusual grade pattern described above, Board receipts from producers of tough and damp wheat amounted to 181.5 million bushels, or 40 per cent of total board receipts. Receipts of tough wheat were 118.2 million bushels and damp wheat 63.3 million bushels.

So that gives you the percentage of handlings right there. What we want is the comparable figures of receipts at primary delivery points.

Q. What do you want done about natural drying?—A. We say that the gain by mixing of that kind, apart from the services, ought to be returnable to the individual producers in the way of a further increase in their price per bushel, and that they should not be penalized to the extent they are.

Q. In other words, you are saying that because the elevator can dry 30 per cent of their grain by a natural drying process, that the spread between the price—between the dried grades and the damp grade, the same grade, is too much?—A. Quite right.

The CHAIRMAN: Are there any further questions on page 4?

*By Mr. Bryce:*

Q. Would you be in favour of allowing them a certain percentage for the overage? The elevators are allowed some overage, are they not, or some shrinkage?—A. You mean in the shrinkage allowance?

Q. Yes.—A. In the shrinkage allowance, yes. We are not objecting to a shrinkage allowance. If you stretch that and say it was reckoned as overage, we would not follow you. But so far as bona fide shrinkage allowance is concerned, we are not objecting to it.

Q. But as for any overages that are there, you want them credited to the producers?—A. That is quite correct.

*By Mr. Decore:*

Q. You are not opposed to the natural drying process?—A. In principle, no.

Q. It was necessary during the time when they had all that damp grain on their hands?—A. It was the only practical thing to do and it may be the only practical thing to do. There is no use in putting it through an artificial process when you can put it through a natural process. But that is a gain for the company which we think comes under the same section as up-grading, because it does in fact up-grade it.

Q. Were you able to estimate the amount of grain to the companies?—A. Well, I think you can figure it out for yourself from the report of the Wheat Board where it deals with tough and damp grain which was handled, and as a percentage of their total handling. They may have got a break-down of individual companies which would indicate how much of that grain was produced by them, but that information has been denied to us so far, and to you, right in this House.

The CHAIRMAN: Are there any other questions on page 4?

Mr. LARSON: Are we finished with the table now?

The CHAIRMAN: We are on page 4.

Mr. LARSON: I do not think we can analyse this table until we hear from the Board of Grain Commissioners. That is part of their problem and I could not discuss the figures on it.

*By Mr. Ward:*

Q. I wonder if the witness means what he says on page 4, paragraph 4? Apparently there is a shortage rather than an overage. He states definitely:

. . . we contend that there should be substantial shortages in so far as grain not covered by producers certificates is concerned.

A. I would not want Mr. Ward to be under the impression that we say things just for the sake of saying them. We usually mean what we say and we meant what we said here.

Look here: We are back again to the Canadian Wheat Board. Pardon me for referring to these figures again, but on page 10 of the report of the Canadian Wheat Board I read as follows:

Weight losses in transit and in drying and reconditioning . . .  
3,975,096·55.

There are producers certificates in existence for that 3 million bushel odd. They did not dry up and blow away. They are still there.

Now then, we contend that the books of the company—they come and apply—when the chips are down you will find that it shows there has been an adjustment, and the Board of Grain Commissioners will report that there is an adjustment of those figures in so far as terminal operators are concerned. There are warehouse receipts in the terminals which are adjusted. But they are not adjusted clear back to the primary delivery points. Your producers certificates are still in existence and on the books of the company at the primary receiving

points they still show that this moisture or shrinkage or extra moisture went in as wheat and the producers certificates show the extent of that. But when the chips are all down and the thing has gone through you will find that the company has 1,797,000 bushels of wheat that they have not got producers certificates for, and they cannot give them to you.

Now then, we make that statement, and we are awaiting for someone to disprove it. That is all we are waiting for.

The CHAIRMAN: Are there any further questions on page 4? If not, shall we now go to page 5?

*By Mr. Argue:*

Q. On page 5 and referring to the Kreuzweiser case, as some of us have known it, do you think it is correct to say that before this decision was made, that in practice a farmer had the right, when taking his grain into an elevator company, in the event that the elevator agent and the farmer could not come to some agreement as to the correct grade, that the farmer then had one of two choices? One was to store the grain. In fact, he probably had three choices. His first choice was to take it out of the elevator and go to some other place. His next choice was to dump the grain and take a storage ticket. A sample would be taken and sent to the chief grain inspector. The official grade would come back and the cash form made out. Or, he could go to another elevator and ask them for an interim cash ticket, and then when the sample came back with the official grade, get any additional money that might be coming to him, if the grain did turn out to be in fact the grade that the farmer had said. Is that your conception of the protection which the farmer has?—A. Not only our conception, but that was the information which was given to us at public meetings by representatives of the board themselves, that these were choices which the farmer had, and that he could use them for his own protection. That was common knowledge.

Q. After all, you had a lot of experience with that case. You sat and heard all the evidence and you have read the ruling. Do you not think that the ruling—and not only now, but by the ruling it takes away the right of the producer to an interim cash ticket? Do you not think that what the ruling said was that none should issue unless the agreement to purchase has been arrived at; and that an agreement may not be arrived at, in which case there is no agreement. But there has to be an agreement as to the grade. Do you not think it a fair interpretation to say that that was the ruling, because even after that, by asking them, on page 2 of the ruling, according to section 112, a sample was required to be taken and placed in the receptacle, it only applies in that case, and then the board, if an agreement was arrived at between the operator, to make sure that the person offering for sale, that the grade be produced? In other words, instead of its taking away the right of the farmer to ask for an interim cash ticket, that a single box may be provided to them, and they have the right to use the receptacle provided in 112 and have it sent in and get a final grading?—A. Mr. Chairman, I am most interested in the point that Mr. Argue brings up here. That has never been raised before. I followed his reasoning very closely and I have to admit that, on my first reaction to it, I believe that it could raise that very point.

Q. That is what it says to me. Mind you, in all fairness, the first part of the ruling is, they are going over the case, the preamble, you might say, seems to indicate the rule does not affect the farmer's right to have his grain dumped and have a sample grade taken and sent away for analysis, but when it comes down to the actual ruling itself it says that the provisions of section 112 requiring a sample to be taken and placed in the receptacle only applies if an agreement has been reached. Now, I would not want to say that that is what

the board had in mind when they made that ruling because I think this provision, as I understood it to be, in the Canada Grain Act has been an excellent provision. I think it has worked well. It has saved the producers lots of headaches and saved the grain buyers lots of headaches, and I use it myself, and maybe I am as ornery as the next one, and I go in, we do not agree on the grade, and I say dump it and we will send in and get an official grade. The elevator agents, at least any that I have dealt with, have been quite willing to do that, even anxious to do that, if there has been a dispute about it. I know of some instances where the elevator agent was right, and in other instances the producer was right, but it seems to me we will have to get a further explanation under this ruling. It is a very serious ruling and if it says what it seems to say to me, then certainly we need some amendment to the Canada Grain Act in order to spell out once again in no uncertain language the rights we all understood the farmers had under the Act.—Mr. Chairman, I think Mr. Argue has brought up a very important point and I want our legal counsel to go into this point that he has raised. I have here a copy of all the evidence that was given at the public hearing. We think that the present rulings, even with its broad interpretation, is so far-reaching in its effects that unless there are amendments to this Act at this session—we are asking for an amendment at this session, and for that reason we are very sorry that we have had to come here so late in the session, but we hope that it is not too late to pass the necessary amendments. Certainly the ruling of the board indicates some very definite weaknesses in the existing Act so far as protection to farmers is concerned.

Mr. WRIGHT: I am going to ask, Mr. Chairman, that you have a copy of the Board of Grain Commissioners' decision in this matter included in the record of this meeting, so that when people are discussing it on the basis of the evidence being given here they will have the decision before them. I suggest this if it is agreeable.

The CHAIRMAN: Is it agreed that this report be tabled?

Agreed.

Mr. WRIGHT: And printed.

The CHAIRMAN: Printed as an appendix to the proceedings, yes.

Agreed. (See Appendix "A")

Mr. JUTRAS: Mr. Chairman, I want to carry on with the Kreutzweiser case. You say that the difficulty involved, from the point of view of the producers, arises in the present circumstances out of the Wheat Board Act, that compels me, for instance, to sell my grain to the Wheat Board and nobody else. Now, has your counsel or yourself looked into the contract between the Wheat Board and the company? Is not the company bound to buy the wheat not under the Canada Grain Act but under the agreement between the company and the Wheat Board, because after all the company is only acting as agent of the board. Have they looked into that?

The WITNESS: Yes, they have. That was one of the points brought up by our counsel during the hearing. Apparently, in arriving at the decision, the board ignored it, or certainly did not give it much consideration in arriving at their decision on this case, but I know they are going to argue—as we say here, we know the Board of Grain Commissioners are charged with the responsibility of administration of the Canada Grain Act, but you cannot administer one Act without some cognizance of the effect and the importance of another Act. Isn't that true?

The CHAIRMAN: Gentlemen, we are one short of a quorum. I would suggest that we return at eight o'clock this evening.

Mr. WRIGHT: I would suggest, Mr. Chairman, that we are going to run into difficulty in getting a quorum of twenty members to meet here this evening and tomorrow. I would suggest that you ask permission of the House to change the quorum to fifteen members.

Mr. BRYCE: I second that, Mr. Chairman, but we tried to do that already.

The CHAIRMAN: We cannot do it, at least until we get a quorum.

#### EVENING SESSION

The CHAIRMAN: Come to order, gentlemen, please.

Mr. ARGUE: At other committee meetings when we have had a witness who has had assistants with him, the assistants have usually been seated beside him. You have only one person on the stand, but I understand Mrs. Norman, Secretary of the farm union council and Mr. Canart one of the Manitoba council members are here and I wonder if they might be invited to the front to sit beside Mr. Phelps.

The CHAIRMAN: Is that agreed?

Agreed.

Now gentlemen, I think when we adjourned at six o'clock we were at page 4. Are there any further questions on page 4?

Mr. ARGUE: I wished to ask a further question or two on the Kreutzweiser case. Is that on page 4?

The CHAIRMAN: It goes over on page 5.

Mr. JUTRAS: When we adjourned I had just asked Mr. Phelps if the agreement between the Wheat Board and the companies had actually been studied from the point of view of the compulsory angle of purchasing from the farmer. I know you mentioned you had brought this matter up in the Kreutzweiser case but it was stated this was not the case before the commission and as such consequently would not have the same weight. But the way I read the agreement I think it is quite clearly stated it does compel the company to purchase on behalf of the board if so offered. Actually I do not suppose there has been a test case or I doubt if you have asked for a legal opinion on that point irrespective of the Kreutzweiser case?

The WITNESS: No.

Mr. GEORGE: On a point of order, the echoes are so bad I wonder if those speaking would stand up.

The WITNESS: I will gladly stand up. Usually you can hear me pretty well. We did not ask for a specific ruling on this particular case, but as I pointed out earlier this afternoon our legal counsel, Mr. Schumiatcher, did bring up that very point in his submission and it is in the evidence taken at the commission. However, I take it the board took the stand that they were in charge of administering the Canada Grain Act. But we contend these sections must be read and studied and applied, in unison shall we say. And we do point out certainly the contradictory and in some cases almost impossible position that this ruling places the farmer in, that he must deliver his grain and the Wheat Board is the only one he can sell to, and they are obligated to buy it; but under this ruling the farmer has no protection in that particular type of ticket in so far as sale is concerned. He has it for stored grain only.

Mr. JUTRAS: On that point I have consulted a few legal experts on the matter myself because first I thought section 112 was in pretty clear language, but the legal experts are unanimous that there is no direct direction; that if

the intention had been to place a direction in there they would have so stated. I will not quarrel with that. But there seemed to be a general consensus of opinion that the compulsory angle is due to the fact that we are restricted in our delivery by the Canada Wheat Board Act and consequently the general opinion seems to be that the compulsory feature should, if not already in there, be incorporated in the Wheat Board Act rather than in the Canada Grain Act.

Mr. FAIR: This Kreutzweiser case or Brancepeth case has caused discussion in certain parts of the country and I would like to make one or two comments and then Mr. Phelps can give his side of it and Mr. McKenzie later on can give us further enlightenment. In this judgment that was handed down it states:

The Canada Grain Act does not contain any provision expressly compelling the operator or manager of a licensed public country elevator to purchase grain and implied legal obligations to do so cannot be read into section 112 of the Act.

I will also read section 112 of the Act:

If grain is offered at a licensed public country elevator for sale or ordinary storage, but the person offering the same and the person in charge of the elevator do not agree as to the grade thereof or the proper dockage therefrom, a sample shall be taken and placed in a receptacle in such manner as may be prescribed and shall be submitted for examination under this Act as may be directed by regulation.

(2) Pending receipt of a report on the grading of such sample the operator or manager of the elevator shall issue in respect thereof an interim cash purchase ticket or interim elevator receipt.

(3) Upon the receipt of the report of an inspecting officer under this Act as to the grade of the sample and the dockage therefrom, the interim ticket or receipt issued for the grain may be surrendered and there shall be issued in lieu thereof an ordinary ticket or receipt for grain of the grade reported by the inspecting officer subject to the dockage specified by him.

To the ordinary farmer I think that is quite clear. At least it seems that way to me and I cannot understand the section I read from the judgment when I got up to speak first. If those things are explained to my satisfaction I will not say very much more about it. In many cases we know farmers and elevator operators have not been able to agree on a grade of grain and if I found myself in that difficulty I think I would take the certified graded storage ticket and have the sample sent to the chief grain inspector and when that grading came back I would have to be satisfied. But under the circumstances of the Kreutzweiser case I think there has been some misunderstanding and perhaps some misinformation or something wrong somewhere, and I would like to get at the bottom of it because the information has been circulated and the decision handed down and section 112 do not make common sense to me.

The CHAIRMAN: Are there any other questions on page 5?

*By Mr. Argue:*

Q. On page 5, Mr. Chairman, I think it is fair to say and I think all the members of the committee would probably agree that over the years, we, as members representing farm constituencies, have been agreed that the people operating our Canadian Wheat Board and administering the Canadian Grain Act have done a satisfactory job.

I think that is a common belief based on the experience that we have had. I noticed on page 5 Mr. Phelps, in his submission, has made some very caustic comments with respect to Mr. Rayner. I do not think it is necessary to read



them, perhaps, but at one point he says that in the evidence in the Kreuzweiser case the original report was shown to be a false document, and he goes on to say there was another instance of maladministration by the present board.

I think as Members of the House of Commons it is our duty to examine into any statement such as that and to try to judge fairly for ourselves whether there is any basis in fact for such an accusation. If there is, then I think it is the responsibility of the government to do something about it. While we have disagreed on policy many times and with the personnel operating these various acts, I think our experience has been that we were quite satisfied with the job that was being done. My question is this: Have you evidence to support your statement that I have referred to on page 5? Was there evidence produced at that hearing to substantiate that statement?—A. Well, yes. Certainly we have it here. We would not come before this committee and make that statement without having something to back it up. I have here Mr. Rayner's original report, or a copy of it that has his signature on it, in regard to the inspection he made. And he deals here with the amount of space that is taken up by other grades of grain in the elevator. I shall read the last two paragraphs:

The complainant refers in his letter to his rights under Section 112 of the Canada Grain Act. This section of the Act does give the person delivering grain the right to an interim cash ticket or interim elevator receipt if there is disagreement as to grade but this right only exists if, as provided in Section 108 of the Act, there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.

In this case there was not storage accommodation to handle the grain as desired by the complainant.

I therefore found that the complainant cannot be sustained.

Now I shall read you some extracts from the evidence. This is from the verbatim report as taken down, and I start at page 67. These are Dr. Shumiatcher's questions and Mr. Rayner's replies:

Q. I understand this was 14 by 28 feet.—A. Yes.

Q. And it slopes?—A. Yes.

Q. That would give you some idea.—A. It goes back—

Q. It goes back at an angle?—A. Yes.

Q. You say it would be between six and ten feet here, six feet at the extremity at the east?—A. Yes.

Q. There would be about a sixth of the space available, approximately?—A. You mean a sixth of the whole area?

Q. Of the bin.—A. I don't think you can take that—

Mr. MILLIKEN: That is a rough indication.

Mr. SHUMIATCHER: I want to know. It is a rough indication of about a sixth?—A. It is no use my trying to say that.

Q. Isn't that the whole trouble? You could put in fifty-five more bushels, couldn't you?—A. I would imagine so.

Q. You could, couldn't you?—A. I can't say definitely.

Q. You were sent down there to inspect the elevator?—A. Yes.

Q. And we can take it you made a bona fide inspection. I am not suggesting you didn't, unless you start hedging. I am suggesting to you that there was no question in your mind but you could put in ten times more than fifty-five bushels in that space? That is in the south-east bin of the east annex?—A. No, it was never in my mind, how much he could put in.

Q. You were there to determine whether that was space for No. 2 Northern? Wasn't that what you were sent to do?—A. I didn't get specific instructions on that.

Q. You were told to make an inspection?—A. Yes. And I said previously that the No. 2 Northern bin was full to the cat-walk below the spout. I was of the opinion that the elevator bin was full and could not take any more No. 2 Northern.

Q. There was from November 11th to November 25th, a period of fourteen days elapsed, and you went down there and looked at one of the bins— —A. I saw the whole thing.

Q. I am asking you the question, and I want an honest answer, there would have been room in that elevator for fifty-five bushels?—A. If he had shovelled it, yes.

Q. Easily?—A. Yes.

Q. Probably five hundred bushels if he had shovelled it down?—A. I wouldn't go that far.

Q. But there is no doubt there would have been room for fifty-five bushels, if he had pushed some of it down?—A. There is no doubt.

Q. Fifty-five bushels could easily have gone in?—A. Yes.

Q. There is no doubt about that?—A. No. But I would like to explain about the condition of the annex, condition of the bins. The elevator annex is rated about 35,000 bushel capacity, and divide it by four and it gives you less than 9,000 bushels in each bin, and if there was 8,000 bushels of grain in it—

Q. It would hold something like 9,000 bushels?—A. Yes.

Q. And your records show that there was 7,900 in the bin?—A. Yes.

Q. Even on the statement there would be room. The evidence of Mr. Phelps was that it would hold a thousand bushels more.—A. That is what he said.

Q. Would you agree with that?—A. I wouldn't go that far.

Q. A capacity of 35,000 bushels, and divide it by five—A. Four.

Q. Four. Which means that each bin would hold about 9,000 bushels.—A. Yes. But these two were smaller than the other two.

Q. They would hold less?—A. Because of the cat-walk.

Q. Taking the figure of 8,000, and according to the statement there was some 7,908 bushels in there, so that there was still room for 92 bushels?—A. Yes.

Q. No matter how you look at it?—A. Yes.

I have been reading from the evidence given at the hearing.

The CHAIRMAN: Are there any other questions on page 5?

*By Mr. Argue:*

Q. Is that the only reason for your statement in your brief, this evidence which you have just read?—A. Certainly.

Q. There is no other experience you have had that you are referring to?—A. I have nothing that we would like to bring up at this time.

Q. That is fine. I am not pressing you for that.—A. No, I would rather not. I am not refusing to answer questions, but in this case we rely on the statement in our brief. We have not appreciated some other things which have happened in regard to transactions, but this is the one thing we want to bring up before this committee at this time.

The CHAIRMAN: Are there any other questions on page 5? If not, shall we now turn to page 6?

The WITNESS: Mr. Chairman, before we go on further, I would like to lay on the table some letters, or copies of my letters to the board and their replies. They were asked for this afternoon in connection with the refusal the board to supply certain information. I forgot which one of the members asked for the tabling of these. During the supper hour, Mrs. Norman selected some letters. There may be others, but these are fairly accurate. We have some older files that I did not bring down, and there are old letters in those files, but I think there are some letters here dealing with this very question of information on grain that we were discussing this afternoon and which information has been refused, and statements were made that such records are not kept by the board. Now I file them with you, Mr. Chairman, with one understanding, if we may say so, and that is that we have made no copies of these letters and we would like to preserve them in our files, so we would appreciate getting them back at the first opportunity. I can get you more letters from our files, which we have not got with us here, if you desire.

The CHAIRMAN: Would you like to have those added to your submission?

Mr. ARGUE: They could be printed as an appendix.

The WITNESS: Yes, they could go in in that way. These were asked for by one of the members, who asked us if we could file those letters, and we said if that was your wish we certainly could, because you should have the fullest information on it.

The CHAIRMAN: Is it agreed that these letters be appended to the submission?

Agreed. (See Appendix "B")

Any other questions on page 6?

Mr. ARGUE: Yes. The next item on page 5 is headed "Parliamentary Commission on Grain Handling or Royal Commission of Enquiry". The witness says in beginning this part of his submission that there is widespread dissatisfaction among farmers on grain grading, weighing, mixing, etc. I wonder if you would just tell the committee the experience you have had in the last year or two with farmers all over western Canada that leads you to believe there is widespread dissatisfaction?

The WITNESS: Well, Mr. Chairman, it is part of our responsibility, both of Mrs. Norman and myself, and also of Mr. Cunnard in Manitoba, and other union members, to go out and take district meetings from time to time, and after we left Ottawa the last time we were here we went right back to a series of provincial meetings, and I think I am safe in saying that at fifty percent to two-thirds of the meetings these questions of grain grading came up. It did not need to be raised by me, it was raised by the farmers themselves. There is plenty of evidence of a tremendous amount of dissatisfaction with regard to the grades that are received by farmers. Now, unfortunately, the space situation is at such a premium that farmers are afraid of a penalty of not being able to deliver grain in the future if they raise objections about the grading of their grain, but when you get talking with them, and some

will come out at public meetings and cite you plenty of cases, and by the number of complaints and the letters coming into our office about the difficulties they are experiencing in the grading of their grain, all leads me to make the statement that is made there in the brief, and that is information that comes equally from Manitoba and Alberta. They report the same thing, that there is dissatisfaction regarding the grading of grain, particularly of wheat, at this time.

Mr. LARSON: This is entirely confined to farmers' union meetings?

The WITNESS: Yes, district farmers' union meetings.

The CHAIRMAN: You have no letters from farmers on this question?

The WITNESS: We have no letters with us, but I think we can supply the committee with lots of letters if you want them. I feel sure of that.

*are these  
many  
now*  
By Mr. Argue:

Q. Two years ago, in the 1950 crop year, we had a lot of rust, and the next year it was difficult to harvest, so we had a lot of lower grade grain. I think in a situation like that, when you have frozen grain or badly weathered grain, you are likely to get far more complaints than you would expect to get in a crop like we harvested last year. I would like to know if those reports are continuing, have continued into the present crop year, and if so to what extent, because the general grading pattern was improved on the prairies and it seems to me there should have been a great reduction in the complaints, and I am wondering if the complaints keep coming in or if they are falling off.—A. Well, there are two points I would like to make here, in regard to some further indications, since you have asked the question. Evidence as to a great many cases came up at the time we met the Board of Grain Commissioners in Winnipeg a few weeks back—it must be six or seven weeks ago now. There were some 200 farmers in that delegation from Alberta, Saskatchewan and Manitoba, and I think they will bear me out on this. When the discussion on grading of grain came up it was like a beehive all over the building with those 200 farmers and farm women, and I had to plead with them not to bring up individual cases because we were not there to discuss them, we were there to discuss policy with the board, but there were any number of cases that came up and they were citing chapter and verse. The other point I would like to bring to the attention of the committee, to bring out that there is a good deal of dissatisfaction, comes from the fact that Mr. Dollery told us that there has been such a demand for samples, that they were getting such a run on them that he had to make a ruling—and here is the letter, and it reads:

I may add, we have been forwarding standard samples on request frequently to members of the union, also a set last week to Mrs. Bernice Norman. As our stocks are being depleted for this year, I would hesitate to forward further samples except under your signature.

That letter was addressed to myself. In explanation of that, he said that there had been such a run on getting samples of grain, by which farmers are trying to check up as to what grade they are getting as compared to the official grades, that that was the reason that he had to make this ruling. Yes, there is plenty of evidence that there is dissatisfaction with the grading.

Q. I imagine it is possible for producers to be dissatisfied in one of two ways. Are they mainly dissatisfied with the chief inspector's grade, the official grade that comes back? Is that what they complain about, that they are not getting from the chief inspector a high enough grade for the grain they are growing, or is it that they are not getting from their local elevators the grade

they feel they should be getting? Really what I am asking you is this, do you feel that the present grades are satisfactory grades that are established under the Act and that are set from year to year? Do you think the grades are satisfactory?—A. Yes, I think the grades as set under the Act, and as are set out by the Grain Standards Board, are reasonably satisfactory. The very sample I have put on the table here in this room, I am not satisfied with the grading of this sample. It was taken from our own farm and I will leave it to anybody to be the judge. I think they have been tough on that, not because it is my own grain, grain grown by myself and the boys, it is not because of that. I think I should be prepared to appeal that sample. I think they are too tough on it. I think there are many other cases, but I think there is not as much dissatisfaction with the chief grading inspectors, in fact many of the farmers tell us that when they have appealed and take the subject-to-grade-and-dockage ticket, that they have got a better grade for their grain, and I have heard of cases where they have gotten two grades better, but that is the exception to the rule. Their complaint is that they are too tough on grades at the local elevator points. That is the main point. I am not blaming local elevator agents, as I think they are working under instructions from their superior officers.

*By Mr. Quelch:*

Q. Is it not a fact that when grain is sent out to be sampled the samples are sent not to the chief inspector, but they are sent by the local elevator agent to their own company, and the farmers do not realize that is being done, and when the return on the sample comes back the farmer thinks that is an official grade. I notice one company stated during one year all their samples had been sent to their company instead of being sent to the Chief Grain Inspector, and that might be one of the causes for a lot of the dissatisfaction.—A. We have found in practice, Mr. Chairman, that that is a very common practice, and when we took this matter up with Mr. Dollery two years ago that is one point that he brought to our attention and we immediately sent a circular out to our local lodges informing them of this, and, as Mr. Dollery said, they were being accused of wrong grading although the sample never came near the inspection department. We found on checking into it that that was quite a common practice for elevator agents to follow, and right here Mr. Sutherland, who has bought grain practically all his life, told us under oath that he has never sent a sample away to the Chief Grain Inspector, that his samples are always sent to their company's grain inspector.

Q. Then, would you suggest that it would be a good idea to have something in the Act to the effect that when dispute arises that the sample shall be sent to the Chief Grain Inspector instead of the company's grain inspector?—A. When a dispute arises and you take subject-to-grade-and-dockage ticket, the elevator agent has no option, then he has to send that sample not to his own company inspector but to the Chief Grain Inspector.

Q. Yes, but take a load of wheat on to an elevator, and you are not in agreement and so the agent says: "I will send in a sample" and you say "all right", but he does not necessarily send it to the chief grain inspector. I know from my own experience I have found out he sends it to his own company and if the grade is satisfactory, I will let it go. If not, I demand it be sent to the chief grain inspector, but it seems to me the general practice is to send it to the company inspector unless you insist it be sent to the chief inspector. Many farmers are not familiar with this, and accept a return from companies when it is not an official grading.—A. In the case that you speak about, it was a friendly arrangement, and you take the storage ticket and a receipt for grain until there was a grade established. There is a lot of that done, and many of them send it to their own company, but Mr. Dollery, I think, did a good service,

when he warned us, and said we should explain this to farmers, and I feel this is just one point where the Board of Grain Commissioners falls down in not making this clear. An explanation of these sections of the Act are supposed to be posted at the elevators, but I think perhaps not enough is done in popularizing and passing this information on to farmers so they know how to protect their interests.

*By Mr. Argue:*

Q. But what is the advantage of that in view of the Board Grain Commissioner's ruling on the Kreutzweiser case which more or less sanctions a prior agreement with the provision for placing grain in a receptacle and getting an official grading.—A. On this case of the ruling of the board, we just say that the ruling of the board in so far as the farm unions are concerned, is completely wide of the mark, and that is all. We say there is no use crying over spilt milk. The only thing to do is to amend the Act. The wording of the Act is clear to many, and I am a farmer, and it seems clear to me, but it is not clear to everybody, so let us put in words that are clear, because this present situation is anything but satisfactory. But, in this case, even on their own ruling there was an agreement. He was going to purchase, and the elevator man started to make out a cash purchase ticket, and even put number three on it. There was an agreement to purchase, but the disagreement arose when they got to the grade. That ticket was cancelled, but it is no doubt still in existence.

Q. If the elevator agent agrees to three, and you want two, the fact that he agreed to three does not mean anything, and does not help you very much.

*By Mr. Wright:*

Q. You said there was disagreement at district meetings in regard to grading. Have you had any complaints that in the fall grading is somewhat tougher than in the spring of the year, and have these complaints been to the effect that that was general both in Winnipeg and in the official grading, and in local elevator grading. Have there been complaints with regard to that?—A. Yes, we have received a number of complaints that the grading is not uniform throughout the year, although Mr. Dollery will very vigorously deny that, but that has been the complaint. In other words, the standard of grading as between the different grading centres, for instance, Saskatoon as against Moose Jaw, and Moose Jaw as against Winnipeg are not uniform throughout the year, but you have got to take into account the human factor. The inspection of grain is not an exact science, so you have to allow for the human factor and it depends on who is the head of the particular branch in any particular locality, but we do get a lot of complaints about that. In fact, farmers will not send samples to some of these inspection points at all.

Mr. GEORGE: On the grading of grain, Mr. Chairman, I do not know very much, but on the receiving end of this, I know too much. On page 7 of this brief—

The CHAIRMAN: Should we not finish page 6 first?

Mr. GEORGE: It is a continuation of page 6 under the heading of "Need for review of present grain grading practices" and states: "Mr. D. G. McKenzie, chairman of the Board of Grain Commissioners, went on record, admitting that there were differences in quality of grades as between the western receiving points and delivery to the eastern farmer at the lake ports—" and so on. There is not much we can do about this, except bring it to the attention of the committee and of the government. I think I am right in saying that these inspectors have no authority over grain in Montreal or the Great Lakes while

in transit. We pay far too much money for the type of grain we receive in these centres including the screenings. The screenings may be high in proteins, though I think as far as that goes, so is shoe leather, and I just want to go on record as an eastern farmer in objecting in the strongest possible fashion to this type of grain mixing and taking what is left over from the rest. I am sure what you have said, and I know from what members in the House and farmers themselves have told me that we should be able to buy good grades, But I think it is the point that the authorities whoever they may be in this particular case, or the government should recognize this fact, and, another point is, that some of the western farmers should insist on a good wheat grading, and not in this mixing process.

Mr. FAIR: I want to assure Mr. George that the farmers in the west do not get a better rate than they are entitled to. If there is anything the western farmers can do in the matter of grading, then we are right behind the eastern farmers, and I would like to pass that on to Mr. McKenzie and his associates. We do feel they should be protected in the grade which they buy because they are paying far too much for it in my opinion. There is something in between somewhere that I have not been able to find out.

Mr. BRYCE: If we carried the grain right through to you, you would get a fair deal.

Mr. WRIGHT: The Act itself deals with this matter on page 14, section 32: "The board shall make provision for the inspection of grain at Winnipeg, Edmonton, Calgary, Moose Jaw, Saskatoon, Fort William, Vancouver, Montreal, Quebec, Halifax and Saint John, and at such other places as it considers that such provision should be made in the public interest." I would take it from that section that if the Board of Grain Commissioners wish to, and thought it was in the public interest, they could follow the grades right through to the east.

Mr. MAJOR: We have received in the east some of this frozen, gummy shell without any wheat inside. Is it not the equal of those screenings you have there? It is of such a grade that the birds here will not even look at it and we pay for it and it is squandered away.

The CHAIRMAN: Are there any questions on page 6?

*By Mr. Argue:*

Q. On the matter of dissatisfaction in grades, do you think it is the result of congestion in the elevators or a problem of finding space for various grades? Do you think the problem of dissatisfaction in grades is tied up with the congestion or do you think it is a general dissatisfaction that would not be removed even if there was ample space?—A. I take it the way things have been going this last couple of years in regard to grading that the congestion would not, if removed, solve all the problems. I think there is a more general dissatisfaction there. I will say this: I believe it is fair to say that the congestion has aggravated it in this way, that there are a number of cases reported where agents tell the farmer "Well, I have only room for such and such a grade" and most of the time it is always a lower grade than he has and in that way he has to take a lower grade in order to get delivery at all. There seems to be too much of that kind of thing going on and that has aggravated it. But I think that the congestion has only aggravated a condition that would be there in any event unless there is some clarification of this whole grading practice.

The CHAIRMAN: Are there any other questions on page 6?

*By Mr. Roberge:*

Q. On the question of dissatisfaction of grade, is there any independent source where these people can get redress, except from the grain commissioners, in the province they are in or at the university or some place where they could compare the grading with a regular grading board.—A. No, there is not. There is the inspection department where you can ask for re-inspection or an appeal, but the re-inspection again is done by some of the same officials within the inspection department itself. The appeal board is also supposed to be a more or less independent group, but again they are selected from inspectors in the inspection department or ex-inspectors. You are thinking of an independent tribunal.

Q. Yes.—A. No. There is no such thing, and you have brought up a good point that there should be.

Q. In the case of a farmer coming in with probably 200 bushels it is something that should be looked into. Redress would be really worthwhile.—A. There is another point in connection with this grading business—and this hinges on congestion—that due to the pretty rigid quotas you are not able to deliver a large quantity of wheat unless you have quite a large acreage and you are delivering probably a truck load of wheat at a time. If you are shipping down by carload you would say, I will take the inspector's grade and dockage at this end. But, the conclusion is "What the heck is the use of rowing with the elevator man about one truck load, we will take it and be done with it."

Mr. FAIR: I would suggest that the witness do not talk so fast.

*By Mr. Wright:*

Q. I would like to ask the witness which he thinks would be a more satisfactory method, to have the Board of Grain Commissioners follow the western grade through to the eastern consumer, or have the eastern provinces set up grades for their grain that are comparable to our western grades, just as we have the same grades in different provinces with regard to eggs and pork. Which would be the most satisfactory way; to have the Board of Grain Commissioners follow the grades through to the eastern consumer or have the eastern provinces set their own grades through their own provincial governments or have those grades the same as the western grades and the provincial governments down here, be responsible for the administration of the grades in the east to protect their own consumer?—A. My answer would be I think that to have two systems of grading might lead to confusion. Here is the Act and there is plenty of provision in it to provide for this. The machinery is set up. All you need do is expand it to provide some additional inspectors at key points. I do not think there need be too elaborate machinery here at all.

Mr. GEORGE: Anyone who does any exporting of farm produce knows if there is any question or thought that you might run into a lawsuit you have the government inspector down before you ship the goods. It seems to me this is a Canada-wide situation and grades should not be different in any province except within their own province. The grain commissioner should follow the grain right through to the consumer regardless of where it is.

Mr. ARGUE: I think when the Farm Union Council has—How many members have they?

The WITNESS: 63,500.



By Mr. Argue:

Q. When they have 63,500 members across the country and when their president tells us there is this widespread dissatisfaction amongst producers about grades they are getting, this committee should give sympathetic consideration to the request being made for a parliamentary committee on grain or a royal commission of inquiry. I am wondering if the president has any preference for a parliamentary committee or a royal commission. A parliamentary committee is probably not too practical for some months. We are hoping to get out of here, some of us tomorrow, and some of us a week from now, and some members I guess are prepared to stay for the summer. We are hoping to get out soon and there is likely to be an election and at least for a time there will be no members of parliament. I am wondering if you think this thing is so pressing that there should be a royal commission now or whether a parliamentary committee sitting sometime late in the fall would be good enough?—A. Of course we realize this is a fairly sizeable program, quite a major assignment. You asked me the question. There are some who would think it would be better to have a royal commission, but for myself I would prefer a parliamentary committee of inquiry. If we had to wait, which I think we should do for practical purposes, until after the election was over and a new parliament convened, in the meantime we would hope some amendments could be effected to this Act which we pointed out in the brief. Unless those amendments are passed in the next few days they will have to go to another session before anything can be done. In regard to your choice of one of two methods, I am just expressing my own personal opinion that I would suggest the parliamentary committee, but I think that if a royal commission could get it going this summer, it would be equally effective.

The CHAIRMAN: Are there any other questions on page 6, or shall we now turn to page 7? I think page 7 is just a continuation of page 6.

Mr. ARGUE: Before we leave page 6, with reference to this previous paragraph, I think there is a very pertinent paragraph on page 6 wherein objections are made to late filing of the annual report of the Board of Grain Commissioners. The report according to the Act is to be handed to the minister in January. I do not know if it was handed to the minister in January, but here it is early May and we are having our first meetings of this committee to consider this report. We have not the time to deal with it adequately, with the session drawing to a close and with the House meeting three times a day. I do not know if this is a right suggestion to have the order changed to correspond with the crop year, but I for one would like somebody at some time—I do not know if the chairman can do it or not—give us an explanation why this report has been so late. They tell me it is a matter of the Queen's printer, but we get so much junk around here everyday which comes from the Queen's printer, I wish they could stop a little of it and print a valuable report such as this; and when the law provides that the report must come to the minister in January, I would like to know why four months have gone by before we have had a chance to consider it.

Mr. WARD: Why not ask the Board of Grain Commissioners themselves when we hear them? They will surely give us that information.

Mr. WRIGHT: If you check the report of the Board of Grain Commissioners you will see on page 9 that it is dated at Winnipeg, January 26, 1953. I see the parliamentary assistant to the minister is here and I wonder if he could tell us the date when it was in the hands of the minister?

Mr. McILRAITH: I think that could be dealt with but I do not know if we should do so when this witness is before the committee. I can certainly turn

it up and I think the Board of Grain Commissioners when they are in the box, also could tell you. I shall undertake to look it up and inform you.

Mr. ARGUE: You do not know tonight?

Mr. McILRAITH: No, I do not know, and I cannot tell you at the moment.

Mr. WRIGHT: Perhaps you will be good enough to take it as a notice of question and have an answer for us in the morning.

Mr. MAJOR: At the bottom of page 7 I notice a heading "Grain Mixing".

The CHAIRMAN: I wonder if we have finished with page 6?

Mr. MAJOR: "Grain mixing".

The CHAIRMAN: Is page 6 finished, and may we now turn to page 7?

Mr. MAJOR: In your paragraph on "Grain Mixing", and in connection with your wheat which was sold as feed wheat, we in eastern Canada buy quantities of this wheat and sometimes there is as much as, I would say, 15 to 20 per cent of this gummy wheat I was speaking of a moment ago that is included in the feed wheat. All that happens when you feed it is that the good wheat is picked up and eaten, while this lower grade wheat which is mixed in there is useless and it is a complete loss to the man who purchases it in eastern Canada. I wonder if something could be done so that in mixing the wheat you could mix in a quality which would be fairly even and thus avoid the inclusion of this frozen wheat which is useless?

Mr. WRIGHT: I am wondering if Mr. Major could express an opinion as to whether we should have more than one grade of feed wheat? We only sell one grade of feed wheat in western Canada and I wonder if the eastern feeders would not prefer to have two grades of feed wheat so that they could get a better grade, if they wanted to pay for it.

Mr. CRUICKSHANK: Would they have to pay even more than they do now? We pay for No. 1 now but we only get No. 5.

Mr. ARGUE: It is true that when we had the frost in 1950 some of the wheat sold was terrible, it weighed down to 35 pounds. I remember standing beside some of it which was in a truck and you could smell it for quite a distance and it was very poor. Some feed wheat is good feed wheat. However, there may be in some years some justification for making different grades of feed wheat. Certainly all feed wheat is not of the same quality.

The CHAIRMAN: Do you as a westerner think that the grading of feed wheat is too high?

Mr. ARGUE: I do not say it is too high, but perhaps some consideration can be given to making different grades of feed wheat.

The WITNESS: Along the line of the different grades of feed oats, where we have No. 1, 2, and 3 at the present time.

Mr. ARGUE: Yes.

Mr. WRIGHT: I pose this question to some of the eastern members who are interested in feed grain. I wonder if they will be interested in having more than one grade, that is, whether they would prefer purchasing feed wheat under 1 or 2 or 3 grades so that they could buy a good quality of feed wheat or buy a poorer quality, whichever they wished. It is only sold at the present time under one grade, and that is as feed wheat. And it seems to me as western producers we would like to meet the wishes of the eastern consumers in that respect, if they have a preference.

Mr. MAJOR: The unfortunate part is that in purchasing feed wheat sometimes our dealers tell us that they cannot purchase anything but feed wheat, and that they cannot even get No. 5 at certain times. It happens sometimes that they get a carload of feed wheat which is of fairly good quality, and then the

next carload that comes along is poor. There is a certain percentage of good wheat in it and a smaller percentage of this stuff which is just a loss to the man who feeds it. If he feeds it whole, it is not satisfactory.

The CHAIRMAN: Are there any other questions on page 7?

The WITNESS: I wonder if I might reply to a point which was raised by this gentleman. I think you have raised a very important point when you speak of many farmers from eastern Canada complaining that they cannot get No. 5 wheat. Farmers have told me in Ontario, where I have had these samples taken, that they cannot buy that good quality of wheat in their part of western Ontario because it is not available in that part of the province. We have had that same complaint from a number of farmers. The Wheat Board officials say that they cannot understand it, and that it should be available.

We had a concrete case of it here less than 3 weeks ago. One of the officials of the Ontario Farmers Union came out to Winnipeg and met with 2 of our officials from Manitoba and one from Saskatchewan. They went to the Wheat Board to buy mixed feed oats, feed quality. They were not available. They found out that they had not been available for some time. They wanted to buy No. 3 feed oats, and they were told they were not available and they could not get any.

This was a buying contract on behalf of eastern feeders here. He wanted to buy 10 carloads. This farmer wanted to buy that quantity and he could not buy No. 2 feed oats either. So he finished up by buying No. 1 feed oats. With all the feed oats which we sell out there, I do not know where they can go, or vanish to. But they were not available for sale at that time. I just got that report in the post the day before yesterday.

Here is a group of letters from a farmer in Quebec who complains to us that last fall when he wanted to buy No. 5 wheat, it was not procurable; and when it was brought to the attention of the Wheat Board, the Wheat Board said that they couldn't understand why this grade was not available in carload lots—not in truckload lots, but in carload lots.

When we went into the matter, we found that the Wheat Board had turned this order over to one of their agents, and the agent said it was not available either. The farmer was given the run-around and he never got his carload of No. 5 wheat either. This is not the fault of the Board of Grain Commissioners but it is the fault of the whole business of handling grain as between western producers and eastern feeders. As farmers we are desirous of doing everything we can to maintain better relationships with our best customers because we have a lot of good customers down in eastern Canada and we are concerned and worried about the treatment they are getting due to the operation of the grain-handling companies and the middle man who stands in between our customers and we farmers. We feel that this thing ought to be watched more strictly by the Board of Grain Commissioners and that is why we have brought out some of these points in our brief.

*By Mr. Cruickshank:*

Q. Did I understand you to say that a farmer can buy carload lots?—

A. Yes.

Q. Where?—A. Yes, Mr. Howe has promised us, and the Wheat Board contends that it is possible to buy through them direct in carload lots, and I think if you contact your Ontario farmers' union you will find they have just completed the purchase of a number of carloads of grain direct.

Q. At the last meeting that I attended of this Committee on Agriculture and Colonization, the Board of Grain Commissioners were here, as well as the Minister of Agriculture, and they told me that it could not be done, and the Minister of Agriculture criticized the fact that we could not buy direct in

carload lots. I come from British Columbia, where we do not grow wheat but we buy a lot of junk that is called feed grain, and I do not know whether you know Mr. William Major, but he buys more grain than any other individual in this building. He happens to have 30,000 chickens and they are all good ones, too. But in fact the farmer cannot buy a carload. I have a file about two inches thick of letters from Winnipeg, letters from the Wheat Board, telling me the reasons we cannot buy that, and we believe what they tell us, but we do object to the fact that we cannot buy a carload lot, nevertheless. I would like the Board of Grain Commissioners to tell me that we can buy a carload lot, because I am going back to British Columbia and I want to be able to tell them that. I want this on the record, that you cannot in the Fraser Valley buy a carload of grain, and if anybody can tell me otherwise I would be glad, because I know that I have a file of letters, all of this year, trying to do so and it cannot be done.

Mr. FAIR: I have a letter from Mr. McIvor, the Chairman of the Wheat Board, saying that they can in British Columbia buy a carload of wheat, and if you contact the Wheat Board office in Calgary they will tell you what can be done. I can give you the representative's name if you wish.

Mr. CRUICKSHANK: So that the record will be straight, I would like to say that I also have any number of letters from Mr. McIvor within the last three months, and I still say you cannot buy a carload of grain direct from the farmer.

Mr. FAIR: I did not say direct from the farmer.

Mr. CRUICKSHANK: No, I mean through the Wheat Board. I beg your pardon. But one thing he might be able to do can be done if you get a Royal Commission, with fourteen lawyers and four men from Wall street with them, you might be able to do it then. These are facts. I do not care what Mr. Fair says or does not say. You cannot get a carload of wheat in the province of British Columbia direct. I would like to say to the Grain Board or anybody else to put it on the record saying that you can buy a carload, because up to the present time a farmer consumer in British Columbia cannot buy it through the Grain Board or anybody else.

Mr. FAIR: I have a letter in my office which I will show you.

*By Mr. Argue:*

Q. If we are still on grades, I would like to ask Mr. Phelps this question: Have you given any thought to grade standards for feed barley?—A. Yes.

Q. Now, what I have in mind is this: It may not happen again for many years but I don't know, I hope it doesn't, but when we had so much shelling in 1951 and farmers seeded barley on stubbled wheat they got a lot of wheat mixed in with the barley, and the barley I have seen this year is good barley. The wheat mixed in with the barley is No. 2 Northern according to elevator agents that have looked at it. When you sell that grain they grade it "mixed grain" and there is a reduction in price, I think, of about fifteen cents a bushel or so—I am not sure, but it is in that neighbourhood. Now, if I were feeding hogs I would just love to buy some of this "mixed grain" because if it has 25 per cent of good quality wheat in it I think it is a far better feed grain than pure barley. I am wondering if you had that problem and if you think there should be any change in the grade standards and grade spreads.—A. We certainly have that problem and it has been raised by numerous farmers. The question has come up at some of the meetings, not just in the last few weeks but some time ago. We have had correspondence with the board on several occasions, asking that a review of these grades take place, and we are hoping that the Grain Standards Board will review the standards that had applied to feed grades of barley, because I think you have a point. There have been a

lot of farmers bringing up almost the identical case, and it would appear as though it is there to create a penalty and for that reason we have asked for a review of the standards of feed grades on barley.

Q. The trouble is, I think, when they grade "mixed grain" and "mixed grain" can be almost anything, you can have "mixed grain" that is a very valuable feed, and you can have some other "mixed grain" that is not too bad.—A. "Mixed grain" is admitted by the Wheat Board at times in practice to be really wild oats.

The CHAIRMAN: Any other questions on page 7?

On page 8?

Any questions on page 9?

Mr. WRIGHT: Yes, Mr. Chairman, I have some questions with regard to diversion charges. We have at different meetings of the Agriculture Committee over a number of years asked for some action with regard to this diversion of charges, and I would like to ask the witness what his opinion is with regard to the diversion charges on grain going to mills and grain going to, say, Churchill and Prince Rupert. It seems to me that on grain going to mills, I believe the diversion charge is either three or four cents and that the mills do get some service for that extra that they pay. At least they are allowed to pick their cars of grain at Saskatoon and allowed to pick the grain from a high protein area and, therefore, they do get some return for the additional four cents diversion charge which is paid; but in the case of grain going to, say, Churchill or Prince Rupert, where there is a diversion charge of one-and-a-half cents, and where there are no elevators there other than the government elevators, it seems that is just gravy to the grain elevator companies. Have you considered there is any difference between those two different classes of diversion charges, or are you saying in your brief that all diversion charges should be eliminated?

Mr. WARD: Are diversion charges not properly involved in the transportation cost?

The WITNESS: My answer to Mr. Wright's question is that we question very seriously diversion charges in principle. That is in the main a charge for a service that is not rendered. Now you mentioned about the privilege of skimming the crop or taking high protein wheat and paying a premium. That is not necessarily connected too closely with the diversion charges, but that has been going on it is quite true, and we contend that that should not be an opportunity to benefit an individual company but that farmers themselves should be paid a premium for grain of high protein quality. As to the diversion charges, the first that we can get any record of that practice, of the arguments that were advanced when they were first implemented, is that they were a charge that was levied to guarantee a continuous supply to these mills, so that they would not wake up all of a sudden and find that the grain had all been shipped out, but that situation is gone today; as the result of congestion the situation has completely changed. The grain is there all the time, in fact, knocking at the doors, and, therefore, there is no argument to substantiate diversion charges, and any argument certainly has no validity. The Chairman of the Board of Grain Commissioners will tell you, as he told us, that they have no control of it, but in the Act here it says that all charges will be levied by the board, and we contend that is a charge for grain handling which should not be condoned.

*By Mr. Dinsdale:*

Q. Do I understand that these charges apply particularly to grain destined for the port of Churchill and Prince Rupert, and if so, why?—A Well, that

is a good question. I do not know the answer to that for my part. Certainly that is no justification for levying a diversion charge to my mind on grain that goes through the public terminal at Churchill, but it also applies to all grain into inland terminals that is not later shipped to a tide-water terminal, but for my part I cannot see how it can be justified.

The CHAIRMAN: Any questions on 9?

*By Mr. Argue:*

Q. Yes, on number 9, this sample of screenings I presume on casually looking at it, I would say it is mostly buckwheat, wild weed, French wheat and mustard. What was paid for this?—A. \$56 a ton.

Q. That would be approximately \$2.50 a bushel, am I right? If it were left to me, I would burn it or bury it. Do you not think there should be a law against shipping that kind of stuff around the country infesting farms with weeds? I do not know if there is an Act in various provinces to prohibit that, but I would think that shipping this around might spread wheat seeds. Would you say Mr. Phelps that grain like that should be sold at all. It should be crushed. What would your comment be on that, and can you tell me why it costs \$56 a ton. I cannot believe it when it started from the elevator—the point out west. Is it transportation charges? We have some of that, and I would not sell it. We get this taken off as dockage, and do not get a thing for it. We do not sell it.—A. That is one point I was just going to make when my friend here asked this question. As to this being sold by farmers in Saskatchewan, or by prairie farmers, that is not true. I hope the committee gets the significance of the statement.

Mr. CRUICKSHANK: You sell it as wheat?

The WITNESS: That kind of stuff is being sold by elevator companies, grain companies, and not by farmers at all.

Mr. CRUICKSHANK: You are right.

The WITNESS: This is as a result of dockage, and my estimate is—I will not say that farmers have not a settlement for that—but the only way we get a settlement on screenings is when you have a carload of grain and ship it down as a carload, and take a settlement of all straight grain. My guess is that 90 per cent of grain is sold as street grain and therefore you get nothing for screening at all. That is dockage. It is pure gravy so far as the elevator companies are concerned, but there is another point apart from that, and that is the spread of noxious weeds as a result of the shipment of that kind of feed, and I think western farmers particularly should take cognizance of that, that for every boatload of that kind of feed that goes into this market, it takes the space of a boatload of good feed grain that we are looking for markets for, and at these prices particularly, we say it is completely out of line. We say this whole thing of selling screenings should be investigated by committee, and there is one thing about this, and that is there are always boatloads of screenings available, and that is what the eastern farmers tell us. You can always buy hoodles of screenings. They are always available.

Mr. GEORGE: On a point of order. We have been on this report for 5 hours, and I suppose I am as guilty as other members of asking the wrong witness the right questions, but it seems to me we should get on with this report, and we are asking this witness questions which we should be asking the Board of Grain Commissioners, and in the short time left to us, I suggest that we pass on with the reading of the report.

The CHAIRMAN: Just one question I would like to ask. Mr. Phelps, can you certify whether this was grown in eastern or western Canada.

The WITNESS: I am not going to say I can certify, that it comes from the head of the lakes, but there is no doubt about it in my mind, though I am not prepared to take an affidavit on it, but I would say it comes from the prairies.

The CHAIRMAN: If you cannot vouch for where it was grown—

Mr. FAIR: Perhaps it would be a good idea to tell Mr. Cruickshank who we buy it from.

Mr. WRIGHT: I have not shipped grain for a few years, and the last time I shipped a carload to the head of the lakes, and there was one and one half per cent dockage and it was cleaned and I was paid for the screenings, and I was paid at least half a cent a pound which is \$10 a ton, and not \$56 that this is being sold for.

The CHAIRMAN: Any more questions on 9?

Hon. MEMBERS: Carried.

The CHAIRMAN: 10?

Carried.

The CHAIRMAN: 11, that is the last one.

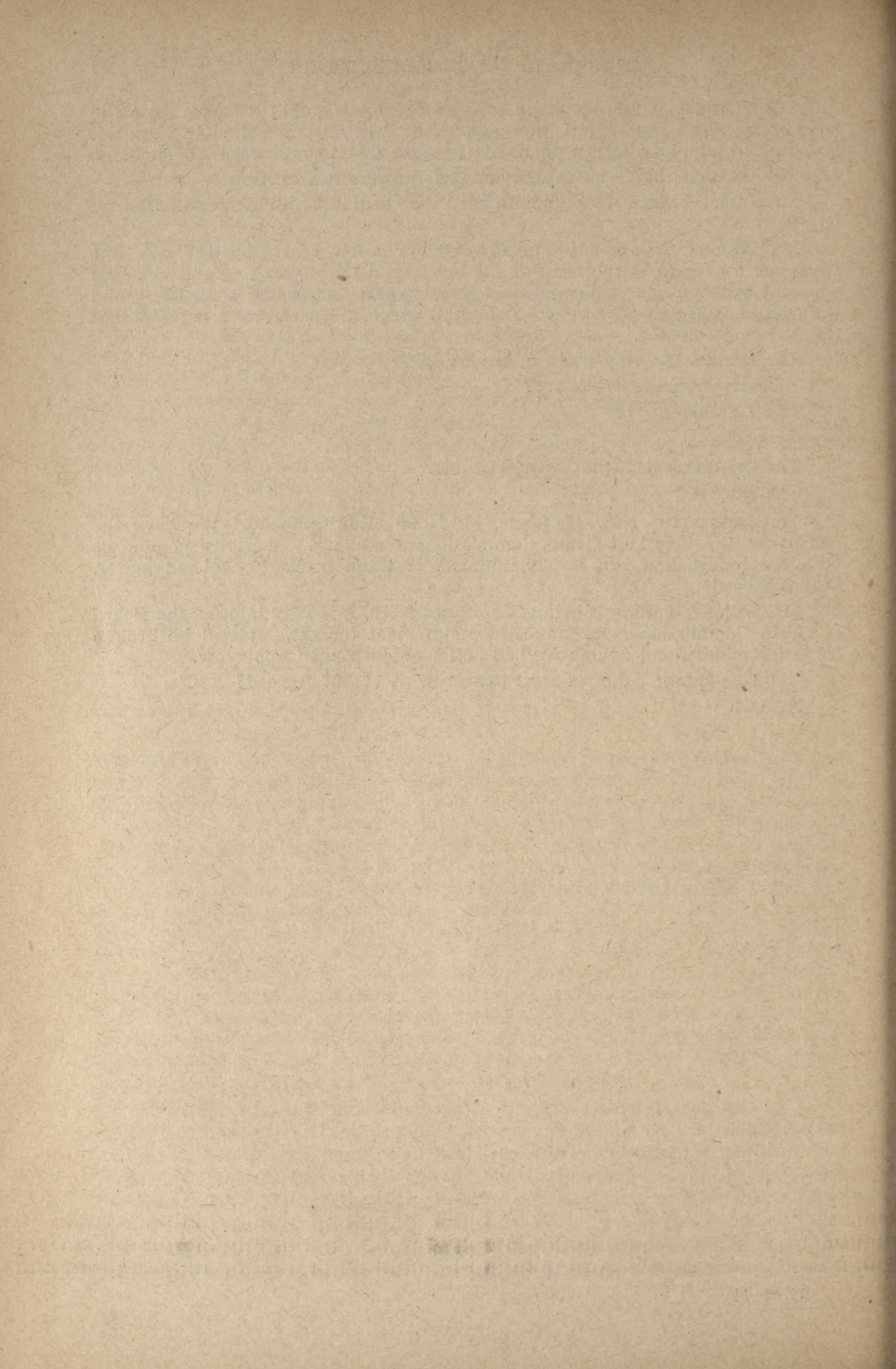
Carried.

The CHAIRMAN: Now gentlemen, it is 20 minutes to 10. We have the officials of the Board of Grain Commissioners with us. Shall we commence with the report, and run for 20 minutes. I think probably we had better. Is that agreed?

Mr. WRIGHT: I think it being 20 minutes to 10, it is very late for the Board of Grain Commissioners to make their statement tonight. It will be broken off in the middle, and I think we had better adjourn until tomorrow.

The CHAIRMAN: Adjourn until tomorrow at 11.30? Agreed?

Agreed.





## EVIDENCE

May 8, 1953.

11.30 a.m.

The CHAIRMAN: Now, ladies and gentlemen, if you will kindly come to order we have a quorum.

Mr. ARGUE: Mr. Chairman, on the matter of the committee's procedure, we are going to hear the Board of Grain Commissioners this morning and we heard Mr. Phelps of the Farm Union yesterday. I understand that Mrs. Norman, who is the secretary of the interprovincial council also had prepared a brief and also had hoped to be able to make a presentation of it to this committee. I am merely rising to suggest that at some stage before the committee concludes, that Mrs. Norman be called to present her brief. I so move.

Mr. JUTRAS: Are there any other people who have asked that they be allowed to make a presentation?

The CHAIRMAN: Yes. The Saskatchewan Wheat Pool employees would like to be heard.

Mr. MAJOR: We had Mr. Phelps yesterday and as Mrs. Norman is with him would it not be better, as she will probably cover the same subject, to have it dealt with now so that we would not be mixed up?

The CHAIRMAN: I think we must hear the Board this morning and then the Saskatchewan Wheat Pool Employees Association representatives. They wish to get back today. One of the members is operating an elevator and is anxious to get home. I think after the Board of Grain Commissioners are heard that in all fairness to these two gentlemen who have made this trip we should then hear them.

Mr. ARGUE: Perhaps some of the members misunderstood me. I was not suggesting we hear Mrs. Norman right now or that she take the place of somebody else, but I want to move that this committee hear Mrs. Norman before it concludes.

Mr. LARSON: Has not the Farm Union been heard as far as this committee is concerned?

Mr. WOOD: Has Mrs. Norman something different to present?

Mr. WRIGHT: I imagine she must have something different or she would not ask to be heard.

The CHAIRMAN: Are you moving that Mrs. Norman be heard?

Mr. ARGUE: Yes. I move that.

Mr. WRIGHT: I second the motion.

The CHAIRMAN: It has been moved by Mr. Argue and seconded by Mr. Wright that Mrs. Norman be heard sometime during the sittings of the committee.

Mr. JUTRAS: I think it might be advisable to keep that pending until we see how much time we are going to take on this and the other presentation.

Mr. ARGUE: I think we should take all the time necessary to hear all the witnesses that request to be heard on behalf of the various organizations. I do not think there is any other organization. Mrs. Norman's presentation probably will not be long and when we are meeting to hear evidence from farm unions, employees' organizations and the Board of Grain Commissioners I do not think we should debar her.

Mr. JUTRAS: I did not suggest we should debar anyone. However, you are just one of the committee and so am I. There are many others members. I am just suggesting it might be advisable if it meets with the wish of everybody that we should wait until we know a little more about what is going to happen. I do not want to press it. It is just a suggestion.

Mr. ARGUE: I think we should accept this motion. If we absolutely have not any time we would have to reconsider, but I think the objective of the committee should be to hear all witnesses who request being heard.

Mr. JUTRAS: That is just my point, that we hear all who have asked to come before the committee. I think we should dispose of all those who have asked and if there are others who wish to make a second presentation, then we should consider them.

Mr. BRYCE: Will Mrs. Norman's presentation deal with grain or some other phase of agriculture?

Mr. ARGUE: I think it would deal with something pertinent to the report of the Board of Grain Commissioners.

Mr. WOOD: I think that if Mrs. Norman's presentation covers ground that has not been covered by Mr. Phelps perhaps we should hear it; but if it is repetition we should not hear it.

Mr. LARSON: We have heard submissions from the Farm Union and now we are to hear the Board of Grain Commissioners and then there will be no doubt a rebuttal. I do not think we should regard this as a debate. If we can get away from that, then I think we should hear Mrs. Norman. Certain things were said yesterday which no doubt the Board of Grain Commissioners will wish to refute or try to refute. Then the Board of Grain Commissioners is going to say certain things which Mr. Phelps will wish to refute too and then the Board of Grain Commissioners will have to be heard again after that. If we are going to get into that, we should adopt a firm stand. But if it is going to be another further submission by Mrs. Norman without reference to the Board of Grain Commissioners as such I think she should be heard. However, we do not want to get into a debate where one side is going to say one thing and the other side something else and the first side comes back to refute what the second said.

Mr. WRIGHT: If there is no rebuttal on one side there should not be rebuttal on the other.

Mr. LARSON: In view of what was said in the brief yesterday, no doubt the Board of Grain Commissioners is going to feel they will have to defend their position.

Mr. QUELCH: The suggestion that we have already heard from the Farm Union and that we should not hear another one I do not think is proper. In so far as the question of the rebuttal is concerned, I think that if they feel that the Board of Grain Commissioners has taken a stand contrary to the stand taken by the Farm Union we may wish to hear a reply to find out more facts. I do not think we should be restricted from getting that information if we so desire by referring back to the original witness.

Mr. JUTRAS: I do not want to waste time with procedure; if Mrs. Norman's presentation is not going to be very long why not dispose of it right now?

The CHAIRMAN: There would have to be an amendment to the motion before the Committee.

Mr. ARGUE: I think we have been going around this subject. My motion was simple, that at some stage in our sessions we hear Mrs. Norman. I think we should settle one way or the other. This discussion is all very interesting, but I think the motion is very simple.

The CHAIRMAN: Does someone wish to move that Mrs. Norman be heard now? That will be an amendment to Mr. Argue's motion.

Mr. WARD: I think if Mr. Argue would amend his motion to say if it is possible and if time will permit—we do not know what is ahead of us.

Mr. QUELCH: You mean if the session ends before we get through.

Mr. WRIGHT: If the session ends with an adjournment of course the committee could proceed. If on the other hand the session prorogued, of course, the committee would automatically disappear with the House.

Mr. WOOD: I move that we hear Mrs. Norman right now.

Mr. JUTRAS: I second the motion.

The CHAIRMAN: I will have the clerk read the motion and the amendment and we will vote on the amendment first.

The CLERK: The motion of Mr. Argue is: That Mrs. Norman be heard before the proceedings of this committee are completed.

The amendment: That Mrs. Norman be heard now.

The CHAIRMAN: All those in favour of the amendment? Those opposed?

The amendment is carried.

The CHAIRMAN: Now gentlemen, we have Mrs. Norman and Mrs. Norman's official position is secretary of the Interprovincial Farm Union Council.

**Mrs. Berniece Norman, Secretary of the Interprovincial Farm Union Council, called:**

The WITNESS: Thank you Mr. Chairman. I am very sorry I was the object of wasting your time like this, and I certainly had not hoped that this would happen. The point was I was not aware of what procedure was followed in the House of Commons as was indicated by my attitude yesterday, and I think perhaps it is forgivable because certainly farm women do not often appear before the agriculture committee of the House of Commons.

I have been through the country and visited these various boards of grain commissioners and there were a number of things I just wanted to bring to your attention as a matter of information and more in the form of questions that I would pose, and I would hope you people will be able to find some answers to them, and that is why it is quite different to what was presented yesterday.

I would like to say this, that I have had the privilege of meeting the Board of Grain Commissioners.

Mr. ARGUE: Mrs. Norman, it is suggested to me that for the purposes of the *Hansard* reporter you speak a little more slowly.

The WITNESS: I would like to submit gentlemen that this is absolutely off-hand, and I hope I will be forgiven for any errors that perhaps will be brought to your attention in connection with this business of grain handling. I think you gentlemen should realize that farm women are more involved than you perhaps realize, and that is because of the fact that farm women have been brought more and more into the picture because we do handle the grain, we do haul it to the elevators and we do run the combines, and I am not alone in that. There is no job on the farm in connection with grain handling that we farm women are not in up to our necks, and so I feel in that regard that we have some interest. Furthermore, the farm women in the western prairies and the three prairie provinces are interested because of the fact that we have set up legislative directors all across Alberta, Manitoba and Saskatchewan to follow the proceedings not only in Ottawa, but in Regina as well, and of any of the municipal governments there might be, and that is a contribution we try to make in the way of publicity and research, and we have tried to help

our husband farmers along that line. One thing I am quite interested in bringing to your attention is an extract from the minutes of last year's meeting of the agriculture committee. I just had my secretary type it. I have some excerpts here, and the point I would like to know is that Mr. Howe in his statement at that time, having been questioned on the matter of overages in country elevators, said that this had been gone into, and a number of pitfalls had been found, and he suggested that time should be taken after that meeting to discuss these various angles, and to produce the evidence, and to go into a full study. He finished up by saying he would be very glad to arrange a meeting. After we read this in last years' minutes, we felt that we would be receiving a report from the agriculture committee, and I have been asked many dozens of times throughout the country what report the agriculture committee made after they had studied this matter according to the promise made. So, I would suggest that we would like to hear what study you have given to this matter, and if there is a report available I would certainly like to have it to take back.

Then there is another point in connection with the Board of Grain Commissioners. We went to meet them on the 23rd of February, and I would like to say there were 28 farm women there at that time, and in connection with the report, I asked Mr. Vallance at that time or, I asked the Board of Grain Commissioners and Mr. Vallance replied, what was the procedure when we wanted information from the Board of Grain Commissioners, and he said "Your procedure, Mrs. Norman is to ask us for it," and I said: "We did that, and it did not work, what do we do next," and he said "this is your source," and I said "we had asked for the information, and we want to get it." We were down at the lake heads at Fort William and Port Arthur, and we went to the head statistician and he referred us to the registrar at Winnipeg, and when we got to the Winnipeg registrar he referred us back to Fort William to the statistician, and we were just given the runaround, and we never did get the information we asked for, and the letters—

*By Mr. Argue:*

Q. What kind of information were you seeking?—A. Information on grain. The letters that we tabled yesterday would indicate that this information is just not available, and I brought these letters on purpose. I will not need to read them all, but I will read a few paragraphs to show you. There is a letter here from Mr. McKenzie which states: "Such an instruction would, in the opinion of the board, be unreasonable and the work in summarizing the information not justifiable." So, our contention was to the board, and has been that if their records were not set up in the way in which they could give us this information, then perhaps they would make a point of doing it, because we feel there is a need for studying the whole problem, but we have to have all this information available.

There is just one other thing, and that is in connection with Mr. Milner. I have been asked the question, and I would like to know how much of his time he spends with the Board of Grain Commissioners, because there is a big feeling that he is not making a contribution there, and we wondered why this business of him being one of the members continues to be a practice. I think it is a fairly evident criticism myself, or surely 188 people would not have made the point of going to Winnipeg to meet the Board of Grain Commissioners.

We would like to get some clarification of the report in which Mr. Howe made his promise, and we would be very glad to know what has been done about that, and what is being considered in that respect.

Thank you very much Mr. Chairman.

The CHAIRMAN: Now, if there are no questions to put to Mrs. Norman, I think we will call upon the officials of the Board of Grain Commissioners.

*By Mr. Wright:*

Q. There is just one question I would like to ask Mrs. Norman. Are there any other portions of the correspondence with the board which would indicate the board's refusal to give that information.—A. Well there are six letters here all told. They all run along the same lines. I could read paragraphs if that is your wish.

The CHAIRMAN: They were tabled yesterday.

*By Mr. Argue:*

Q. Would you read one paragraph setting forth what information you were asking for.—A. Here is a letter, and it states: "It has also been requested that I secure from you further information regarding grain handlings at terminal elevators during the crop year 1950-1951." That was the question. This is the answer: "In regard to the last paragraph of your letter the board regrets that it will not be able to supply the information regarding grain handlings at terminal elevators during the crop year 1950-1951. The compilation of this information would entail additional work for which the board has not the necessary staff available."

*By Mr. Major:*

Q. What was the date of these letters?—A. The first letter was written the 27th of March, and the reply was March 30.

*By Mr. Wright:*

Q. 1953?—A. Yes, 1953.

*By Mr. Larson:*

Q. Is that the entire letter?—A. No.

Mr. LARSON: I think the whole letter should be read.

Mr. ARGUE: It is being printed in the appendices.

The CHAIRMAN: Any other questions?

Mr. LARSON: I move that if the Farmers' Union have any further submissions to make, they make them at this time.

Mr. ARGUE: What does that motion mean. We want to hear the Farmers' Union again.

Mr. LARSON: I think if they have any further submissions to make they should make them now.

Mr. ARGUE: I think that motion is not fair to the farm organization at all. If you are going to move a motion now that they are not to be given the opportunity to reply, I do not think this committee is doing its job. We should hear the Farmers' Union, and we should heard the Board of Grain Commissioners, and if the Farmers' Union want to say anything, we should hear them, and if the Board of Grain Commissioners want to make a further reply, we should hear them too.

Mr. LARSON: This is not a debate.

Mr. ARGUE: If there is a motion before the House they can be spoken to.

Mr. JUTRAS: I would like to suggest that we do not go into a further debate on procedure.

Mr. WRIGHT: If we were as a committee to pass the motion which has been made by the honourable member for Kindersley, we would be tying our

hands. We have not yet heard the Board of Grain Commissioners, but when we have heard them we may want some other information from the farm unions—we may or we may not, I do not know till we have heard other evidence, and so I would certainly not vote for it, for it will have the effect of tying our hands.

Mr. LARSON: I see a danger here that we are going to get into a debate—one side is going to say one thing and the other side is going to say something else, and it is problematical where we are going to stop in this matter.

Mr. WRIGHT: That is up to the committee.

Mr. ARGUE: We will decide when we get the other side of the picture.

Mr. QUELCH: Mr. Chairman, I think we had better wait till the other submissions have been made, and if the committee is of the opinion then that additional information should be given by Mr. Phelps we could ask for it. We should not tie our hands at this time.

Mr. LARSON: Well, then, Mr. Chairman, I will withdraw that motion, because I feel we must proceed in an orderly way and I do not think we should continue this debate interminably.

The CHAIRMAN: Has Mr. Larson the consent of the committee to withdraw his motion?

Agreed.

Now, ladies and gentlemen, we have with us, Mr. D. G. McKenzie, Chief Commissioner of the Board of Grain Commissioners for Canada; we have Mr. J. Vallance, a commissioner, and we have Mr. John Rayner, the chief administrative officer, and I will now ask Mr. McKenzie to lead off. In doing so, I thought I would suggest a system of formally going through this report.

On page 9, the subheading is "General". I think probably we could start in there and Mr. McKenzie could make any remarks he desires to make, and then we could turn over to page 10, and the next subheading would be "Overages". Is that agreeable to the committee, that we take each subheading and let the chief commissioner comment on it, and then ask any questions under that subheading before going on to another one?

Mr. HELME: That is the way we ordinarily proceed, Mr. Chairman.

Mr. LARSON: Has the Board of Grain Commissioners a sort of general statement they would like to make?

The CHAIRMAN: I think Mr. McKenzie will do that now.

Mr. WRIGHT: One question before Mr. McKenzie starts, a question with regard to the date of this report. At the top of page 9 it states this report was filed on January 26, 1953. Was that the date on which the report was submitted to the Department of Trade and Commerce in Ottawa?

Mr. MCKENZIE: I think it was, but I will ask Mr. Rayner to confirm that. I know it was filed in January, but I would not be sure of the date. It has always been filed then.

The CHAIRMAN: Mr. McKenzie.

**Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, called:**

The WITNESS: Mr. Chairman and members of the Agriculture Committee. First, may I say to you how delighted my colleagues and myself are to have the opportunity of discussing with you the work of administering the Canada Grain Act and of the responsibilities of the Board of Grain Commissioners. I am rather sorry to hear it suggested this morning that this is a debate. The Board of Grain Commissioners are not interested in a debate at all. We

are interested only in giving you the facts as we understand them and as we interpret the provisions of the Act itself. That is something, sir, that we appreciate any time we are called to go to any group of people and give them the facts as we understand them. Now, there is always room, of course, for argument as to whether we are interpreting the facts aright or not. In this case, after we have given you the information we hope to give you we are quite content to leave the judgment in your hands as to whether our administrative record is good, whether we have given you all the facts that you want, certainly all the facts that we are able to make available to you. Now, Mr. Chairman, there is perhaps more that could be said in a general way. I realize that time is very pressing on you and I am most anxious that we get right down to the business of discussing the report.

Somebody asked if we had a formal statement to put to you. That formal statement, sir, is the annual report of the Board of Grain Commissioners. I think everyone has a copy of it and I hope you will keep it in front of you so that you may follow it as we discuss it.

Again, in order to facilitate the best use of time, I do not see much on page 9 that needs to be commented on. That is a summary of the crop conditions. It might be interesting, however, to bring to your attention the facts revealed at the top of page 10 just in order to suggest to you that much of the criticism that has been levelled against the handling of the crop, and the grading of the crop, and the forwarding of the crop during the last three years cannot, with the same measure of justice, be applied against the last year, because of the great improvement of the crop, and when you get a crop that is satisfactory to farmers—for instance, may I give you one little illustration of the type of thing we are up against. In the fall of 1950, you will remember, the crop was frozen badly, and in two nights about the middle of August—I have forgotten the exact dates—a big meeting was held just out of Regina. Mr. Vallance was asked to go up there and there was a large gathering there, with all kinds of conveyances, automobiles, trucks, and so on; and when the meeting was over Mr. Vallance noticed a young man in the crowd, who was somewhat careless in how he walked through all this traffic and was very nearly bumped by a car that was backing up, or a truck, and Mr. Vallance suggested to him that he should watch himself, that he might get hurt if he didn't, and then the young man replied that it really didn't matter. Now, just think of the condition of that man's mind. There he was building up hopes on a big crop, and that was the condition up till about the 18th to the 19th of August and then in two nights the value of that crop was cut in half and that young man felt completely frustrated and defeated, and that is the atmosphere that has lent itself to all kinds of criticisms.

Now, to return to the report.

The chief characteristics of the current year's Western Canadian marketed crop may be seen by the grade data. Primary inspections showed the following grades for wheat inspected during the first five months (August 1 to December 31) of the 1952-53 crop year, with final figures for the previous year shown in brackets: One hard .04% (nil); One Northern 7.4% (.4%); Two Northern 26% (4.2%); Three Northern 19.7% (16.6%); Damp Wheat .08% (13.3%); and Tough Wheat 12.2% (35.2%).

You have in those facts, gentlemen, at least a partial explanation of the feeling of frustration and defeat, if you like, of disappointment, that is so general, or was so general, over the west during those two crop years.

Marketing for the first five months of the new crop year of the five principal grains was 394.5 million bushels as against 335.3 million bushels for the same period of the previous crop year.

Lakehead shipments for the 1952 season of navigation from April 3 to December 18 amounted to 450·8 million bushels, as compared with 317·2 million bushels for the 1951 season of navigation. Exports of the five principal grains during the 1951-52 crop year totalled 453·9 million bushels. The grain movement picture for the 1951-52 crop year is dealt with in greater detail in the Chief Statistician's report, Appendix H.

May I pause here again to suggest to you that in setting up this report we have sought to bring to you and to the public generally the fullest possible information on the figures relating to the inspection, grading, and handling of grain throughout, and in the appendices attached to this report you will find the kind of figures which, if you study them, will give you a very complete picture, or as complete a picture as we are able to give you, of the crop condition and how it was handled.

Now we come, sir—are there any questions on that?

The CHAIRMAN: Yes, are there any questions?

*By Mr. Argue:*

Q. Yes. How do you account for what I take to be a fact by adding up your figures that 53 per cent of the crop, for the 1952 crop year, for the first 5 months, went into 3 grades? I take it from your figures that almost half of last year's crop graded below No. 3 Northern?—A. I do not want to be misunderstood, but that is where some confusion arises. Much of the inspection in the first month or two months of the 1952 crop year was inspection placed on grain moving out of the previous crop year. Do I make myself clear?

Q. Yes.—A. That is why you have perhaps had a heavy movement of low grade wheat continuing into the early months of the 1952 crop year which did not reflect in those two months the real condition.

Q. Yes. Could you give us some idea, just some rough idea, of the grade pattern for last year's crop, I mean the crop that was grown last year?—A. You mean the 1952 crop?

Q. That is right, apart from the grain that was being shipped out of the previous year's crop.—A. We have no figures that would present that picture. The best I can do is to bring you back to that top paragraph where you see it expressed in percentages.

Q. Do you not get reports from the local elevator companies showing the grades they are buying for the various quantities of grain which they buy?—A. We get their reports at the end of the crop year.

Q. You do not get any weekly or monthly reports?—A. No.

Q. Do you not think that is an oversight?—A. No, I do not. The Wheat Board gets those figures of course, but the figures—this perhaps was not where I was going to treat it, but I will mention this to you now: We do not inspect and weigh the grain in the country elevators. That is done by the elevator agent. We have a certain measure of responsibility in seeing that the scales are checked occasionally and so on. But the report of the results from that country elevator comes to us only at the end of the year in a form which is somewhat similar to this. I am sorry that I have not got the proper form, but this will illustrate it. This is a form of report that every elevator company makes to us at the end of the year. In addition to that, on another yellow sheet, I think it is, we get the same information from every individual elevator in the country. Now then—and this leads us into some of the discussion which we had yesterday—this information we get, it is all the information we get. On this report it shows the quantities such as Manitoba No. 1 Northern, No. 2 Northern, No. 3 and 4, No. 5, Nos. 1, 2, and 3 Garnet,



special bins, and then there is a basket item of "all other grades". Frankly that brings us to the criticism which has been expressed on two counts: namely, that we were unable—or have refused if you like—to give the information relative to these other grades that are included in the basket item, of "all other grades".

It may surprise you to know that over a period of years, with the exception of the crops of 1950 and 1951, I am speaking of the calendar years 1950 and 1951, with the exception of those two years, over a period of some 10 or 12 years or perhaps longer, the amount of grain, or the percentage of grain of the total handlings that fell into that "all other grades" was not more than 10 or 12 per cent in any one year.

If we were to study "all other grades", all the way through instead of a sheet like that to handle, we would have a sheet probably 8 to 10 times as large as that. May I suggest to you, that if you look at the annual report of the Wheat Board you will find that they handled 454 grades of wheat.

Here we have on this sheet only the top grades. To list all grades you get a sheet that is cumbersome to use. The amount of work involved is enormous, and when it is compiled it is not worth very much to anybody. Of course you may argue that that perhaps is not true, and that it does not at least meet your needs, but that is the experience of many years of administration of the Canada Grain Act, and we have found that up to the last year or so there was no request or any interest manifested in that basket item.

Q. If you had as much as 10 per cent of your grain in grades below No. 5 grade, you could see some advantage in having that basket source broken into separate grades, not perhaps 454, but there must be some main categories such as No. 6 feet, damp, and so on.

As a farmer I never knew there were 454 grades of wheat. My own experience has been only about 20 grades and I think the majority of farmers have never happened to go outside of those 20 grades. But do you not think it would be useful, instead of having just the highest grades, to have 20 or 25 kinds of grades, and thus reduce the size of your basket?—A. I will admit that in years like those two years when we had that abnormal condition, I do not know how useful it would be. It might be very interesting at that. But how useful it would be, I would not venture to guess.

Q. Have you ever made any suggestion to the minister or to your colleagues of such a thing being used?—A. No, we have not, to be perfectly honest with you.

Mr. LARSON: Mr. Chairman, do you not think we should allow the chairman of the Board of Grain Commissioners to complete his statement?

Mr. ARGUE: Mr. Chairman, I thought we had already decided to do it paragraph by paragraph. However, I am in the hands of the committee.

The WITNESS: I prefer you to do it your way.

*By Mr. Argue:*

Q. The information which you get, you told the committee, is from the elevator companies, and it does not come in until the end of the year?—

A. That is right.

Q. Would you tell us the main function of your board, in one sentence?—

A. Our main function is to administer the Canada Grain Act.

Q. And what is the main purpose of the Canada Grain Act? Is it not to protect the producers' interests?—A. I would not say exclusively it was that, because after all, gentlemen, the producers' interests are only best served if you have got efficient machinery to carry his grain from the point

of production to the point of consumption. Wheat is of no value on the farm, if it cannot be moved somewhere where somebody wants to buy it. Therefore, if you say to us that our chief concern is with the interests of the producer, I would say to you yes, but the interests of the producer demand that this machinery which is used in the handling of his grain be efficient. And underlying that, the interest of the producer is best served if you make it possible for that machinery to operate efficiently and well in the interest of the producer.

Mr. GOUR: That is right!

*By Mr. Argue:*

Q. Am I correct in saying that the main interest of the Board is to use the various methods and various types of machinery in order to best serve the interests of the producer?—A. That is correct, and may I interject something there: Yesterday we were charged with the statement that in this board, my colleague, Mr. Vallance and myself were more concerned with the trade than we were with the producer. I challenge that statement here as I have challenged it on many occasions. Anybody who knows my background or John Vallance's background knows that my chief concern, as well as his chief concern, all our lives, have been to work for the interests of the producer in the western country. I leave that to the verdict of the people that know me. When it is suggested to me that I am more concerned with the interests of the grain trade than I am with the producers, I resent it because it is not true. My concern in the trade is only that we permit the trade to function so it can adequately serve the agricultural people.

Mr. WRIGHT: Would you say the same about Mr. Milner?

The WITNESS: Yes.

*By Mr. Argue:*

Q. Getting back to these reports, what value are those reports?—A. This is related to this whole problem of overages. I am sorry I have not got the other form with me. When we get these yellow sheets in we have our staff go over them and catalogue them showing the exact result in every elevator in the country at the end of the crop year. Let me suggest to you what this shows. It shows the amount of grain on hand at August 1st, the beginning of the crop year; it shows the primary receipts and shipment and transfer; then it shows the shipments in the same way and it shows the amount of grain on hand at the end of July next, the other end of the crop year. Now, you see what that does. Remember we get that on every elevator and that permits us to analyze these reports, to schedule them, and show the business of every elevator in the country.

In our report dealing with overages you will see what is disclosed to us. In 1951-52 there were 569 elevators showing shortages; in 1950-51, 897; in 1949-50, 1,797. Now, you have the report. I will just read the first column: "Neither overages nor shortages", that is coming out approximately even, 16. "Not completely weighed-over", 3,016." Somebody remarked yesterday that because of that the other figures did not necessarily represent the true position at the end of the year. Of course they could not be weighed over because they were completely plugged and it was not possible physically to weigh them over. "Overages of less than .25 per cent, 828"; "Overages of .25 per cent,  $\frac{1}{4}$  of 1 per cent, 455"; "Overages of .50 per cent, 163". In that way we get a report on every elevator of a total of 5,047. Now, with that in our hand we then get from the companies—and these are supplied to us over the sworn signature of the company—with that in our hand we get from each company a composite statement showing the result of all the grain they handled.

Q. And the grades?—A. The grades I have mentioned to you.

Q. Not the other grades?—A. All other grades are in there too. The same with Durum wheat and oats and barley. Oats and barley go down further because the feed question becomes acute. Similarly we have the barley returns, rye, flax-seed, and corn. Those two statements together reflect the position as closely as we are able to ascertain of the overage or shortage position in every country elevator and in every company operating a country elevator.

Q. Are the reports public documents or confidential?—A. They are not ordinarily public documents but yet I think two years ago we gave Mr. Phelps an almost complete statement of these.

Q. Would you have any objection to making those reports public upon request? I do not ask you to publish them in the newspaper, but if farm organizations write to you and ask for information, as to precise elevator companies that showed overages and shortages, as to the extent of the overages and shortages by grades, are you prepared to give them the information you have in those blue sheets?

Mr. J. VALLANCE (Commissioner, Board of Grain Commissioners for Canada): Mr. Chairman, might I interject in view of what has been said by Mr. Argue. We have a report here which is presented to the Parliament of Canada. Now, if this report is inadequate and if for instance the Farm Union cannot get all the information they require out of the report, I would suggest there be something said to the powers that be who accept this report, that this report is not complete in the sense that you would want it. That is all I wish to say on that.

Now, Mr. Argue also asked Mr. McKenzie just what did he accept as the responsibilities of the Board of Grain Commissioners. It is all set out in the Act. There is no maybe about it. Let me read section 9 of the Act, Powers and Duties of Board:

The Board and the chief commissioner shall have jurisdiction, upon or without complaint made, to inquire into any matter relating to

- (a) The grading of any grain;
- (b) The weighing of any grain;
- (c) The deductions made from any grain for dockage or shrinkage;
- (d) Any shortage appearing upon the delivery of any grain into or out of any elevator;

Mr. WRIGHT: Right at this point, that is the point we are discussing.

The WITNESS: Just a minute. I wish to get the responsibilities of the board on the record now and when I get through with that I wish to raise another question which Mr. Argue brought up. I am not objecting to them. This is the only way to get this information out. Now:

- (e) The unfair or discriminatory operator of any elevator;
- (f) The deterioration of any grain during storage or treatment;
- (g) the refusal or neglect of any person to comply with any provisions of this Act, or of any regulation made or licence issued pursuant thereto; or
- (h) any other matter arising out of the performance of the duties of the Board . . .”

and then it goes on to discuss—but I would suggest to members of the committee, that they get a copy of the Act and find out just what it says, and I think you would be far better informed to come in here and question either the Farmers' Union or Mr. McKenzie or Jack Vallance.

Mr. WRIGHT: I object to that Mr. Vallance, because I have a copy of this Canada Grain Act, and so has Mr. Argue, and we have studied it pretty

thoroughly, so when you suggest we should read the Act before we come here, I think that is an unfair inference.

Mr. VALLANCE: I am not suggesting you have not done that, but I am suggesting from the questions asked that it would appear as though the general knowledge is not just as great or as good as it should or could be.

Mr. FAIR: I object to that Mr. Chairman. We have not come here to be lectured by Mr. Vallance.

Mr. VALLANCE: I am not lecturing you.

Mr. FAIR: Mr. Vallance has been called as a witness, and he should give the explanations he is asked for. I object to listening to any more lectures.

Mr. VALLANCE: The only thing I would say to my friend Mr. Fair is that the report of the Board of Grain Commissioners is before the committee, and as a member of the board, I am just as much implicated and concerned about it as Mr. McKenzie or Mr. Milner. I was trying—

Mr. FAIR: I object to being lectured. I think we know our duties.

Mr. ARGUE: It is a reflection on the members of the committee.

Mr. VALLANCE: It is not made in that spirit. I would suggest again that I am not lecturing, because the facts are here in these books, and I suppose the members of the committee are in the same position with the regulations as they are with the Act. I am referring to questions asked about the report presented to the board—

Mr. ARGUE: I will not necessarily raise this as a point of order, but we have heard the Farmers' Union, and I was asking Mr. McKenzie questions, and I would like to continue.

*By Mr. Argue:*

Q. These blue sheets that give the record of the various elevator companies, you say you were requested some two years ago to make that information available to the farmers' unions?—A. Not blue sheets. It was yellow sheets.

Q. What is the difference. Do the yellow sheets contain more information?—A. They are just practically the same information as relating to individual elevators. The blue sheets relate to company operations.

Q. Would it be possible for you if you do not now have authority under your regulations to pass a regulation whereby all of these records are made public annually.—A. May I answer you by making this statement. Yesterday somebody suggested that the overages position for the past number of years was not available. I think if the committee will recall, we filed this with you last year and on this report—we did not have it mimeographed again because I presume once it is given to the committee you have it available. Let me run over the information we gave you:

Summary, over 20 years, of Allowances for Invisible Loss and Shrinkage

Summary of Gross Weight Overages and Shortages by Percentage Groups, 1934-35 to 1950-51

Gross Weight Overages and Shortages (in bushels) 1941-42 to 1950-51

Net Weight Overages and Shortages (in bushels) 1941-42 to 1950-51

Gross Weight Overages and Shortages (in%) 1941-1942 to 1950-51

Net Weight Overages (in %) 1941-42 to 1950-51

Gross Weight Overages and Shortages by Firms, 1950-51

Gross Weight Overages and Shortages by Firms, 1949-50

Gross Weight Overages and Shortages by Firms, 1948-49

Net Weight Overages and Shortages by Firms, 1950-51  
 Net Weight Overages and Shortages by Firms, 1949-50  
 Net Weight Overages and Shortages by Firms, 1948-49  
 Net Weight Overages and Shortages by Grade (in bushels) 1946-47  
 to 1950-51  
 Net Weight Overages and Shortages by Grade (in %) 1946-47 to  
 1950-51

Now, we made that information available last year, and it is in the hands of your committee. We can file it with you now.

Following that, we would like to file with you now too the same set of figures for the crop year ending July 31, 1952, and this, gentlemen, you will recall was furnished you through the medium of questions in the House, and the answer was tabled. This shows the net shortages, and the list of companies that suffered net shortages; gross overages and the list of companies that suffered net shortages; gross overages and the list of companies that had gross overages; and the same way for the net overages and gross overages. Now, questions were asked on the shortage or overage on wheat, oats, barley, rye, flax-seed and corn on each company, and that information was furnished by way of questions and answers and put on the order paper during the session.

Q. You are not prepared to break these down by grades, and by companies on the basis of country elevator points.—A. No, we cannot do that at the present time. We have not got the information.

Q. Do you not get a report from the grain companies from each elevator company doing business at each marketing point setting forth the overages at that point?—A. Yes, we do, but only to the extent that is revealed in these reports.

Q. Would you be prepared to file with the committee—and I think this is important—the names of the elevator companies, and their locations, that are contained in the 163 country elevators showing overages of more than .5 per cent? There is a great deal of information in here, and I believe it is a great deal of useful information, but I do not think that it is just exactly the information that has been requested in many instances. I just glanced at it very quickly as it is broken down into the various grades of grain, overages and shortages by the companies, except perhaps for the top grades. What I would like to get—and I think it would be useful to the producers—is to know exactly where those elevator companies are that are showing the surpluses, the precise local elevator point. Is it in Smithville in Alberta and if it is, in what elevator, A, B, C, D, and how much is involved. If that kind of information were out I bet you would not have in the future the same number of elevator houses showing up with a surplus. I think that making that information public would be a real service to the producer, and it would make them very careful.—A. Well, I think what you are asking for will if you look at the annual report, on page 10, see the result there, but you want that broken down into individual points? Now, that raises a question that, frankly, the board would desire perhaps some expression of opinion on from the government as to what they think we should do. For instance—and will you forgive me if I do not name the company—there is one very well known company last year that showed a very excessive overage. Now it is true we published that last year, and if you go through that report you can easily ferret out the company I am referring to. It is a question as to whether we are entirely fair in revealing information at a local shipping point, and that is one thing we would like your views on, and the views of the government, where there is a very strong competitive market. Now, we will admit that market is not particularly competitive at the moment because of the storage situation, but there is a very strong competitive market there normally, and are we fair to each of the

buyers on that market if we reveal information relative to one? Now, if one does show an overage we go after it, and we achieve in part, not entirely by any means but in part, the result you are wanting. We will call this agent in and we will examine him, and that gets around, and the farmers in that community know what agent has been the offending one.

Now, to carry the illustration out to its extreme, last year—and this is the only power we have—we suspended the licence of one local elevator for a period of from ten days to two weeks, simply because the agent at that point had a bad overage position and apparently he did not take seriously the reprimands that we gave him and the pressures we put on him to improve his position, and so on. We could not touch the agents. The only power we have is to go after the licensee, which is the company operating, or the company that that particular agent is serving, and so in order to impress upon him and his company the fact that we would not tolerate a continuance of that, we suspended their licence for ten to twelve days. Now, remember this, that that was not an easy thing to do because in suspending that licence we made it impossible for the farmers in that district to deliver grain at a time when they wanted to deliver it. So, it is a question of just what we can do.

Now, apart from the work involved and apart from the fact that under normal conditions this condition is not likely to be so acute, I cannot see that the information is very useful to anybody. I admit it would be interesting and perhaps useful in the last two years, but normally when you get all these off-grade grains lumped together, even up to No. 6—No. 5 is included in this, too—up to grade 6, your quantities are very small, excepting at individual points at which it might conceivably be substantial.

*By Mr. Argue:*

Q. Just on this point of making the information public, you say this is perhaps an important matter and a departure from normal practice. I think that is what you mean. It would be something the Governor in Council, or the minister at any rate, should give you some instructions on. Have you ever asked him about those particular points?—A. No.

Q. You have never gone to him and suggested that information should be made available?—A. No.

Q. The only companies I have any shares in are co-operatives, and I know our own local co-operative association in its annual report, that is the consumer co-op, in its annual report every year spells out the exact overages or shortages not only of commodities, but of oil and gasoline, and so forth, and even the cash shortages, if they lost their receipts or something and the agent winds up with \$100 too much or \$100 too little. I do not see that that does that co-operative any harm whatsoever in the locality. If you have a good agent and his record is good, it is an attraction to business.

On the other hand, if you get someone in there who comes out and shows that he has a severe shortage either in goods or in money, the situation is dealt with, and I think the fact that he knows that it is going to be made public governs his actions to some extent.

I would suggest to you that this is a reasonable point and that your board should give some consideration to it. Only last year, on a number of these points, I felt that the Board of Grain Commissioners in regard to overages were quite prepared to go a little further than they have been going in the past. But it seems to me that a request should be made so that this kind of information is available. Do you not think it is less likely to get good results if you people—I am sure you give them a good talking to—but do you not think there would be some advantage in having this information published in order to strengthen your own position over and above the steps

that you now take to call them in and tell them that their overages are extensive? Can you see some merit in making this public?—A. Well, those are necessarily matters of opinion. I would not say there is no merit in them. As far as we are concerned we have got to balance disadvantages as against advantages, assuming there may be some advantages.

Another problem we face is this: You are speaking about co-operatives and this is no reflection on co-operatives—but two or three years ago—I have forgotten the exact year—I called in one of their managers into my office to talk to him about the overage position of his company.

Do you know what he said to me? He said: "What does it matter? We have an overage but it goes back to the producers in the form of a patronage dividend."

Theoretically that is very nice, but it does not satisfy us for the simple reason that we have undertaken to see that grain is weighed and graded correctly and docked correctly and so on. It may satisfy a member of that cooperative in the sense that he feels: "Well, if there is any profit made out of overage, it comes back to the producer in the way or in the form of his patronage dividend." So you see, we have all these problems to contend with in the big problem.

Mr. ARGUE: I have another point I want to discuss with you if you are through with this one.

*By Mr. Fair:*

Q. I would suggest that letting one company, be it a cooperative or otherwise, get away with overages might create a bad precedent for other companies.—A. I agree with you on that wholly.

Q. I would much prefer giving them sufficient shrinkage and the certain overage that they are allowed at the present time.—A. I agree with you on that.

Q. I am wondering also whether we can get the results that are being attempted while we have the present congested condition of the elevators, both terminal and country?—A. No, not at the present time, in a good many country elevators, because we won't know the results.

Mr. JUTRAS: I want to say something about overage itself.

The CHAIRMAN: Probably what Mr. McKenzie wishes to place on the record may answer your question, Mr. Jutras.

The WITNESS: Before I go any further I want to say how perplexing this problem of overages is. It is one of the most difficult problems we have to deal with.

Mr. WOOD: How long have you been troubled with it?

The WITNESS: Since the beginning of time. I noticed what Mrs. Norman said. We have been studying it all the time yet we cannot find a complete solution to it. Let me give you a brief statement of the overage position. First of all I will give you that. Reference was made yesterday I think, to the Wheat Board overage, that is, the net wheat that the Wheat Board bought from the elevator companies. I would like to give you a breakdown of that because you have got to have a breakdown in order to understand exactly what the position is.

The total of the figures was 1,797,252 bushels. Out of that 1,700,000 odd, 1,491,669 represented the overage in country elevators; 287,705 represented the overage in terminal elevators; and samples purchased by the Wheat Board, 17,480 bushels.

Others, clean out at feed plants, etc., 396 bushels, making a total of 1,797,252 bushels.

You will notice that this total of 1,797,252 includes overages in country and terminal operations, and that is overage accumulated in the double handling of the grain because the grain comes through the country houses, and then it comes down to the terminal elevators either at the head of the lakes or at the west coast, so that there is a double handling of the grain.

The number of companies showing a net shortage were 18; the number showing a net overage, 37; the number of companies showing gross shortages, 30; and the number of companies showing gross overages, 28.

The total handling of all grain in country elevators was 862,728,513 bushels with a gross net overage expressed in percentage form of .04 per cent or four one hundredths of one per cent.. The net weight overage was .26 per cent, that is, one-quarter of one per cent.

Now, that is pretty close handling as any operator of a country elevator will know. I will admit that this is the picture as spread over them all, and intermingled with it I think you will find the extent to which the general application of those figures applies. Now in so far as the country is concerned, our board has no power of acquiring those overages. We depend, in determination of them, upon the returns which we get from the companies. You understand we do not weigh the grain into these country elevators or inspect it in there. To do those two things we would have to have an inspector and weighman at some 5,000 elevators across western Canada which of course makes it wholly impractical. It would be a tremendous cost to the producer.

*By Mr. Argue:*

Q. Would I be correct if I said the average overage for country elevators showing overages was in excess of 1,000 bushels of wheat.—A. No. I say that as a matter of opinion; I have not checked it.

Q. You could compare it with the figures in your report for a number of elevators and taking a quick total I would say there are a little over 1,400 elevators showing overages and there was 1,400,000 bushels of overage.—A. You can hardly work it out that way in fairness. Here is one elevator handling six or seven hundred thousand bushels and another one handling 100,000 bushels, so actually it would be pretty difficult to make a reasonable comparison with the various individual elevators.

Q. Just to get a rough idea, my statement then is correct that there were less than 1,500 elevators showing overages and the total of overages were about 1,400,000 bushels which is about 1,000 bushels per elevator.

The CHAIRMAN: I think we should adjourn at this point. Is it agreed we will meet again at three o'clock?

Agreed.

#### AFTERNOON SESSION

The CHAIRMAN: Well, ladies and gentlemen, we now have a quorum. Were we through with overages? Shall we go on to inspection of grain?

Mr. McKenzie?

**Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, recalled:**

*By Mr. Wright:*

Q. I would like to ask another question in regard to overages. In the report it shows there were 3,016 elevators in which there was no complete weigh-over. From the information we had from the minister in the House



this morning as to what the position will be at the end of this crop year, it is quite evident there will be even more elevators in which there will be no opportunity to weigh-over. Mr. McKenzie has stated he gets returns, the blue form and the yellow form, at the end of each year. The information on that form would not necessarily be completely accurate because these weigh-overs have not been checked.—A. That is true. At the present time it is only an estimate.

Q. And will be even more of an estimate at the end of the coming crop year?—A. That is possible.

Q. It will be only natural. You know nobody can weigh over the amount of grain that is there. If you had a monthly report instead of one at the end of each season would it be of any assistance to you in checking what is happening throughout the country elevator system? It seems to me if you had a monthly report you would have the picture as it develops before you and if at certain delivery points there are four elevators and the position between them did not seem to be fairly even as to grades, etc., then it would be worth sending a man out to see what the trouble was. You are not going to be able to get a correct picture at the end of this year and I am asking you if you think it would be advisable to have monthly reports rather than just reports at the end of the year?—A. I doubt if that would have any real value to us. You realize, of course, what the position will be at the end of the year. If you will throw your minds back to the middle forty's we faced that same situation and there was a period of four years there when the overages were estimated. You can not ask an elevator company to go over the process of weighing its stocks on hand once a month particularly in periods when there are heavy deliveries. It would interrupt the flow of the grain and have no real value to us for checking actually what is happening.

Q. Is it not a fact that they do make daily reports to the Wheat Board?—A. We have no knowledge of that. They do report what they bought each day.

Q. Do you not think that would be valuable to you, if you had that information that they have to give to the Wheat Board? Could you not assess it more accurately if you had that information before you, especially on the grades?—A. I would not like to express a firm opinion on it because we have not tried it. At first blush I do not think it would help us at all; I do not say it would not be useful because it might.

*By Mr. Quelch:*

Q. Take the years when there was a great deal of tough and damp grain. Take 1951. In that year you would naturally expect that as a result of that condition and a lot of that grain being dried, the elevators would report a substantial loss in weight rather than have overages. Could Mr. McKenzie explain that?—A. It might perhaps under some system work all right, but on the other hand it probably works the other way. For instance, you take in the winter months grain is taken in daily—we will say grading tough. It may be held there for several weeks, but because of the climate and temperature conditions evaporation is very slow. This is the story we got from the elevator operators when we quizzed them; that because of the shrinkage allowance on tough and damp wheats and because of the period in the season of several months when there was relatively little evaporation, it tends to build up an overage and from the evidence we obtained we reduced the shrinkage allowance on tough grain. I am speaking only from memory, but I think almost without exception the elevator agents we canvassed all argued that the main contributing factor, or one of the main contributing factors, to the overage condition was a slightly too high shrinkage on their tough and damp grades.

*By Mr. Jutras:*

Q. To what extent do you exercise responsibility over dockage?—A. There are two ways we do that. First of all the farmer, if he has any reason to suspect he is being under graded or over docked, can send his samples in in the method prescribed and we check that. When we call these agents before us we examine them carefully on their methods of weighing, whether they take break of the beam or whether they had any interruption in the efficiency of their scales, and we question them on their out-turns to see what their dockage is. Always remember if a farmer has any suspicion that he is not getting a reasonable dockage then he has the right to appeal to the chief grain inspector through the manner prescribed in the Act.

Q. Suppose you had a case where an elevator did report a gross overage that would be within reason and then on the other hand did report a net overage that would be quite unreasonable as compared to the gross, that would indicate an excess of dockage. Would you investigate that?—A. Yes.

Mr. FAIR: How does the shrinkage allowance on tough grain and damp grain compare?

The WITNESS: While Mr. Rayner is looking that up, is there any other question.

*By Mr. Bryce:*

Q. You referred to the blue sheet and told us about the yellow sheet that you get. For my own information it is only five grades—there is not a sixth grade of wheat reported?—A. If you mean number six wheat, it is not reported.

Q. And feed wheat is not reported?—A. No.

Q. The term you use "going into the basket", that means they are all put in as one grade?—A. That is right.

*By Mr. Argue:*

Q. We were given some figures yesterday which I presume, were, one, showing the reported producer deliveries as shown by your records, 215 million bushels of wheat of grades one to five, and secondly we were also given some information of Wheat Board statistics which show sales of 372 million bushels of wheat of the same grades. Now, I think that is a very important question as to whether there has been sold 156 million bushels more of these higher grades of wheat than was actually bought from the producers. Can you give us an explanation of this discrepancy in the figures?—A. Yes. As a matter of fact I was going to deal with this before the committee. Let me say frankly without any malice aforethought that you are trying to compare these two sets of figures and you will notice one is operations in sale of wheat and the other is the report of producer deliveries of wheat. It is true the figures are set up for the same periods, but the wheat that is sold may or may not be on hand. I think it is well illustrated in the first column, Column No. 1 shows last year's receipts 2,055,980; on hand July 31st, 1951, 1,350,785; amount to account for, 3,406,765; less stocks on hand July 31st, 1952, 5,006,886. And then you will notice in brackets 1,600,121. Now that simply means that in that period the Wheat Board had sold 1,600,121 bushels more than was delivered to them in the period and you might easily have in your first column of figures some wheat which it is conceivable was two-year old and it is conceivable some of it represented deliveries of grain that was put in say any month or every month in the interval. So the figures themselves are all right, but the wheat that the figures represent may be something entirely different in the two columns of

figures. Now, I have not checked the arithmetic. I have asked Mr. Rayner to check that, and I think he has a comment actually on the arithmetic. To me that is not important. The important thing is that there is an effort there made to make a comparison of two sets of figures that are not comparable, and of course that leads you to all kinds of misunderstandings and unsound judgment.

Q. Do you think—I am not disputing what you say at all—but do you think that after taking into account what you have said, that would fully explain the 156 million bushels involved, that according to this, shows an upgrade. Perhaps what you say is correct, but would it give an explanation of this huge increase.—A. My honest conviction is and my honest opinion is—though my judgment is subject to error—but my judgment is that that does not prove anything of the kind you suggest with these figures.

Q. What does it prove?—A. It just proves it is two interesting sets of figures dealing with two different things.

*By Mr. Wright:*

Q. Have you any figures which would bring out what this apparently does. You say it does not, but on the basis of the figures here it would look like that. Have you any figures in the board which, or have any method at the present time of determining whether there actually are shortages in the grades or overages in the grades?—A. I am not quite sure I understand the question. If you mean can we check on terminal elevators for instances—

Q. I do not mean terminal elevators, but the whole system of selling. Have you any system of telling in actual figures how much number one wheat the farmer was paid for, and how much number one wheat is sold by the companies, and have you these figures for number two, three, four, five, six and feed, because that is the only way you can determine whether there are shortages.—A. Frankly I think not for the reason I am trying to suggest. Grain that has to be put into position for sale may be grain that was grown a year ago, and we do not know when it was graded, but of course we can check up on the grade.

Q. These figures must be available.—A. But that does not mean anything when related to the figures delivered by the farmer at this time. The farmer delivers now, say for the month of May that specific wheat—forget the figures for a moment—the wheat is delivered in the month of May, and may not be in a position for sale for several months. I cannot indicate in any specific way.

Q. It may be over a year?—A. Yes, and that is my point.

*By Mr. Argue:*

Q. Before it comes under the Canada Wheat Board's responsibility, is that right?—A. Yes, the Canada Wheat Board and then put into a suitable position.

*By Mr. Larson:*

Q. In other words if you were to be able to get any sort of figure, you would have to empty every house at the end of the crop year, so that there would not be a kernel of grain left in the country in order to be certain of the amount of grain sold the year before. If you have elevators all over the country filled with grain you could not identify any particular year of grain.—A. No, it is quite impossible.

Q. And perhaps unreasonable to expect it.—A. If we try to follow all through—let me illustrate the futility. A man delivers a truckload of wheat at a country elevator today graded No. 2 northern. What happens? You

cannot put one bin in that elevator aside and say that is number two northern, and nothing else will go in that bin. You come along a week later and there are still 200 bushels there or a truckload. You cannot ship it out unless you can get a carload of a similar quality or grade of grain. Then you put it into a carload and the identity of that first load of wheat is lost. Then you take a carload out to the head of the lakes and put it in a bin holding 100,000 bushels, so it is quite impossible to follow a load right through and see how the out-turn of the grades are. The best we can do is that we take our country audits in the form of weigh-overs and we take that and we make an audit ourselves of the terminal elevators. In the country we weigh nothing. We are not responsible, but in the terminals we weigh it in and weigh it out and make an audit on that, and we know the results to a bushel almost of the returns at the terminal end. That is as close as we can go to checking the fate of a load of grain delivered out to a country elevator at any one time.

Q. In other words it is a physical impossibility to do it?—A. That is right.

*By Mr. Argue:*

Q. I am looking for the figures for number three wheat. Would you mind explaining to me and to the committee just what they mean. The board receives for 1951-52, 159 million bushels of wheat. The Wheat Board receives the wheat at what point?—A. As you know, the country buyer buys grain for the account of the Wheat Board, and he delivers. He is held responsible by the Wheat Board for the quality and quantity of the grain that is represented on the elevator receipt, on the cash ticket or storage ticket or interim cash and interim storage ticket. The Wheat Board holds them responsible for that, then the Wheat Board moves that grain down and—this is a thing I want to deal with later—the Wheat Board moves it down to the terminal. Now they sell that wheat to the terminal, and the terminal—I might as well deal with it now as later—the Wheat Board after selling say a tough grade carrying perhaps 16 per cent to the terminal that the terminal wants to use for natural drying then collects the premium on that type of grain, because it is suitable for natural drying. So that, the Wheat Board profits to some extent, though I would not claim they take it all. They do share any profit that accrues from the natural drying of tough grain in a terminal elevator.

Q. That is 159 million through Winnipeg?—A. Yes.

Q. That is the Wheat Board receives its grain through Winnipeg?—A. Yes. It is gone through inspection upon receipt at the terminal elevator.

Mr. ARGUE: I would like to go through these figures.

*By Mr. Major:*

Q. On this number three thing I cannot follow you there. You have receipts for 159 million, and 5,451 million, and then you show sales of 151 million odd but then you add it up and get the sales figure like 157 million. That does not seem to add up.—A. That is just what I said a moment ago. I did not check the arithmetic, but Mr. Rayner has and I think if you permit Mr. Rayner to give you the arithmetical inaccuracies, if I might call them that—

Mr. ARGUE: I would like to go through this number three.

The CHAIRMAN: I think we should hear Mr. Rayner explain these figures. It may save some time.

Mr. RAYNER: As the chief commissioner pointed out, you are comparing two sets of figures which are not necessarily comparable. You will notice the totals of 446 million and 434 million. They bear some relation to each other, but these figures could, in some years, be 5 per cent out, or they could be 10 or 15 or 20 per cent out. The reason you cannot compare these two sets of figures is on account of the time lag between the time that the grain is loaded

into cars at the country elevator and the time it is delivered at the terminal elevator. It is delivered to the Wheat Board, at the terminal elevator. The Wheat Board does not receive the grain until the country elevator company or the terminal elevator company turns it over to them, in the form of warehouse receipts for grain that has been delivered into a terminal elevator. As you can see at the end of the crop year for the last two years shipments have been very heavy. The grain is loaded into cars at the country elevator in the first week in July, and it is more than possible that a lot of that is not unloaded into the terminal elevator until August, and that is taken into account in the Wheat Board receipts for the next year, and that is why I say you cannot compare these two sets of figures. You must remember that you may have 12,000 or 13,000 carloads of grain en route or on track at Fort William, and the wheat is waiting to be unloaded, and there is something like 20 million bushels of grain that has been shipped out of the country elevators during that period. But during that period it cannot be shown as a receipt by the Wheat Board. Another difference in these figures is that the Wheat Board include under their grades of 1, 2, 3, 4 and 5, toughs and damps of each of those grades. I have the figure of the toughs and damps of the first five grades, and if you start back at No. 5—there are not many in 1 and 2, so I will give you the larger figures. You will notice the difference there between No. 5 wheat. The Wheat Board sales show over 72,000,000 and the Board of Grain Commissioners turnover is shown at 45,000,000, and of course, we pointed out before that the Board of Grain Commissioners' toughs and damps are shown in these "other grades". Now, the quantity of toughs and damps in the Wheat Board's No. 5 total is 28,000,000, so if you add that 28,000,000 to the Board of Grain Commissioners' 45,000,000, you get a total there under No. 5 wheat of 75,000,000, which is a fairly close comparison with the Wheat Board's figure of 73,000,000.

In No. 4 to the Board of Grain Commissioners' 47,000,000 if you add 66,000,000, the Wheat Board's tough and damps, that gives you 113,000,000 bushels, as against the Wheat Board's figure of 118,000,000 bushels. Again I say, quite a close comparison. In No. 3 Northern I have 65,000,000 of toughs and damps. Add that to the Board of Grain Commissioners' 82,000,000 and it gives you 147,000,000, again getting very close to the Wheat Board's figures. To come back to Mr. Major's query on No. 3 wheat, you take the Wheat Board receipts of 159,000,000, add 5.5 millions, the stocks at the beginning of the crop year, and this gives you a total of 164,000,000. Take away from that what was on hand on the 31st July, 1952, 13,000,000, and it gives you the bottom figure, which is shown here as sales, of 151,000,000.

Does that answer your question, sir?

Mr. MAJOR: Yes, I can understand that now.

The CHAIRMAN: Now, gentlemen, shall we go on to "Inspection of Grain", page 10?

The WITNESS: Because of the importance of this paragraph, I think perhaps that I should read it to you. You all have copies of the report, but I will read it.

The major problem in grading the 1951 crop was the high percentage of tough and damp grain. Although early indications were that the three prairie provinces, with the exception of a small area in Southern Saskatchewan, would harvest good crops of all cereal grains, continued rains and some snow caused grains to sprout and develop mildew, particularly in the Southern areas of the prairies. Inclement weather continued and gave farmers no alternative other than to thresh regardless of condition of the grain. As a result, almost half of the 1951 crop graded tough or damp.

The Board's Inspection Branch had to supervise grain drying operations at all points, and additional teams were also posted at Duluth-Superior and Buffalo to handle grain drying there.

The Board's Research Laboratory collaborated with the Inspection Branch in checking on the quality of dried wheat to ensure against damage to the milling and baking quality from improper drying.

Now, Mr. Chairman, if I may take a minute, I would like to speak to you in a general way of the inspection system, the problem of grading and inspection of grain. First of all, I would like to say to you that the samples used in grading grain are fixed by our Grain Standards Board according to the provisions of the Act. Now, the personnel of the western division is found on page 27 of your report, and I would like just to name these officials so you will see that over half of the board, or the committee, is constituted of representatives of producers.

*Committee on Western Grain Standards, 1952*

D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners  
 J. Vallance, Commissioner, Board of Grain Commissioners  
 R. W. Milner, Commissioner, Board of Grain Commissioners  
 A. F. Dollery, Chief Grain Inspector, Board of Grain Commissioners  
 Dr. J. A. Anderson, Chief Chemist, Board of Grain Commissioners  
 J. Forsyth, Chairman, Grain Appeal Tribunal, Winnipeg  
 C. R. Manahan, Chairman, Grain Appeal Tribunal, Edmonton  
 P. J. Marples, Chairman, Grain Appeal Tribunal, Calgary  
 Dr. C. H. Goulden, Dominion Cerealists  
 W. A. Hastings, representing the millers of wheat flour

George Bennett.....	}	Representing grain growers in Alberta
W. H. Fairfield.....		
Uri Powell.....		
B. S. Plumer.....		

A. F. Sproule.....	}	Representing grain growers in Saskatchewan
A. P. Gleave.....		
J. Wellbelove.....		
L. L. Gray.....		
N. W. Strelloff.....		

W. J. Parker.....	}	Representing grain growers in Manitoba
R. Barrett.....		
Ray Mitchell.....		

G. Constable, representing grain growers in British Columbia  
 Nelson Young, representing Plant Products Division, Department of Agriculture.

The first nine names, as you will readily see, are from the Board of Grain Commissioners.

Now, that committee meets, and before they meet the inspection department writes out into the rural areas, Peace River and all western Canada, and gets through the elevator companies and the pools representative samples from all the areas possible of the current year's crop. Those are brought in

and out of those are made up samples that fall within the definitions, first, of the statutory grades as defined in the Act, and then meet the qualities needed in the commercial grades. Those are laid before the Grain Standards Board. They look at them, they examine them and they decide whether or not they meet the qualifications called for in the Act. If, as they pass on them, they decide they are truly representative in terms of the definitions in the Act, then they become the accepted standard for the handling of the crop. Now, I should perhaps say, because of some suggestion that we heard yesterday, that those standards prevail all over Canada, all over western Canada. There is no such thing as a separate standard for Saskatoon and a separate standards for Calgary. The standards are fixed, and those are the governing standards. Now, if Mr. Dollery, our Chief Grain Inspector, ever gets any reason to suspect that the inspectors at any one point are not grading consistently according to those samples, he goes out and checks with the district grain inspector and examines them and issues instructions accordingly, so that the standards prevail all over western Canada, and the same measure of quality is used, no matter where it is, in fixing these grades. Now, there is a suggestion, also—and I think this is argued by a good many farmers—that the grading in the spring is somewhat different to what it is in the fall. Well, all I can say is that we grade to exactly the same standards and all the grading done during the year is subject, first of all, to reinspection, if the farmer so wants it, and then is subject to appeal to the appeal board.

Now, again yesterday there was a suggestion made that the personnel of the appeal board was largely the same as, or was drawn from, the staff of the Board of Grain Commissioners. But if you will look at page 28 of the report, appendix C, I will just refer to one division, the Winnipeg office. You will see that while J. Forsyth is the chairman and he is on our staff, as are the chairmen of the other appeal boards, the rest of the names that you see there are not directly associated with the staff of the Board of Grain Commissioners. Is there any exception to that, John? No, there is no exception.

*By Mr. Argue:*

Q. They are not directly associated, are they?—A. If you will look at it more carefully you will see they are not associated with the staff of the Board of Grain Commissioners.

Q. Are they government employees, any of them?—A. No, they are not government employees. They are chosen as men who are cognizant of the whole problem of grading grain, knowing what the standards which are set up look like and should be, and it is that board—you will notice it is that board, apart from anybody on the staff of the Board of Grain Commissioners, or from the ordinary inspection staff, that passes on those appeals. Somewhere in this report—perhaps you can dig it up, John—I would like to give you the number of appeals against decisions or grades that have been placed. Please look at page 42, right at the top, table F 7. Without reading the details, you will notice the heavy type, the three lines in heavy type “Total cars inspected in the crop year 1951-52: 360,498; total appeals: 2,033; total grades changed: 269.”

Out of the grades placed on 360,000 cars of grain, when an appeal was carried to the appeal board, only 269 were changed, and that represents, as you will see there, .08 per cent of the total handling. I think that is quite a record.

May I go on from there to suggest to you something else which I want to say. I want you to notice that that is all done, up to that point, in the interests of protecting the producer. Now, his interests do not stop there.

Q. Who can launch an appeal? The producer only?—A. The owner of the grain. Our concern for the producers' interest does not stop there. As I suggested this morning, wheat has very little value to the producer unless

it is sold. And in our grading we have sought over the years to build up confidence on the part of those countries that are buying our grain because it is only as we can establish their confidence that the Wheat Board can sell wheat to them. I suggest to you that that is of primary importance in the interests of the farmer.

Let me interject one other thing. I take a great deal of pleasure in telling you this experience. In 1948, I think it was, Mr. Rayner and I went over to Great Britain to discuss with the British buyers two complaints that had been made by them against our wheat. One complaint was that we had some tainted wheat coming from the west coast. We investigated that complaint and we found that because of war conditions, and with the consent of the British Cereal Import Board, they were loading over the top of the wheat green lumber without proper protection against the wheat, and the moisture from that lumber went down into the wheat and tainted it, and the complaint was that we were shipping them tainted wheat. I tell you that to suggest to you how susceptible they are to conditions of that kind.

We went over and we met with, I think, the seven port area committees in Great Britain, and we mentioned that to them. We told them what the reason was for it and why it was done, and that it had been done with the consent of their Cereal Import Board who, by the way, released the shipowners from having to pay any damages for the grain going out of condition in transit. When we told them the facts they said to us: "We do not want to hear another word about that complaint. That was due entirely to our own decision."

The other complaint was as follows: Those of you from Saskatchewan will remember that in the fall of 1947 in southern Saskatchewan you had a lot of light weight high protein wheat. Your threshing season beat us in Manitoba, and the Wheat Board was anxious to get wheat across to Britain which was needing it, and we shipped wheat over there, No. 5 wheat which we knew was 2 pounds a bushel under the standard we had prescribed. I discussed that with our chief grain inspector and he said that according to the description of grade 5 wheat which we had prescribed it was lighter than it should have been and that we should try to work it out in our Canadian mills. However, the British people wanted it. So I said to the chaps over there: "If you were sitting where I was sitting and having to make a decision on it, what would you have done?" And without a moment's hesitation they said: "We wanted your wheat even though it was 2 pounds light." So the two complaints evaporated as we talked to those men. We described our methods of grading, and they, having had experience with buying grain from us for years, said to us: "Mr. McKenzie, whatever you do, protect the sanctity of your final certificate. Canada with the possible exception of the United States is the only country in the world which sells grain upon certificate and the buyer does not see it."

Mr. FAIR: Mr. McKenzie has given us a very good description of the protection provided for the producer. But I would like to know what protection is provided for the consumer here in Canada, the man who feeds our better grades, particularly here.

The WITNESS: That is not the problem. Will you please let me proceed.

The CHAIRMAN: I think Mr. McKenzie should proceed with his statement.

The WITNESS: I want to tell you again that I was never more proud in my life than when the British buyers said to us: "We have every confidence in the world in your grading system and we will accept your final certificate as quickly as we would accept a gold bond of any country in the world."

I ask you what finer tribute could be paid to Canada's grading than that very tribute? So I say to you that it is terrifically important that we hold the confidence of the countries to which we hope to sell our product, because, if we lose that confidence, you can readily see what our problem will be.



Let me suggest something else which you may not know. Do you know that we have ordered three cars of grain, shipped within the last 3 weeks, to be destroyed? We would not let it go into the terminals, for the very simple reason that some farmer, consciously or unconsciously had delivered grain to the country elevator which had been treated with mercurial chemicals for the purpose of protecting it from smut and so on. That is a highly poisonous substance as you know. Just think what would have happened if we had missed that, and it had gone over to Britain and the British had picked out a sample of it, or to some other country such as France or Belgium or any other country. They would have charged us with selling wheat which carried a poisonous content in it. Those are things which we have to watch. I am not saying that any farmer did that dishonestly. I am not suggesting that. He probably did not realize the consequences of his action. The country agent did not catch it and the consequence was that when it came through to Winnipeg for inspection, our inspectors caught those treated kernels and we ordered the grain destroyed.

Let me give you one other illustration. Somebody suggested yesterday that some wheat grades are too high and that perhaps we should modify the description of No. 1 feed barley, for instance.

Let me tell you a story about that and why we did not do it. If Mr. McIvor was before you, he would give you the figures representing very substantial sales of barley that we made to Japan and to western Asia last year.

They were buying our No. 1 feed for the purpose of human consumption. They had discovered a process of treating that barley so that they could roll it out, and when rolled out it was flat just like rolled oats, a kernel of rolled oats. Then, when they come to cook it, it assumes the natural appearance of cooked rice and the Japanese were quite willing—and some evidence of interest was manifest in Formosa and Korea—to take barley as a substitute for rice which is in short supply. I do not have all the facts of course, but I do know some countries in Europe manifested some interest. Look what might have happened: We had number two feed barley in stock at Prince Rupert and the Japanese did not want it and we could not ship it to them because if we shipped number two feed over to them for the uses they make of it we would have destroyed their confidence in our barley as a food barley.

Mr. WRIGHT: You said you shipped number four.

The WITNESS: That is my mistake. It is one and two I should be speaking about. I was discussing this problem with Mr. McIvor when we had representatives from Japan over to our inspection department to see how we were grading and the Japanese went away very delighted with what they saw. I was talking about it to Mr. McIvor after we knew that this movement had developed, because they are moving barley out to our Prince Rupert elevator, and he suggested to me, and it was confirmed by one of the biggest exporters of barley operating in the west that in their opinion there was a possibility of developing barley there for 100 million bushels of barley. Now, you see what that means to us. We can only secure entry into a market in a substantial way so long as we deliver a product which they know they are going to get when they buy the grain. They do not see the barley. I suggest those things because I think that Canada should know what we are trying to do in our inspection department. There are times when a farmer is disappointed and thinks a little wheat or oats in barley makes good feed and why should this be excluded from number one feed grain. Those are the considerations that force us to take these actions and I do not know that there is anything more I can say on that.

*By Mr. Quelch:*

Q. Have you actually increased the standards in the last few years?—A. Yes. You remember that Alberta was very fond of Red Bobs wheat. It was a very attractive wheat and a type a farmer likes to grow, but it had a heavy percentage of piebald kernels. It was sent to Britain and they told us they did not want to buy Red Bobs wheat. So because of that we gave the producers in Alberta notice about three years ago that we would grade Red Bobs wheat no higher than number three. That is the type of thing we are doing at the moment.

*By Mr. Fair:*

Q. Before we get away from this treated wheat, has anything been done in the last few weeks to take care of that?—A. As soon as this matter came to our attention we prepared a regulation giving us authority to fine a farmer guilty of delivering mercury treated wheat to a country elevator.

Q. What is the maximum fine?—A. Maximum of \$500.

*By Mr. Quelch:*

Q. Does that apply to formaldehyde?—A. I do not know what classification formaldehyde would fall into. We have limited it to the application of the regulation to grain that has been treated by mercurial chemical for the prevention of smut and so on.

*By Mr. Argue:*

Q. On these grains it is very interesting to hear in what regard our grades of wheat are held overseas. I for one did not hear the suggestion Mr. McKenzie referred to that there had been complaints at this committee of the grades. I did not understand that; there may have been. But I do not think his statement of the fact that our grades were highly acceptable overseas was dealing with anything that had been before the committee. I thought you were referring to the fact that I had complained of the existence of barley in mixed grain?—A. No. I was not referring to that.

Q. I do not know that there is any complaint about the standards that have been set for number one barley, perhaps not even for number two barley, but do you not think some additional consideration should be given to the grading of all mixed grain. I am not suggesting you weaken your standards for the higher grades or for the barley that goes to Japan, but it seems to me when you come down to the mixed grain, my understanding is it can take in almost any kind of a mixture of grains. I do not want to mention a person's name, but a man who is very close to the department said some consideration was being given to this problem of establishing some different method of grading barley without weakening the standards of the higher grades—I am not suggesting that for one moment. It does seem to me, however, that when a producer delivers grain with a little more than 20 per cent of number two wheat in it and that grain is going to feed livestock that the spread is too great or else the standard is not correct. What would your comment be on that?—A. First of all may I read the definition in the Act of mixed grain: No. 1 Canada Western Mixed Grain; composition, wheat and other cereal grains and/or wild oats, predominant kind of grain is wheat, excluded from any other established grade on account of mixture of other cereal grains, reasonably clean.

No. 2 Canada Western Mixed Grain; rye and other cereal grains and/or wild oats, with rye and predominating kind of grain and excluded from any other established grade on account of mixture of other cereal grains, reasonably clean.

No. 3 Canada Western Mixed Grain is barley and/or oats and other cereal grains and/or wild oats, predominating kind of grain barley and/or oats, excluded from other established grades on account of mixture of other cereal grains and wild oats, reasonably clean. Now, those are the standards that our Board have decided are the qualities these grades call for. They are statutory. I would suggest as statutory they can only be changed by Act of parliament. But I think our standards committee would be delighted to have from you a statement of your criticisms of these or any other grades because that is the type of thing we are looking for.

Q. I would be glad to do that. Is there some active consideration being given to the subject?—A. We are always studying it, but the board itself has no power to fix these standards.

Q. But you could make recommendations?—A. Yes. We do at times.

Q. I am coming back to it again. I do not think that the prevailing price for mixed grain when it is barley with wheat in it should be compared to barley with wild oats in it.—A. I agree with that.

*By Mr. Quelch:*

Q. There was a good deal of resentment when 222 was graded down to number three. I think one of the reasons was that Piebald was one of the weaknesses of that variety, but, on the other hand, there are many years when 222 is just as good in colour as Marquis. Therefore in these years, could not that wheat be graded on that basis provided the colour is good and providing there is no Piebald in it? In those years it could be graded number one.—A. Are you still speaking of red bobs?

Q. Yes.—A. All I can say to you is that we have to consider the opinion of the people who are buying our wheat and that was the view they expressed to us, that they did not want to buy anything other than number three grade. We canvassed that very carefully, and we went over to do that, and after that they bought the wheat, and we tried to make sure we sell them something as near as what they expect.

Mr. LARSON: I do not know if it is the proper time to go into this matter of the quality of feed grains, but—

Mr. WRIGHT: I had some other questions on the export markets.

The CHAIRMAN: Would you mind letting Mr. Wright go on with some questions on the export market, Mr. Larson.

Mr. LARSON: Is this the proper place to go into the matter of the standard of feed grain.

The WITNESS: We will give that information very gladly.

*By Mr. Wright:*

Q. I think every member of this committee who knows this business, and especially the western members agree that we want to protect our standards of grades that we ship overseas. What I am interested in, and what I would like to ask the commissioner is what inspection staff he keeps, say, at Montreal or Saint John or these other ports. The wheat board sell our grain at the head of the lakes, and a lot of it is graded down, and put in terminal elevators at Montreal and in some cases at Saint John. Have you a staff there that checks on the out-turn of the grades at these ports?—A. Do you mind if I ask Mr. Rayner to answer that?

Mr. RAYNER: The board maintains an inspection office at Montreal and also one at Toronto. The purpose of maintaining an inspection office at Montreal is to check the grain as it is loaded into the outgoing vessels. The grain that is loaded into the vessels is sampled by our samplers at Montreal.

Samples are brought up to the inspection office and checked to see that the grade of these samples still agrees with the grade on the inspector's certificate, at Fort William, which accompanies that grain. When it is loaded on board the certificate is attached to the bill of lading. During winter months shipment of grain is continued through Halifax and Saint John, and men are detached from the Montreal office and spend the whole winter in Halifax and Saint John carrying out the same duties.

The Montreal office also sends men from their staff to Sorel, Three Rivers and Quebec, when grain is being shipped from these points, and they continue to check the grain as it is loaded into the vessels to ensure it has not been mixed with grain of other grades and stands up to the certificate accompanying it.

Mr. WRIGHT: That takes place at Churchill and Prince Rupert?

Mr. RAYNER: At Churchill and Prince Rupert it is a little different. The Churchill grain is actually graded as it goes out. It is graded into the terminal elevators by the inspection staff, and that is the primary inspection of the grain going into Churchill. The grain going into Churchill is not passed through an inspection point, but goes straight through to Churchill. The grain is sampled from the railway cars, and graded by the inspector who informs the terminal operator in regard to what category or grade it is. When it goes out it is graded in the same way as at Fort William. The same thing happens at Prince Rupert, but the actual procedure at Fort William, Vancouver, Prince Rupert and Churchill is just the same with the exception of Churchill where the primary inspection has to be at Churchill. When it goes through there is no inspection on route. The grain going to Fort William is inspected at Winnipeg, and going to Vancouver it is inspected at Calgary and Edmonton, and the grain going to Prince Rupert is inspected at Edmonton.

Mr. WRIGHT: What are the duties of the inspection staff at Toronto?

Mr. RAYNER: The duty of the inspection staff at Toronto is to give inspection service as is requested by grain dealers or elevator operators in Toronto. It is all on a voluntary basis, but anyone interested in grain at Toronto who ship grains from or to Toronto can have it sampled by our inspection staff. Local Ontario wheat is shipped from western Ontario, and barley and flax to Toronto, and our people are available for anyone who wishes an inspection.

Mr. WRIGHT: Do they inspect the grain coming from the west which goes into feed grain in the east?

Mr. RAYNER: No they do not. In fact the Canada Grain Act provides in the eastern division that the inspector shall not re-inspect any grain that has been shipped from the western division through Fort William to eastern Canada.

Mr. ARGUE: What section of the Act is that?

The CHAIRMAN: Mr. Larson has a question.

Mr. LARSON: The eastern feeder is probably one of the best customers we have for western grain. What steps can the Board of Grain Commissioners take to ensure the wheat that is bought number 5 or some other grade in western Canada arrives at an eastern feeder as the same quality that the wheat board pays the western farmer for.

The WITNESS: I am not sure we can give them the service that they want, but when the grain leaves the terminal, it goes out under government inspection, and that carries through until it is taken in to perhaps a local elevator or some feed dealer down there who buys in carload lots. Subsequently he takes it into his house, and then re-sells it sometimes in boxes, and sometimes

in small truckloads, and so on, but once it goes into his house, we have no right of inspection from thereon.

*By Mr. Larson:*

Q. In other words the wheat that I sell as number five arrives in the hands of the eastern dealer as number 5?—A. That is right.

Q. The same wheat?—A. That is right.

Q. Would it require enabling legislation by the province or how could arrangements be made to protect the quality of the western grain as it arrives at the eastern feeder?—A. Our opinion, and this is arrived at after some consultation, is that it requires provincial action. The main reason I say that, is that some four or five years ago, we were approached by the Corn Growers of Western Ontario to see if we could make it compulsory to grade grain grown in Ontario, and going to someone in Ontario, but we have no jurisdiction over that at all. We suggested to them that the best thing they could do was to approach the provincial government, and see if they could set out some kind of marketing board which could exercise authority and regulate policy.

Q. If enabling legislation was set up in Ontario, Quebec or British Columbia as the case may be, could that inspection service be handled by the Board of Grain Commissioners, or is it something which would have to be handled by the provincial officials.—A. Well that is a little difficult. There are two or three factors that go into it. I suppose it is always possible to get a measure of co-operation between the provincial and federal authorities, but one of the problems we would have to face is the cost at the present time. I forget the number of points to which we send men out to try the grades, but we send them out from Chatham, for instance, out from Toronto, and so on, to quite a number of local points. Now, they pay for that. That is a voluntary service, but they are glad to have it in order to get government inspection. Now, whether or not you could extend that out further, I think, brings you up against the practical problem of the cost related to the service. If your cost gets too high, then perhaps the man who is wanting the service will decide to do without it. That is the problem we face there.

*By Mr. Quelch:*

Q. Those grades are standard across Canada, are they not?—A. You mean the grades we fix?

Q. Yes. Suppose that a purchaser of feed sent a sample in to you to be graded, a sample of some wheat that he purchased as No. 5, and then the report comes back to him that it is only a No. 6. Could the man that sold that grain be prosecuted for having sold No. 6 wheat as No. 5?—A. Let me understand clearly what you are getting at. Here is a dealer in Ontario. He has bought a carload of grain from the head of the Lakes, which is grade No. 5 wheat. He has grade No. 5 wheat in his possession. The wheat deteriorates for any one of a dozen reasons—he mixes it, or something else. If he still continues to sell that under a grade No. 5 certificate, he is violating the Canada Grain Act.

Q. How, then, does he sell it at the present time?—A. Does he not sell it under a certificate?—A. I imagine a farmer goes in to his place of business wanting to buy some feed grain, and they get together and they decide. The dealer might say, "This is some grade No. 5 wheat that I brought in from the west" and mutually they agree on a price. But if he sells that out of his house, stating and claiming that it is still a 5, or if he uses any of our forms to persuade his customer that it is a 5, and it is proven not to be a 5, then he is subject to prosecution.

Q. And if the purchaser demanded a certificate at the time of his purchase, the dealer would be subject to prosecution?—A. He gets a certificate; the certificate follows it.

Mr. LARSON: In other words, the eastern feed dealer buys grade No. 5 from a grain dealer. Can he take a sample of that No. 5 wheat and send it out to you in Winnipeg and if you tell him that it is a No. 6, then the grain dealer will be open to prosecution?

The WITNESS: If he violates the provisions of the Act.

*By Mr. Argue:*

Q. You said a moment ago that grain might deteriorate for any one of a dozen reasons. You do not ordinarily find a very large percentage of the wheat deteriorating from one grade into another, do you?—A. No.

Q. This, then, would be the exception to the general case? Generally, if he bought No. 5 it would be No. 5 when it was sold. There might be the odd case where it was tough wheat, but that would be the exception to the rule, so that perhaps if it were the law that when he said it was No. 5 wheat it had to be No. 5 wheat, there would be some instances when he would be breaking the law through no fault of his own.—A. I would say this in reply to your question, that if any dealer builds himself a reputation as a dishonest trader or dealer in feed, he would soon suffer the consequences.

Mr. WRIGHT: Section 38 of the Canada Grain Act reads as follows:

Except by order of the board no inspecting officer in the Eastern Division shall reinspect any western or other grain unless it is reported to have gone out of condition subsequent to its earlier inspection or to be likely to go out of condition.

Now, it indicates that this was an amendment or an addition to the Act in 1939. I wonder if you could review the reasons for that. It seems to me when you have inspectors in the east it might be advisable that they should be able to make these inspections, too.

Mr. RAYNER: My offhand recollection is that the amendment made in 1939 was the addition of six words placed at the beginning of the section: "Except by order of the board". I cannot swear to that, though. My recollection was that it was mandatory at that time—he could not do it—but in 1939 it was recommended that the board should have power to recommend it.

Mr. VALLANCE: I think, also, to be fair, that if that grain was shipped carrying a certificate and if anything happened to deteriorate that grain in shipment, then the recipient of the cargo has the right to challenge the grade of that cargo, and we look into that.

Mr. MAJOR: Coming back to your feed wheat. Let us suppose the dealer in eastern Canada selling this wheat buys a car of No. 5 or a car of feed wheat, and he has his inspection certificate. And then when he sells wheat he would just sell a bag or a ton of wheat at a price, and that is what the farmer would pay for here. Well, under your regulations could the dealer state the quality of the wheat that he sells on his invoice, on his purchase ticket? Could he state the number of the class of the wheat so that the farmer who purchased that wheat would know what he is buying at the time?

Mr. VALLANCE: You are getting back into provincial jurisdiction again. We cannot do it. I think you will find that all of your feed dealers are licensed by your provincial department and all the regulations governing them emanate from the provincial departments.

Mr. DINSDALE: On page 27, I notice in Appendix B, the Committee on Western Grain Standards, 1952, and the Committee on Eastern Grain Standards, 1952. What part do they play in this grading problem, if any?

The WITNESS: Do you mean both standards boards, or just the eastern? Well, for the purposes of administering the Canada Grain Act, the country is divided into two sections; west of the Great Lakes is known as the western section, and from there to the east is the eastern section, and we have a Western Standards Board for the west and an Eastern Standards Board for the east. Both boards perform the same function, the one in western Canada and the one in eastern Canada.

Mr. HELME: But the standards are the same?

The WITNESS: Yes, the standards are the same.

Mr. ARGUE: On the make-up of your Grain Appeal Tribunals, how many of these names listed at Winnipeg are necessary in order to make a decision? I do not suppose they all have to meet? The list of names is on page 28 of your report. How many constitute a quorum or a committee on this appeal board?

Mr. RAYNER: It is laid down that a quorum shall consist of a chairman and two members. We have an appeal tribunal of three to sit on each sample.

Mr. ARGUE: That boils down, then, to a tribunal of three?

Mr. RAYNER: Yes. The chairman picks out two members. The reason you have such a large number of people on this list is that these members all work for grain firms or co-operatives—at least most of them do—and you are very careful to see that you get a man on your tribunal who is not interested in the grain to be placed before the tribunal on appeal. For instance, if it is a sample from the United Grain Growers, then you make sure that you do not get a representative from the United Grain Growers Association; if it is a sample sent in by a pool, then you want to make sure that you do not get a pool member on that board.

Mr. WRIGHT: I am going to make a suggestion with regard to this. On each one of these appeal boards is one of the people from the inspection department. Would it not be advisable to have on each one of these appeal boards a member of your Western Grain Standards Board who set the standards? They would know better than anybody else whether the sample was according to the certifications that they had set up. It seemed to me that it is worthy of consideration that at least one of the men on the appeal board should be a member, or should be chosen from the committee on western grain standards.

The CHAIRMAN: The chairman is.

Mr. WRIGHT: But he is an official, he is not a farmer. I am speaking of the representative of the farmers.

Mr. VALLANCE: When he is judging an appeal, he takes the same standard as the individual; I mean the same standards set up as the individual had when he graded it first. And if he disagrees with the decision, either that he was too high or too low, he so declares it, but he bases it on the statutory definition.

Mr. WRIGHT: It is the matter of appeal. I am thinking not of the statutory grades but of the grades set up by the special western grain standards committee.

Mr. VALLANCE: Again, the same thing would apply. No matter what the grade is, the standard he grades it at is the same that both of them use, whether inspecting directly or in the appeal branch.

Mr. ARGUE: There are people who judge whether some grade comes up to the special standards. I think a suggestion was made that on an appeal you should have one or two producer members from the Western Grain Standards Board, because that person is the person who is helping to set the

standards. That does not mean that he should know more than anybody else does about the standards, but he might.

Mr. VALLANCE: I think the trouble is geographic, in order to get them in.

Mr. WRIGHT: You have them here from the three provinces, on the Western Grain Standards Board, and you also have them from the western provinces on the Grain Appeal Tribunals.

The WITNESS: There is a little bit more urgency in connection with a decision from the Appeal Tribunal because you might have a car waiting upon that decision; whereas your grain standards take considerable time and usually do so in considering the whole proposition. So we like to have an appeal board that can be brought together very promptly to deal quickly with samples that come in for appeal.

The CHAIRMAN: Shall we now go on to "Storage of foreign grain for re-shipment from Canada" on page 11? Does this section carry?

Carried.

"Weighing of grain"?

*By Mr. Wright:*

Q. Have you the figures ready at the present time with regard to the amount of foreign grain stored in Canada?—A. I have not got the figures but if my memory serves me correctly, there is very very little. I would not say positively that there was not a little in the eastern division. There is an elevator at Walkerville which has some, but relatively a very small quantity. And while I am speaking about that, may I simply express—as one individual who has been very much concerned with the problem we have had to face in the last couple of years in dealing with our damp grain particularly,—my appreciation of the wonderful co-operation we got from the Americans at Buffalo and Duluth in making their drying facilities available to us. We dried very substantial quantities of grain there and they allowed us to use all those drying facilities, knowing at the same time that we would not accept their grain for storage in Canada. But apart from that, as the public, we are not concerned with this problem but I would like to declare publicly our appreciation of the co-operation we got from the United States government.

The CHAIRMAN: Shall we now pass on to "Weighing of grain"?

Mr. VALLANCE: For the sake of the record, might I say that it was not at Detroit. It was Buffalo.

The CHAIRMAN: "Weighing of grain"?

Carried.

"Assistant commissioners"?

Mr. ARGUE: I do not know if this is the place to raise this subject, and if it is not, you will kindly stop me, but I wanted to inquire into one or two of the investigations made that have been referred to at other times.

The CHAIRMAN: We will deal with them later, but I want to bring it up myself.

Mr. ARGUE: At some other stage?

The CHAIRMAN: Yes, later on. Has anyone got any questions on "Weighing of grain"? Or on "Assistant commissioners"?

*By Mr. Wright:*

Q. It is indicated that in the 1952 calendar year a total of 129 cases were investigated as against 118 for the previous year. These are investiga-



tions, I judge, which took place as a result of direct complaints being laid by the growers?—A. That is right.

Q. Have you any indication of the number of complaints that have been laid this year to date?—A. You mean since?

Q. In 1953?—A. No, we have not yet.

Q. You have not yet. You stated at an earlier stage that there were more complaints because of the tremendous number of grades of tough, damp, and everything during 1952, but it would appear from this that in 1951 the same position existed, I suggest, to a certain extent. And I was just wondering this year with the better crop that was harvested, whether you were getting the same number of complaints or not?—A. I think we are, but for different reasons. Most of the complaints coming in in the last few months are under the next section which we will discuss, the "Car order book".

The CHAIRMAN: Shall we pass on?

Mr. ARGUE: You may have it listed at some other place, but what was the disposition of those complaints? Is that the same one that was referred to at a page further on?

The CHAIRMAN: Shall we go on to page 12, "Car order book"?

*By Mr. Wright:*

Q. I would like the chief commissioner to tell us if he is satisfied with the working of the car order book at the present time? I mean there is a tremendous lot of complaints in the country with regard to the car order book. That is, I know in my own town for instance we did not have the car order book last year and we got fairly good service on cars. The next town had the car order book and they did not get nearly as good a service of cars as we got. This year the condition was reversed. They discarded the car order book and in our town they put it into effect and exactly the opposite happened. They got all the cars and we got what was left over. That does not make sense to me. There is discrimination somewhere. It must be on the part of the railway company. I am sure that you have got complaints with regard to the car order book and I would like your comments on them. The car order book was put into effect for a certain purpose, that is, when the farmers themselves were delivering grain, quite often they did it over the platform and it was to give them the right to get a car as opposed to an elevator company; while today as farmers we do not just load grain over the platform to anywhere near the same extent that we did at one time, and we prefer to use in some cases what we consider our own elevator company and we think that we should have the same rights to get a car for that elevator company as we had to get a car at the platform. Now I would like to hear your comments on it, and if you do not think it is time that there was some change made in this respect because the quota system under which we are operating today makes the car order book rather difficult to operate and this quota system, I am sure, is going to last.—A. For at least another year.

Q. For at least another year and probably will always be in effect because I think it is of value in the delivering of grain.—A. My only comment would be this: Broadly speaking I think the car order book is working out reasonably well; but let me preface that by saying that most of the trouble we experience or most of the complaints we get are coming from the province of Saskatchewan. In Manitoba the car order book is in use at a very very limited number of places. I could not tell you just how many. I do not recall a single complaint coming in from Alberta. We do know there is considerable dissatisfaction in Saskatchewan and certain proposals have been made to us but when we come

to examine those proposals, it does not seem that they would remedy the situation particularly because I say this without any question of doubt in my own mind, that it is very essential that the provisions of the car order book be retained in the Canada Grain Act. Of course I have been accused of using the word "the magna charta of the farmer" several times, but nevertheless I regard that provision as basic in the interests of the farmer. I would not like to say anything that might have the effect even of partially upsetting or interfering with the operation of the car order book.

Q. How can it be basic if it does not operate? I do not think it is nearly as big today as it was.—A. I do not know what your position is today. I would not presume to discuss it because I do not know it, but I do know this, that the Wheat Board has on occasion given orders to certain elevator companies and grain companies for delivery of certain quantities of grain for milling purposes to the mills. Sometimes these companies are ordering grain out of one point for that purpose without distributing too carefully among their own elevator points, and the next point might not get any of those cars. I am not saying that this applies to your point because I do not know. I do know that it happened at a number of places. The Wheat Board orders wheat of a certain quality, or perhaps malting barley or something of that kind; it is done sometimes as priority consideration in the distribution of cars. None of those things may apply to your point.

Q. I do not think they do because they were both on the same railway.—A. It does not make any difference.

Q. The same quality of grain was in the elevators.—A. Your elevator manager—I am not going to say any firm, because I do not know your firm—your elevator manager might decide that that order for so many cars of millable wheat for delivery at some mill in Canada would go to some point out in the country.

Mr. HELME: I wonder if Mr. Wright would know how many names were on this car order book at the point he mentioned at the particular time?

Mr. WRIGHT: I did not count them, but I imagine there would be nine or ten names.

Mr. HELME: My experience with the car order book is that the book is all right but the abuse is wrong. I would not have been surprised if you had said there were 109.

*By Mr. Argue:*

Q. What are the main criticisms you get to the car order book system?—A. Perhaps the most important—Mr. Vallance has been giving his special attention to the consideration of the car order book and I will ask him to check me—but perhaps one of the biggest troubles with it, the biggest violation of the provisions of the car order book, is in the elevator company who has a car placed in that elevator for a customer who has, say, 1,400 bushels in his elevator. The elevator company decides to ship 1,800 bushels. Now, that is a contravention of the car order book, and frankly we have had quite a lot of trouble with that type of thing.

Q. Who would make that complaint?—A. Generally the opposing elevator, the competitor.

Q. The farmer would not.

Mr. VALLANCE: I suggest that you should turn to regulation 18, subsection 6:

The manager or operator of a country elevator loading grain into a railway car supplied on the application of any person or persons other than the said manager or operator shall not load into such car any

grain other than the grain, or a like quantity, kind and grade, delivered by such person or persons.

Now, what has happened, as Mr. McKenzie said, is that the farmer may have 1,500 bushels that he has delivered in the elevator and then his car is placed there. They put that in and then the company itself, the operator, will load the car to capacity—they are being watched very carefully—and then comes a complaint that this fellow has been doing that and we have been notified of those violations, and this year you will find that the investigations we made have been largely as a result of the violations of subsection 6 of regulation 18 which deals with country elevators.

Mr. QUELCH: On what basis are cars allocated as between elevators at any given point where there is not a car order book? I know a number of points where apparently they were allocated on the basis of the storage capacity of the elevators. The trouble is that if 70 per cent of the farmers desire to deliver their wheat to any one elevator and that elevator has not got the cars they have to take their wheat to the other elevator. It does seem to me that the allocation of cars should be on the basis of the amount of wheat that the farmers want to deliver to a specific elevator, to any one elevator. There is no provision for that.

Mr. VALLANCE: At the present time there is not. If it is reported to us that there is discrimination in the placing of cars we may jack the railways up and say, "You are delivering too many cars here and too many cars there," but once they are delivered we have no jurisdiction over whether I shall get them or Mr. Rayner shall get them or Mr. MacKenzie shall get them—we have no control over that. If there is discrimination on the branch lines or on the main line or any line of the railway, if there are more cars going into Medicine Hat than into Lethbridge, we can take it up with the railway and ask them why.

Mr. QUELCH: The allocation at any one point is arrived at in a discussion between the elevator agent and the railway agent.

Mr. VALLANCE: Where there is no car order book.

Mr. ARGUE: Is it not true that where you do not have the car order book system in effect that by and large the allocation of box cars is the prerogative of the railway company or the agent? They do do it in some points in cooperation with the elevator agents, but the elevator agents have no right, as I understand it, to demand a certain percentage of cars?

Mr. VALLANCE: That is right.

Mr. ARGUE: I certainly would like to see the control over box cars extended down to the point of allocating them among elevator companies at a point, because Mr. Quelch says we all know it is true that at a great many points you will have three-quarters of the farmers who want to deliver their grain to a certain elevator and that elevator may be very fortunate in getting half of those cars, and a third of its customers then are forced right over to somebody else.

Mr. VALLANCE: As the Act now stands we have no jurisdiction to do that. Until the Act is changed, if it is changed, we simply cannot do anything about it.

Mr. ARGUE: I would like you to think about that and, perhaps, whisper it to the minister.

The CHAIRMAN: Might I suggest that a change in the personnel, as far as the agent at a given point is concerned, may change the demand for cars from one year to another, or from one month to another?

Mr. VALLANCE: Do you mean the elevator operator? I think the elevator operator is quite a factor. I also do think—

Mr. JUTRAS: The elevator operator and the railway agent.

Mr. VALLANCE: And the companies.

The CHAIRMAN: What I mean to say is this: this coming season probably in a given point the elevator agent for one company there might, if the cars were allocated according to his demand and the patronage that he receives—he might want 70 per cent of the cars; next year with a change of agent in that town it might be reversed.

Mr. QUELCH: They could change the allocation of the cars then.

Mr. ARGUE: The way the cars are allocated I think it is a statement of fact to say that the farmers' own elevator companies are the ones to suffer, if the farmers want to deliver to their elevator company and the elevator company is not getting the cars. Do you know if any consideration has been given to this type of arrangement, something along this line—and even though I may err on a spot or two I know what I am driving at—the elevator agents at each marketing point would daily make, as I think they now do, a report of their purchases for that day, and on the basis of the business done for that day the box cars would be allocated. I believe that is the suggestion advanced by some people in the grain business.

Mr. VALLANCE: I think part of that is being done now. Every local elevator operator is supposed to report to his station agent every night as to how much he took in that day.

Mr. ARGUE: The report is for the Wheat Board.

Mr. VALLANCE: Now, what you want to know is: should not that be the basis of delivery of cars to the various elevators at a particular point?

Mr. ARGUE: I am suggesting that.

Mr. VALLANCE: We have not got the power to do that. We cannot go in and distribute the cars within any given points.

Mr. ARGUE: Has consideration been given to that as a method of solving this problem? I am suggesting that, yes.

Mr. VALLANCE: We have not got the power to do that.

Mr. ARGUE: But has consideration been given to that as a method of solving this problem.

Mr. VALLANCE: I do not think you will solve your car book order problem, but you will solve the problem that you have brought up, and that is, if you have an elevator where the farmers themselves have money invested in it, and you have say 70 per cent of these farmers, if that is possible, to ship out as fast as it is taken in.

Mr. ARGUE: Exactly.

Mr. VALLANCE: But would it be possible to do that?

Mr. ARGUE: What if the two elevators got plugged? If the one elevator got 70 per cent of the cars, it would be plugged, because 70 per cent of the farmers would haul to that elevator.

Mr. VALLANCE: That is what would happen.

Mr. ARGUE: Just one question on the car order book. I think the car order book is beginning to work out better than it has in the past. I am interested in this, because what happens to the small farmer, the man who has got 100 acres of wheat and three bushel quoted. Could you explain to me how he gets a car when he can only fill about 10 per cent of it?

Mr. VALLANCE: He would have to do as set out in the Act. Three or four of them can get together and load a car between them. They can get together to do that and there is nothing to stop them.

Mr. ARGUE: What are the mechanics of that?

Mr. VALLANCE: The mechanics of it is this, that if they make an application jointly at the very beginning—it is in section 62 which reads: "The railway agent at any shipping point shall, upon the request of any person or persons who have grown or who own any grain which he or they desire to ship, or upon request of any person resident at such point who produces to and deposits with the railway agent written authority from any such person or persons authorizing him to act on his or their behalf". In other words the group can go—

Mr. ARGUE: I understand that, but to get your group together, to get them to make a collective decision, it is sometimes a little difficult. I am wondering if the elevator man could not have a copy of the regular car order book form in the elevator company, and as the farmers come in he could sign for 100 bushels or 200 to be shipped on a car that he subsequently will order, and that could be listed and signed in the car order book, and finally the last man who would fill the car could go in and order on behalf of the group.

Mr. VALLANCE: In other words you would like a group of farmers to deliver to a point and then get a carload and ship it co-operatively.

Mr. ARGUE: If it is of the same grade of grain.

Mr. VALLANCE: I think it is a practical thing to do, but—

Mr. ARGUE: The farmer would have to find 9 other small farmers to go into a station and order a car. It is difficult but if the grain is delivered to the elevator company, and you have the form signed, then finally the last man can take it to the agent and file and there it is.

Mr. VALLANCE: You and I could talk a long time on this, but there are objections to it. I would like to discuss it with you without going on record.

The CHAIRMAN: Supplementary storage?

Mr. HELME: I want to pose a question on the car order book. I could see a situation for instance where the elevator that I have in my own town where the available space is filled right up, and I have not got a bushel of grain in that elevator, and a car is made available for me at the elevator. What happens to that car?

Mr. VALLANCE: It goes to the next one on the list.

The CHAIRMAN: Supplementary storage, page 12 carried?

Mr. WRIGHT: Mr. Chairman, with regard to supplementary storage, I think it is becoming more and more evident that we may need a considerable amount of supplementary storage. Is there anything the Board of Grain Commissioners can do to assist at this time in letting people know and the companies know, and assist companies in obtaining supplementary storage space for this fall.

The WITNESS: I do not know there is anything we can do to assist them because we do not know where the storage is, and I do not know the situation at a given point. When an application comes to us for licensing supplementary storage, we consider it very very sympathetically, and the only restriction we put on it, is that it must be inspected by an assistant grain commissioner in order to see it is in reasonable shape.

Mr. ARGUE: What do they use for supplementary storage. Is it an empty town hall?

The WITNESS: It may be a town hall, or a stable or a skating rink.

Mr. ARGUE: Could you not have farmers build some of their storage at the elevator site or near there, and have that listed as an off-site storage. It would increase the elevator storage.

Mr. VALLANCE: They must be licensees of the board.

Mr. ARGUE: I understand that.

Mr. VALLANCE: But the farmer is not a licensee of the board. If he built a storage we could not recommend that he would get it as auxiliary or off-site storage. It must be licensed by the board before he can get it. Let us take the case of Mossbank where you have a great big off-site storage. We have never refused any private building if they are the right and proper buildings to store Canada's grain.

The CHAIRMAN: Shipping permit number 100. Shall that carry?  
Carried.

The CHAIRMAN: Grain drying?

Mr. HARRISON: On permit number 100, I found out it operated very well in parts of my own riding, during the time we had wet grain in 1951. It operated to the detriment of those who had dryer grain, and I would like to pay tribute to the transport controller Roy Milner. Under this same shipping order he gave me every co-operation in moving great amounts of wet and tough grain in the constituency of Meadow Lake. As a matter of fact, I spent 6 weeks on the road during the winter interviewing elevator agents so I could give him a proper picture, and naturally when you could not, you did not get any more co-operation than the situation warranted, but in all cases where I was able to present him a valid case, he came through in a big way. In some cases we had as high as four to five trainloads a week up one line just to move the grain, and even a special train going up on Sundays, and it was all due to his efforts, and I would like to pay tribute to him. He saved the people in my riding a lot of money.

The CHAIRMAN: Shipping permit number 100 carried?  
Carried.

The CHAIRMAN: Grain drying. Carried?

*By Mr. Wright:*

Q. What were the shortages listed with regard to grain drying. What is the position say where much of this natural drying takes place in country elevators, but most of it in terminal elevators. Is there any record of what took place in country elevators?—A. There is no record of what happened in country elevators at all.

*By Mr. Argue:*

Q. I would like this point dealt with. What is your opinion of the contention that overages must be a good deal higher than the official figures show because of the fact that grain will lose a lot when dried artificially, and when 122½ million bushels of grain are dried artificially there should have been shown a substantial shortage.—A. Well, I think under normal average conditions they will work out about as expected, but when you come to storing damp grain or tough gain in the winter months and you move it out before the weather warms up, then I don't think you get the expected shrinkage in weight because there has not been the degree of evaporation.

Q. I was asking about the reduction in weight as the result of artificial drying. You would get a reduction in weight because you are drying off moisture.—A. Yes, but I think this is fair to say—and I only express it as a matter of opinion—that very often wheat that is carrying, say, 15 to 15½ per cent moisture is purchased for the very purpose of using it for natural drying. I think very frequently they are willing to pay a premium, or, in the case of a country elevator, they might be willing to grade just a little better for that reason.

Q. I think you missed my point. It says here on this page: "A total of 122.5 million bushels of tough and damp wheat, oats, barley, rye and flax were

dried artificially..." Now, if they took out five per cent moisture, that is one-twentieth loss in weight, and is equivalent to six million bushels. That is a shortage. Why don't those shortages show up in the record?

Mr. VALLANCE: For the sake of illustration, let us go into your own country and under your own farming conditions, which are similar to mine. Last spring, I believe, you like the rest of us had swath grain that lay out all winter. In the phenomenally high temperatures that we had in the spring, we threshed grain that had eleven per cent moisture. That was in great demand. Now, that made sixty pounds of dry wheat carrying eleven per cent moisture, which would take a sixteen per cent or better moisture, which is still tough, and mixed it, and the moisture was not lost but was absorbed by the eleven per cent grade.

Mr. ARGUE: But I am still back to my point that 122.5 million bushels were dried by artificial dryers, that is, machinery drying, and with machinery drying it is natural that there should be a loss in weight. What you are referring to is natural drying. All I am asking is why there was not a substantial shortage shown as the result of artificial drying, not natural drying. Or was there?

Mr. VALLANCE: I have an answer for it. The only thing that I can say is this. Out of that 122.5 million that was tough and dried artificially, they don't tell you just how much it was dried down to. Now, you are assuming, and maybe you are right, that it was brought lower than that, but say it was brought down to 14.5, which is dry grain. Suppose they just dried it down to tough and used it again for natural drying.

Mr. ARGUE: Well, all of this 122.5 million bushels was dried at least at one stage, because it says it was either tough or damp. It says it was dried by artificial means. I take it without any further explanation that it was brought down to dry. Well, you people—I do not have to tell you this, you know it as well as I do, that in a year like this when finally an overage shows up instead of a shortage, naturally the assumption is that in addition to the overage that appears there must have been a greater overage still, because it was sufficient not only to make a net overage but to take up the amount of loss of weight by artificial drying.

Mr. VALLANCE: Mr. Rayner has something to say on that.

Mr. RAYNER: When the grain is artificially dried at the terminal elevator, they adjust the warehouse receipts after the drying is completed. They surrender them for cancellation. Suppose you dry 10,000 bushels. They surrender for cancellation warehouse receipts for 10,000 bushels of tough or damp grain, but if it has been dried, they have not got 10,000 bushels, but they are only permitted to register the amount that is left after drying. They may have 9,900 bushels. There are 100 bushels lost and that is shown through the records as a loss, so actually the terminal records show instead of having in store 10,000 bushels of tough or damp grain they now have in store 9,900 bushels of dry grain. That loss has already been written out of the records. When you come to the audit you take what the records show they should have, and that is where you get your overages. If you had left that figure at 10,000 bushels, that point would be right, they would show a bigger shortage. See my point? As they go along drying, they cancel out that loss and it is shown, to all intents and purposes, as something that has gone out of the elevator. There is that 100 or 1,000 bushels of wheat gone out in moisture, and that is being done all the time. It is a loss to the terminal. In place of the 10,000 bushels of tough or damp, you have 9,900 bushels of dry, but that is as good value as the 10,000 bushels of tough and damp, so in money he has not lost anything, but he has lost weight, of course.

Mr. ARGUE: Where in the records does it show a loss of weight as the result of drying—that is, where does it show in the public records that we see?

Mr. RAYNER: You do not see them, no.

Mr. ARGUE: Well, I think that there is the point. There is a net overage. In addition to that there is all this loss from drying and the overage must have been, in fact, a greater overage because of that.

Mr. VALLANCE: In the registration branch they have got to cancel the certificate. Now, as Mr. Rayner says, they have only got 9,900 out of every 10,000 bushels. They have got to cancel the 10,000-bushel certificate and take out a certificate for 9,900 bushels, and it won't show.

Mr. WRIGHT: Well, I have got participation certificates for that 100 bushels that disappeared.

Mr. VALLANCE: I know you have.

Mr. WRIGHT: And I have got to be paid for it.

Mr. ARGUE: But even though it disappeared, the Wheat Board shows a surplus. If it disappeared the annual Wheat Board report shows a surplus, even though it shows that way in the records of the terminal, because that is the way they kept their books, but when it comes out in the Wheat Board report, even after drying it is still a net overage.

The CHAIRMAN: Shall we pass on to the next item?

*By Mr. Wright:*

Q. I believe the chairman of the Wheat Board stated sometime ago that the terminals paid a premium to the Wheat Board for wheat that could be used for natural drying. What was that premium?—A. I do not know.

Q. I have never seen any record of it.—A. We do not know, but we do know as a matter of fact that is their practice. What the spread is between straight and tough, I think, runs around three cents.

Mr. VALLANCE: When you sold, Mr. Wright, what was the difference between tough and straight, and straight and damp?

Mr. WRIGHT: Well, now, I couldn't give it to you. It is usually—

Mr. WILEY: What is this, Mr. Chairman, a private conference?

*By Mr. Wright:*

Q. It is usually 5, and 9 cents, or 4 and 12. What I was getting at was this: The chairman made a statement that there was a premium paid, and I wanted to get what that premium was.—A. If my memory serves me correctly, the spread between the tough and the straight grade is 3 cents. My information is, in discussing it with Mr. McIvor, that the profit made by buying wheat in for natural drying is probably spread between the elevator company and the wheat Board. Now, how much and what percentage, I cannot tell you. This was a statement made to me.

Q. That is something you would have to get from the wheat board—A. Yes, quite.

The CHAIRMAN: Shall we now pass on to "Elevator charges"? Shall "Grain drying" carry?

Carried.

"Elevator charges"?

Mr. ARGUE: What are elevator charges?

Mr. VALLANCE: Will you look at the blue book I gave you. Never mind asking this stuff.

The WITNESS: Elevator charges are charges for elevating grain, cleaning it, and so on.



*By Mr. Argue:*

Q. That does not mean elevator handling charges, or does it?—A. Yes, partly and when you say elevator handling charges, do you mean the elevation of the grain into the elevator?

Q. This is not the full amount of money which the elevator gets for handling my grain under that heading of elevator charges. You do not list them all. What does the elevator company get for handling my grain?—A. Oh, in handling grain I cannot tell you. That is an agreement between the Wheat Board and the Elevator company. We do not know that. We can give you the tariffs for handling for the elevator, the process of physical handling of the grain, but we do not know what the working agreement is between the elevator company and the wheat board.

Q. The elevator company gets paid actually under two authorities. One under your authority and the other, some further amount, from the Canadian Wheat Board.

Mr. VALLANCE: 20, 21, and 22 will give the rates they are paid on all charges.

Mr. HELME: Those elevator charges refer only to terminal elevators?

The WITNESS: No, to country and terminal elevators.

Mr. ARGUE: What are the country elevators paid? I have not got a book?

Mr. RAYNER: You will see on page 35, towards the bottom of the page.

Mr. ARGUE: Yes, but if I read it, it does not get on the record unless I read it out loud. Will you just give it?

Mr. RAYNER: Elevation charges at country elevators include "receiving, elevating, spouting, storing and insurance against fire for the first 15 days, and delivering into railway cars, or other conveyances.

Wheat, barley, rye and corn— $2\frac{3}{8}$  cents per bushel.

Oats— $2\frac{1}{8}$  cents per bushel.

Flax— $4\frac{3}{4}$  cents per bushel.

Sunflower seed— $6\frac{1}{2}$  cents per hundred pounds."

Mr. ARGUE: That is  $2\frac{3}{8}$  cents per bushel for wheat?

Mr. RAYNER: That is right, for wheat, barley, rye and corn.

Mr. ARGUE: What does the elevator company receive in addition to that, if anything?

Mr. RAYNER: They do not receive anything, only he gets storage.

Mr. ARGUE: You have listed that one?

Mr. RAYNER: Yes.

Mr. ARGUE: That is the total amount which the elevator is paid under the regulations for the business they do at the local elevator?

Mr. RAYNER: Yes.

The CHAIRMAN: Shall that item carry?

Mr. DINSDALE: Would diversion charges come under this classification?

The CHAIRMAN: No, not under this one.

*By Mr. Argue:*

Q. Do these rates that are being paid, on the basis of your present experience with the elevator charges, seem sufficient to cover the work which the elevator is doing?—A. The elevators say not, but we say they do.

Q. And you are sure of that opinion?—A. We have to review this one this summer and I am going to wait until the evidence is produced before I give you my final judgment.

Q. I hope you do.

The CHAIRMAN: Shall the item carry?

Carried.

"Regulations of the Board"?

Carried.

"Lake freight rates"?

*By Mr. Wright:*

Q. Can you tell us what the maximum lake freight rates were which were established under order 19 of February 5, 1951, and if they are still in effect?—A. The answer to the second part of your question, Mr. Wright, is yes.

Q. You say they are still in effect?—A. I have not got the details of them.

Mr. RAYNER: "Order No. 19, dated February 5, 1951, established new maximum rates for carrying grain by lake and river navigation from Fort William and Port Arthur to the following ports: To Georgian Bay ports, Goderich, Sarnia and Walkerville: Wheat and rye, 5½ cents per bushel; barley, 5¼ cents per bushel; oats, 5 cents per bushel. To Port Colborne: Wheat and rye, 7½ cents per bushel; barley, 7¼ cents per bushel; oats, 6¾ cents per bushel. To Toronto: wheat and rye, 8 cents per bushel; barley, 7½ cents per bushel; oats 7¼ cents per bushel. To Kingston: wheat and rye, 8¾ cents per bushel; barley, 8¼ cents per bushel; oats, 8 cents per bushel. To Prescott: wheat and rye, 9 cents per bushel; barley 8½ cents per bushel; oats 8¼ cents per bushel. To Montreal, Sorel, Three Rivers and Quebec City, direct or transferred at Intermediate points: wheat and rye, 16 cents per bushel; barley 15¼ cents per bushel; oats, 14 cents per bushel. These maximum rates are increased in each instance by 2 cents per bushel for tonnage loaded during the month of December, 1951."

The CHAIRMAN: Shall the item carry? Shall "Lake freight rates" carry?

Carried.

"Audit of stocks—Terminal and Eastern elevators"? Shall the item carry?

Carried.

"Canadian Government elevators"? Shall that item carry?

Carried.

"Committees on grain standards"? Shall the item carry?

Carried.

"Wheat bonus"? Shall the item carry?

Carried.

"Prairie Farm Assistance Act"? Shall the item carry?

Carried.

"Personnel and organization"? Shall the item carry?

Carried.

"Transport controller"? Shall the item carry?

Mr. WRIGHT: Mr. Chairman, on the matter of the "Transport Controller" I would agree with Mr. Harrison that Mr. Milner has done a very good job as transport controller. At least every time I have had to bring anything

to his attention it has been attended to in a manner which was quite satisfactory and quite promptly. But the fact is that now Mr. Milner is likely to continue to be transport controller for a considerable time, and in the meantime you lose his services as a member of the Board of Grain Commissioners. It seems to me that Mr. Milner is in his proper place as transport controller. I think he has done a good job. But I am not so sure that he is in his proper place as a member of the Board of Grain Commissioners.

The Board of Grain Commissioners is, as has been said, set up for the protection of the farmer and I agree with you that in the protection of the farmer, the authority which it has to use is part of his protection. But I just cannot agree that Mr. Milner is perhaps as interested in the producers at heart to the same extent as a man might be who was chosen by a farm organization to be a representative on the board. Quite frankly I do not think he is. He is something like the weasel in the chicken coup. He is interested in the chickens but he is interested in the chickens for what he can get out of them.

Mr. JUTRAS: I do not think that is a right thing to say.

Mr. WRIGHT: I still think that Mr. Milner is a representative of the grain trade rather than a representative of the producers.

Mr. WARD: I do not think there is anyone else who will believe that.

Mr. WRIGHT: Perhaps not, but there is an awful lot of producers who do believe it nevertheless, and I have been present when this opinion has been expressed to me by a great many producers, that the interests of the producers would be better served by another man on the Board of Grain Commissioners than Mr. Milner. As I have said, Mr. Milner is a competent man and he has done a good job where he is, but I do not think he is in his proper place as a member of the Board of Grain Commissioners.

If you look at the Board of Grain Commissioners over the years, I believe the man Mr. Milner replaced was a Mr. Hamilton who was on the board for a number of years from Saskatchewan.

Mr. VALLANCE: No. It was Dr. McGibbon that he replaced.

Mr. WRIGHT: Mr. Hamilton was on the board from Saskatchewan for a number of years and you replaced Mr. Hamilton. I am expressing that opinion because it has been expressed to me by a great many people. I certainly feel that the Board of Grain Commissioners should be brought up to their full strength because Mr. Milner is going to be employed as transport controller. He is doing a good job as transport controller but he cannot do a good job in two places.

Mr. MAJOR: I am not just quite clear, Mr. Wright, and I wish you would help me clear up my mind by giving me a few of the reasons which you have in your mind why he is not in his right place.

Mr. WRIGHT: I say that he is in his right place now as transport controller and that he is doing a very good job, but that he cannot do a good job in two places.

Mr. MAJOR: You also said something about chickens. I have a lot at home but not that kind of chickens.

Mr. ARGUE: On that question, I think what is in the back of a lot of persons minds is this: Never mind the person's name, but here is a man who came out of the grain trade but not out of a farm organization, a man from the private grain trade, and the feeling is rightly or wrongly that his sympathy with the private grain trade has continued in that connection.

Mr. QUELCH: His very attitude in this committee last year would leave that impression. When several of us made statements based on what we knew were facts he claimed they were ridiculous and he had the nerve to say to the

committee they were ridiculous. When a man adopts an attitude of that kind in the committee he is not going to get the confidence of the members.

The WITNESS: I regret very much to hear the aspersions that have been thrown at Mr. Milner. I want to say to you that after nearly three years experience with him that his services to our board have been and still are invaluable. Mr. Milner sits in with us on nearly every occasion when we have major problems coming up. We will have an occasion next week to sit down to discuss the movement of grain across the Great Lakes, a matter that is of exceedingly great importance to agriculture. It would be pretty hard to find an actual farmer who could bring to the board the detail and quantity of information that is thoroughly reliable and expert that a man with the background of Mr. Milner has brought to us. I suggested to you this morning that the question of the machinery through which grain moves to the ultimate market is a matter of real concern to the producer. When it comes to a matter of determining our tariffs there is nobody I know of who is more competent to check the valuation that is raised and discuss it at such a time than Mr. Milner is. I would be delighted if you could get him back to us right away.

We have had a strike at the westcoast. I do not know how much the effect of that strike is going to weigh on the farmers of Alberta and western Saskatchewan, but they have been carrying a very heavy load, and Mr. Milner has been out there. I do not know what part he took in the negotiation of the agreement but the agreement has been negotiated and I think Mr. Milner can claim considerable credit for it. He brought to that conference and that discussion a fund of information. And let me tell you this: I am not at all sure that the so-called private grain trade he is supposed to be affiliated with is particularly happy about the decision arrived at there. When you say that Mr. Milner has not got the interests of the producer at heart I have to tell you in all sincerity I believe he has. I know Mr. Milner very well. He has worked with me for about three years and in that time I have learned to value his judgment on these matters, his honesty, and his integrity. His sole purpose is to create in Canada the most efficient marketing machinery we have got in this country. Frankly I am sorry to have heard the suggestion that has been made. I can understand the feelings of course. Unfortunately, there are a lot of people who think that a man who has been associated with the trade for some considerable time is tarred for all time to come and has lost all sense of justice. That is not true of Mr. Milner. I realize he has done an enormous job for Canada when you think of the volume of grain that has been moved. Somebody spoke about the volume he moved out of his area. That is the type of service Mr. Milner has done. Why did he do that? He knew of the conditions the producers in that area were suffering from and he did not hesitate to take the appropriate action to bring relief to them and I think, ladies and gentlemen, in spite of any fears you may have respecting him—any doubts you may have in your mind about him—I want to say I personally have the utmost confidence in his honesty, his integrity, and his desire to do that which is in the interests of western Canada.

Mr. VALLANCE: There is one thing I would like to say. I agree with everything the chief commissioner has said, but I would like also to draw to the attention of the committee, Mr. Chairman, that section 7 of the Act is the oath of office and knowing Mr. Milner as I do I know he would not take this oath if he did not intend and could not carry it out, and I endorse 100 per cent what the chief commissioner said. I will read the oath:

I do solemnly swear that I will faithfully, truly and impartially, to the best of my judgment, skill and ability, execute and perform the office of chief commissioner (or as the case may be) of the Board of

Grain Commissioners for Canada, and that while I continue to hold such office, I will not accept or hold any other office or employment, or be interested, either directly or indirectly, as shareholder in any company or partner in any firm or otherwise, in any commercial dealing in relation to grain. So help me God.

*By Mr. Wright:*

Q. I did not for one minute indicate or suggest that Mr. Milner had a direct interest in the grain trade, that is in a monetary way. The chief commissioner in speaking suggested that Mr. Milner had given valuable service with regard to settling a certain dispute at the coast. Well, he was out there at the coast as Transport Controller, sent there by the minister I understand to try to settle that dispute. You say that he will give you, in the course of the next two or three weeks, valuable advice with respect to certain charges on the lakes and that sort of thing. Is it not quite true he is giving you that as a Transport Controller?—A. No.

Q. He is Transport Controller and has these figures at his finger tips.—A. I do want to clear up one point. Mr. Milner will sit with us as a member of the Board in which he brings to us his complete knowledge of the physical handling of the grain through the terminal elevators, across the lakes and on down to Montreal and so on. I am not thinking of the problems he has to concern himself with as a Transport Controller, I am thinking of a phase of our organization that is of such a type that I for instance, have a somewhat limited knowledge of the whole process and you very nearly puzzled us today in some of the figures you quoted. We have a somewhat limited knowledge of that whole process of the physical movement of grain across the lakes, down the St. Lawrence river, through the transfer houses and on into Montreal and on to ocean going vessels.

There is a phase of our work which is peculiar and a man with the knowledge and background Mr. Milner has and brings to our consultations when we are considering these problems is exceedingly valuable.

*By Mr. Argue:*

Q. The reason he has all this information at his finger tips is because of his background with the private grain trade.—A. I do not agree that that is probably right, for he has—

Q. From the standpoint of the private grain producers.—A. I will say this to you gentlemen that Roy Milner to my knowledge never gave a decision in respect of the work of the board that was based on any prejudicial feeling towards the grain trade. I cannot do any more than assert that, and I do quite honestly believe it is wholly correct.

Mr. WRIGHT: Let me ask you this question. Supposing you had another member of the board, and you called Mr. Milner before you to give you information and advice. Naturally you do not reach decisions without consulting someone who perhaps has more technical knowledge than you have, and Mr. Milner's technical knowledge would be available to you just the same whether he was a member of the board or not.

Mr. VALLANCE: I think in order to keep the record straight that when we meet the shippers on the lake, there is nobody advising us. They are trying to advise us, the shippers, and all the decisions made by the board during the last three years will vindicate the position of Mr. Milner on the Board of Grain Commissioners.

The CHAIRMAN: Shall the item carry?

Mr. WARD: I was travelling not long ago, and I spent a day with Mr. Milner on the train, and we talked most of the day about the work of the

Board of Grain Commissioners and at the conclusion of that day I decided we were very, very fortunate in having a man of Mr. Milner's sympathy towards us, as producers,, and towards the whole business of grain handling, and his general knowledge of the very onerous job he has to carry out.

The CHAIRMAN: Shall the item carry?

Mr. ARGUE: On this grainhandlers strike, I was interested in Mr. McKenzie's suggestion that Mr. Milner went out there and it was purely, mainly or largely through his efforts that the strike was settled. What would you say to this. I suggest to you that the settlement of that strike was brought about mainly by a threat to use the emergency powers legislation.

The WITNESS: I have no knowledge of that.

Mr. ARGUE: I suggest that was the main reason the strike was settled, and the threat was to the grain companies.

The CHAIRMAN: Shall the item carry?

Carried.

The CHAIRMAN: Expenditure revenue carried?

Carried.

The CHAIRMAN: I believe Mr. Rayner would like to make a statement now.

Mr. RAYNER (Chief Administrative Officer of the Board of Grain Commissioners): I never anticipated that after nearly 30 years in the public service, I would have to face such a malicious and unfounded charge as that laid before this Committee yesterday by the Farmer's Union.

You will all agree that I cannot afford to let such a charge stand without doing my utmost to make you see how unfounded it is.

First, I feel it is necessary to lay before you a brief record of my service with the Board of Grain Commissioners since February 1924. I was first engaged as a grain sampler. I qualified as a grain inspector by open competition in 1926 and was appointed grain inspector the same year. I was promoted to the position of secretary to the board in July 1930 and served in that capacity until August 1950 when I was appointed assistant commissioner for Manitoba. On 1st of January of this year I was promoted to the position of director of administration or chief executive officer of the board. From September 1951 until January of this year, I also acted as the Winnipeg Representative of the transport controller.

During my service as secretary to the board, all files on country complaints passed over my desk. I also acted as clerk of the court at all formal investigations held by the board during that period, so that when I took over the duties of assistant commissioner, I was well versed in the handling of producer's complaints. During the period of over two years when I was assistant commissioner, I handled over forty complaints. In some cases I found that the producer's complaints could not be substantiated, but in others I found that the producers had a legitimate grievance and as a result of my investigations, settlements were obtained for such complainers.

While Brancepeth was not in my territory, I undertook this investigation at the request of Commissioner Vallance owing to the absence from Saskatoon of the Assistant Commissioner for Saskatchewan. On arriving at Brancepeth I interrogated the agent, who frankly admitted that he had refused to issue an interim cash ticket to the complainer and gave me his reasons for so doing. I inspected the bins in the annex and found there was one bin empty and three bins containing grain. The bin containing No. 2 northern was filled above the cat-walk at the end where the grain spout delivered the grain into the bin, so that if any more grain had been spouted into this bin, some of the grain would

have spilled into a bin containing No. 3 Northern. I also examined the agent's records to ascertain the stocks he had in store in the elevator.

I was not entirely certain that the board would accept the agent's reasons for refusing to accept the grain as being adequate, so on my return to Winnipeg I immediately discussed with Commissioner Vallance what my investigations had disclosed. Commissioner Vallance agreed that under the circumstances the complaint could not be sustained. I thereupon wrote my report accordingly.

I would like to file a copy of this report with the committee.

It will be noted that the report does not contain any written statement to the effect that there was no space available in the elevator for this 55 bushels of wheat. Nor, I claim does the evidence given at the hearing at Saskatoon admit in any way that my first report was in error. I protest most strongly that statement in the Farmers' Union submission that my first written statement on which the whole case was based was a false document.

I now quote from my original report:

These records confirmed the agent's statement that except for one bin used for moving grain around, there was no bin in which the complainant's grain could have been segregated pending receipt of the official grade . . .

In this case there was not storage accommodation to handle the grain as desired by the complainant.

A reading of all the evidence I gave at Saskatoon will show that I said that 55 bushels could have been placed in the bin if it were shovelled. The condition of the bin when I saw it was such that no more grain could have been safely spouted into it, and of course, the only means of placing grain in the bin is by spouting.

The Farmers' Union in its brief to the board in February last made a statement regarding my actions on somewhat the same lines as the present statement. The board in its reply stated as follows:

While the board in common with all other such bodies, continually strives to improve the efficiency in all its various operations, no evidence has been submitted that warrants the conclusions set forth in the submission.

Contrary to the statement in the submission, in the opinion of the board the evidence at the public hearing in the Kreuzweiser case did not prove, nor did Mr. Rayner admit at any time that his report was inaccurate.

The charge in the brief submitted, of negligence in administrative policy is absolutely without justification and the board cannot repudiate too strongly the implications contained in this paragraph of the submission.

Mr. BRYCE: Mr. Chairman, you have not a quorum any longer.

The CHAIRMAN: Shall we adjourn until 8 o'clock tonight?

Agreed.

#### EVENING SESSION

The CHAIRMAN: Ladies and gentlemen, we have a quorum.

Just as we adjourned for dinner we had completed the report of the Board of Grain Commissioners for 1952.

Mr. JUTRAS: I would move the adoption of the report.

Mr. ARGUE: When the committee rose Mr. Rayner had given us his submission and that is where it ended. Are we not going to be given an opportunity to question him?

Mr. WRIGHT: There are the appendices. Are they not part of the report?

The CHAIRMAN: Are we going to go through all the appendices?

Mr. WRIGHT: We have complaints here and we have not dealt with the Kreutzweiser case at all.

The CHAIRMAN: That has nothing to do with the report.

Mr. ARGUE: I think it has. It is part and parcel of the Canadian Grain Act. Page 17 of the report covers complaints. The Kreutzweiser case is a complaint and that is what we want to deal with.

Mr. JUTRAS: On a question of procedure, I think as we went through the report we referred to the appendices and they are part of the report. If there are any more questions the members wish to raise on the report itself, that is one thing, but I do not see why we should delay the adoption of the report if we are through the report.

Mr. ARGUE: Appendix A is entitled report of the secretary of the board. It is part of the report of the board.

Mr. JUTRAS: I imagine the report was based on that.

Mr. ARGUE: Report of the chief statistician, page 51 must be part of the report.

As far as I am concerned, there is nothing too much that I wish to raise on any part of it, but I do not want to be shut off now, by adoption of the whole report, from any questions I might wish to ask. I am quite prepared to adopt it up to page 16, if we can go on now with Mr. Rayner's submission.

The CHAIRMAN: That is the end of the report up to page 16 and the rest are appendices.

Mr. WRIGHT: I have never seen a report adopted unless we adopt the appendices individually.

Mr. JUTRAS: If I may say so again, the first 16 pages are actually the report. The others are appendices which illustrate the first part. The first part is based on these various appendices.

Mr. WRIGHT: I do not see anything in the first part which has to do with the report of the chief chemist.

Mr. JUTRAS: Are you advocating the policy that we should adopt each schedule independently? That would be a departure. We have never done that before I am sure in any committee.

Mr. ARGUE: I am sure we should adopt each of the appendices because they are part of the report.

Mr. CRUICKSHANK: There is a motion duly moved and seconded that we adopt up to page 16.

The CHAIRMAN: There is a motion before us.

Mr. ARGUE: Mr. Chairman, would the clerk read the motion?

The CLERK: Moved by Mr. Jutras that the committee adopt the annual report of the Board of Grain Commissioners for Canada.

Mr. ARGUE: Is that being interpreted as adopting the complete book?

The CHAIRMAN: Yes. But I would take it that you might ask questions on some of these appendices if you wish. There is a motion before the meeting that the report be adopted.

Mr. ARGUE: If it is clear it is the report to page 16, then I support the motion. If, on the other hand, we are adopting the whole report, then I oppose the motion.

Mr. QUELCH: Is it the intention to deal with the Kreutzweiser case after we have adopted the report?

Mr. ARGUE: How are you interpreting the motion?



The CHAIRMAN: I would take it that it is all being adopted. These are just appendices to the report from page 17 on.

Mr. ARGUE: I hope that the motion is turned down by the committee because it is certainly a motion which if passed would choke off discussion on the remaining 68 pages of the report. Surely the pages following 16 are relevant to the report, and have some importance, otherwise they would not be in the report, and if they are important we should deal with them. I do not think that the majority of this committee should choke off discussion.

The CHAIRMAN: I do not see that it will choke off discussion.

Mr. ARGUE: Is it the point that in adopting the motion we will still be on page 17 when we adopt it?

Mr. WRIGHT: If you will read what is submitted to us here it is a report of the Board of Grain Commissioners and if we pass the report we as a committee have no legal right to discuss the Kreuzweiser case because it as such is not referred to. Please read your reference from the House.

Mr. QUELCH: Just because a motion has been moved and seconded is no reason why the report cannot be discussed until the motion is put to a vote.

Mr. ARGUE: Is this motion standing for the time being?

Mr. JUTRAS: Yes. If you have some questions to ask.

Mr. ARGUE: If we are leaving the motion in abeyance for the time being I have something to ask Mr. Rayner.

The CHAIRMAN: The two gentlemen here from the Saskatchewan Wheat Pool Association have to get a plane tonight and I promised them that we would hear them.

Mr. WRIGHT: Then, Mr. Chairman, I move we suspend questioning on the Board of Grain Commissioners and hear the other people.

Mr. WOOD: Does their submission have a bearing on this report?

The CHAIRMAN: I think we will go ahead and let this original motion stand for a while and see what the committee wishes to bring up from page 17 on.

Mr. JUTRAS: Let my motion stand.

The CHAIRMAN: Is it agreed we let the motion stand.

Mr. FAIR: I move we let the motion be tabled for the time being.

The CHAIRMAN: You have heard that the motion be tabled for the time being.

Mr. WARD: It just stands; it is not tabled.

Mr. FAIR: I think it should be tabled.

The CHAIRMAN: I think it would be better if it is moved to stand.

Mr. FAIR: It does not matter. You have not put the motion yet.

The CHAIRMAN: Is it agreed that the motion will stand for the moment?

Mr. ARGUE: If the motion is standing, Mr. Chairman, I have a question I would like to ask Mr. Rayner on the submission he gave us. I notice in his report he says this: "These records confirmed the agent's statement that except for one bin used for moving grain around, there is no bin in which the complainant's grain could have been segregated pending receipt of the official grade." My question is this. Does a producer in order to have the protection of the Canada Grain Act in reference to storing or getting a sample, or having a sample sent for inspection by the official inspector, does there have to be in the elevator a bin for the segregation of that grain.

Mr. RAYNER: According to my report yes. That was my understanding.

Mr. ARGUE: Is that your understanding today. You are still of the same opinion are you?

Mr. RAYNER: Well, unless the board issues different instructions.

Mr. ARGUE: You go on to say: "This section of the Act does give the person delivering grain the right to an interim cash ticket or interim elevator receipt if there is disagreement as to grade, but this right only exists if as provided in section 108 of the Act there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered."

That second paragraph to me says this, that if I, a producer, bring into an elevator a load of grain that I say is number 2 and the elevator agent says is number three, that then according to this second paragraph of your submission I have the right to an interim cash ticket because as you say, section 108 and so forth in effect states "provided in section 108 of the Act there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered." In one instance you say the grain has to be segregated in a bin, there has to be a special bin for my load of wheat, and in the next paragraph you say that as long as there is room for the grade I say my grain is, it has to be accepted.

Mr. RAYNER: There is a little misunderstanding on your question. The agent himself decides if he is willing to take it in, and put it with different grades. If he does not want to segregate it, he does not have to segregate it.

Mr. ARGUE: Of course I understand that, but you say the Act applies only if there is room for the grain of the grade and variety that the man who has the grain for sale says it is, and now you say it is the elevator agent, and in the next paragraph you say it is up to the producer. Now, which one is it up to. That is what I would like to know. I may be stupid, but the first paragraph says to me the elevator agent must have a separate bin, and in the next paragraph it says, if he has room for two northern, and I say my grain is two northern, I am protected under the Act.

Mr. GEORGE: On a point of order Mr. Chairman. As far as I remember, we heard Mr. Jutras move a motion, and Mr. Fair move an amendment, and my understanding was that the motion was put, and now we have a private conversation at the other end of the table.

Mr. ARGUE: I will speak louder if that is what you want.

Mr. GEORGE: Are we on the amendment or the motion or what. Mr. Chairman, I think it was agreed.

Hon. MEMBERS: It was not agreed. You did not put the motion.

Mr. CRUICKSHANK: Who are the two gentlemen who have to catch a plane tonight—Mr. Argue and—

Mr. ARGUE: Thank you for the compliment George.

Mr. CRUICKSHANK: We were told that two people had to catch a plane, and now we are having a rehash of what was discussed yesterday.

Mr. ARGUE: I suggest to you Mr. Chairman that you make a ruling as to whether my questions are in order. If they are in order I will proceed.

The CHAIRMAN: This has nothing to do with the report at the present time, but you wanted to carry on from page 17 of the report.

Mr. ARGUE: It deals with complaints, and I am asking these questions on the basis of that.

Mr. JUTRAS: I suggest it would be much simpler if we carry what we have done. We might as well carry it, and go on to deal with the next stage of business.

Mr. ARGUE: Let us carry the report to page 16, and carry on with the Kreutzweiser case.

The CHAIRMAN: Now I will put Mr. Jutras' motion.

Mr. GEORGE: You have an amendment to that motion.

Mr. JUTRAS: It has been dropped.

The CHAIRMAN: We will now put Mr. Jutras' motion that this report be adopted. All in favour of the report being adopted?

Mr. WRIGHT: Up to page 16.

The CHAIRMAN: Yes, up to page 16. There is only one report.

Mr. WRIGHT: I am going to move because I am quite certain that this Kreutzweiser case is going to take some time to discuss that—

Mr. JUTRAS: Has the report been carried?

Mr. ARGUE: It has been passed to page 16.

Mr. WRIGHT: These other gentlemen have to catch a plane and I am going to move they be heard now and after we have finished with them, we can go back to page 17 of the report.

Mr. MAJOR: Can we have two motions at the same time?

The CHAIRMAN: I am going to put Mr. Jutras' motion. Is it carried?

Carried.

The CHAIRMAN: In view of the lateness of the hour, I am now going to ask the witness, Mr. J. A. Mills who is president of the Saskatchewan Wheat Pool Employees Association to come forward and submit his brief.

Ladies and gentlemen, this is Mr. Mills, president of the Saskatchewan Wheat Pool Employees Association. Mr. Mills is the operator of a country elevator at Leslie, Saskatchewan up in the Foam Lake district.

Mr. WYLIE: Who is the other gentleman?

The CHAIRMAN: That is Mr. Thrasher, secretary-treasurer of the Saskatchewan Wheat Pool Employees Association.

**Mr. G. A. Mills, President, Saskatchewan Wheat Pool Employees Association, called:**

The WITNESS: Mr. Chairman and gentlemen, as this is our first appearance before the committee I think perhaps it might be well if I gave you the reason for our appearance here. I have here a letter dated July 2, 1952, addressed to Mr. A. J. Bater, chairman of the agriculture committee of the House of Commons of Ottawa.

Dear SIR:

We note from press reports of the hearings by the agriculture committee that the question of overages in country elevators has been discussed. In connection with the discussions, statements have been made which cast doubt on the integrity and character of country elevator operators.

You will appreciate that there are a great many factors which can cause either an overage or shortage in a country elevator which would have no reflection on the honesty of the operator.

However, such statements, made by people whom we feel are not sufficiently informed to speak authoritatively, and to which publicity was given, can cast a shadow of suspicion on all country elevator operators.

These men work hard giving long hours of service to the farmers of western Canada and try under very adverse conditions to maintain as high a standard of service as humanly possible. You will appreciate their feeling that if such a very important question and one which is so vital to them is to be discussed, they should have an opportunity to bring forward their views.

We, as an association, represent all the country elevator agents of Saskatchewan Pool Elevators Limited and are recognized by the federal and provincial labour boards as a bona fide trade union. To our knowledge we are the only organized group of employees in the country grain trade. We are, of course, greatly concerned that some opportunity be given us to express the views of the agents on this question which is, as already stated, of such vital interest to them.

We would appreciate it very much if the agriculture committee of the House of Commons intends to go into the matter further with respect to shrinkage allowance and overages and shortages in country elevators, that we, as an association, have an opportunity to appear before the committee in order to bring forward the views of the country elevator agent.

I trust you will give favourable consideration to our request and we would be only too pleased to place ourselves at your convenience.

In reply we received a letter addressed to Mr. Thrasher, dated July 28, 1952, and it reads:

Dear Mr. THRASHER:

This will acknowledge yours of recent date with regard to a representative of your association appearing before the Standing Committee on Agriculture & Colonization of the House of Commons.

Personally I would favour your suggestion, and will bring the matter forward on my return to Ottawa for the next session.

No doubt the matter you refer to will again be brought up at the next meeting of the committee.

Yours sincerely,

ARTHUR J. BATER.

Now, Mr. Chairman, I want to express to yourself and the committee our very sincere appreciation for this opportunity which you have given us.

The Canada Grain Act is known and recognized as the charter of the farmers. But elevator agents are very largely affected by the operation of that Act. They are affected very much by the rules and regulations laid down under that Act by the Board of Grain Commissioners. Their economic welfare, their working conditions, depend to a very large extent on the provisions of the Act and upon how these provisions are interpreted by the board. We, therefore, feel that we have a particular right to discuss any changes which may be made so that those who change the Act will have full knowledge of the position of those who have, to a certain extent, the carrying out of the orders made under the Act.

Now, I hope that future committees will see their way clear to adopt the precedent which you have set now. We, as I mentioned, are a bona fide trade union, but we are only a small one. We are not a large or powerful body and it is for that reason that I ask members of this committee and members of the House of Commons to perhaps give us more consideration.

Now, these have been particularly difficult years for elevator agents. The last three crops have either been badly frozen, harvested very damp or tough, and the agents themselves have had a particularly difficult time. It does not

help them very much to be buffeted by the winds of innuendo and insinuation which they have experienced, and some of them have been very cold winds.

Mr. WRIGHT: Have you any instance of that which you would like to bring to the attention of the committee?

The CHAIRMAN: I would ask that you allow Mr. Mills to finish his brief.

The WITNESS: I would refer you, Mr. Wright, to the evidence given to this committee at the last session.

The question was brought up this afternoon as to the dissatisfaction which has arisen in the west in connection with grades, and one thing and another, and perhaps some of that dissatisfaction has grown out of these insinuations, and at any rate I think they have certainly had an effect in lowering the morale of the agents and destroying some of the good comradeship which has always existed in the past between elevator agents and the farmers in the west. I am perhaps not as well able, being out of my element right now, to clearly express to you my thoughts, but the fact that I recognize a number of farmers in the audience has given me a good deal of confidence.

I want to deal particularly with this question of overages, and I want to explain to you the position of the man who actually weighs the grain. A farmer drives on to a scale in an elevator. It may be a stormy day. There may be dozens of other loads behind him. There may be a half a dozen men gathered around the scale arguing with the agent about grades, dockage, and one thing and another. He has down below an engine which may be giving a little trouble. The bins have been probably filled up as they do every day, because at the present time you are only open a day or two when all the bins are filled up. It may even be 40 degrees below zero outside. You may have been working steadily for two or three days without any sleep. There are no hours in country elevators.

Mr. ARGUE: Do you mean in all of them?

The WITNESS: I mean that there are no regulated hours in a country elevator; and this man is possibly tired and working under extreme difficulty. He is called upon to weigh loads of anything from a bag containing two or three bushels to a truck load containing 300 bushels. He weighs thousands of them in a year. Is it any wonder that occasionally he might make a mistake? Is it any wonder that occasionally his eyes might be so full of dust that he could not read the scale properly?

The lights in most of these elevators are not particularly good. I notice at terminals they have overages and shortages with the kind of weighing that is performed under perfect conditions, under experienced government weigh-masters. Is it any surprise then that there should be some overage or some shortage occasionally in a country elevator?

Now I want to go to the further end of this. The question has been raised of the large total amount that accumulates through overage and I want to take the figures of my own company. For the last 7 years they have bought 1 billion, 25 million bushels of wheat and in that time the weighing error comes to .19 of 1 per cent; yet we have criticism levelled at the company because of the weighing operations.

I think it is a wonderful record—and I defy anybody to say otherwise—with these millions of operations that go into the collection of that quantity of wheat, that they can all be performed by a thousand different men in a thousand different places under most unfavourable conditions and yet come out at the end of 7 years with a difference in weight of .19 of 1 per cent. I think that is something very wonderful.

I have with me here a cut-off of an agent taken in the year 1948-49 when the shrinkage was lowered by the Board of Grain Commissioners to  $\frac{1}{4}$  of 1 per

cent. I might mention that at the time they did that we lodged a protest with them because we felt it was endangering the position of our members.

I want you to look at this cut-off for a minute. It is a final weigh-off of an elevator which handled 218,000 bushels. At the end of the year he showed an average of 3/100ths of 1 per cent. Can you get any closer to finer weighing than that, 3/100ths of 1 per cent on hundreds and hundreds of different loads of different sizes?

In the old days when a farmer used to deliver grain by wagon load or sleigh load, all the wagon boxes were of the same size and if a mistake were made, it was easy to see it. But today they come in in all sizes and if you make a mistake of 1,000 pounds, you would never notice it. You could not possibly notice it. Yet this cut-off shows that this man weighed at his elevator with an average of 3/100ths of 1 per cent. Now the reason I bring that to you is this: Because at the end of the year, handling 218,000 bushels, he had an average of 57 bushels.

A statement has been made at this meeting that 57 bushels had apparently been stolen from the farmer in some way or other, with the implication that has been left here, that 57 bushels is a lot of grain. There are possibly 100 farmers delivering to this elevator, and it means that they have lost, possibly, 30 pounds of grain during the year.

If you multiply that 57 bushels by 1,000 elevators owned by the company, you will get a total of 57,000 bushels. So you see, when you are handling a tremendous volume, that a very very slight variation in weight can build up over the years; and if you go back for 15 or 20 years you find it built up into a million bushels. And when you take those figures and express them without proper explanation, the impression which the farmer gets is that he has lost millions of bushels, and that they have been taken away from him by dishonest operators.

If you can find any operator, honest or dishonest, who can weigh closer than 3/100ths of 1 per cent, I do not know where you are going to find him. Even the automatic machines could not do as well as that. Sometimes I think we who are agents are treated in just that way. We are considered as automatic machines.

Now I wonder if we could pass on to another subject here which I want to deal with. There was a statement made yesterday and read into the record of this committee that the agents have been instructed by their company to under-grade the farmers and I want to say most emphatically that is a most erroneous statement to make and I am going to read to you here:

Mr. ARGUE: Would you mind pointing out—

The CHAIRMAN: Just a minute, please, order!

The WITNESS: I am going to read to you the instructions which I received from my own company re grading of wheat.

This is a circular issued to all agents of my company. I am not here as a representative of the company, but I believe it would not be right for me as an employee of the company to allow this statement to pass unchallenged. I think as an employee that I owe my company that much at least.

This is a circular dated April 9, 1952, addressed to all agents and travelling superintendents, and I read:

*Company Policy to Grade Correctly*

It has always been the policy of our organization to endeavour to have agents receive grain at the grades we can expect to obtain for same when such grain eventually passes government inspection. We feel that all agents must agree that such a policy is the only equitable and honest one for an organization such as our own, or for our elevator

operators who should have, as a major objective, the giving of fair service to members and patrons.

A review of spreads between various touching grades show that they frequently range from three cents upwards to as high as sixteen cents in the case of the spread between straight and damp wheat, even higher in the case of some coarse grains. It will be realized that the organization and the collective membership cannot fairly absorb losses such as these spreads involve for the benefit of the odd individual grower. On the other hand, growers with low grade grain cannot afford to take the loss of such a spread when they are properly entitled, basis the government inspection department's grading, to higher grades.

It is because both parties to grading transactions and the collective membership of the organization are entitled to equitable treatment in respect to grades, that we have urged and still urge agents to make full and proper use of the 'Spécial Bin' and 'Subject to Inspector's Grade and Dockage' methods of handling grain in all instances where agents themselves are not fully satisfied that they can decide grades correctly, and in instances where growers dispute the grades offered.

These are the written instructions which I received, and I want to say that never in the 24 years in which I have been buying grain has anybody ever contradicted those instructions or issued to me any verbal instructions different from those which appear on that page. Now, the question was raised—I think Mr. Argue discussed it—of the dissatisfaction of grades given by agents, and the inference was left, perhaps that that dissatisfaction was sizable. We found in crops of low-grade wheat there is a tendency to have a good deal of dissatisfaction, particularly at the beginning of the season, and that dissatisfaction has been aggravated to a great extent by the congested condition of elevators which makes it very, very hard for a man operating an elevator to handle a large number of different grades to the best advantage of his customer.

As regards the discussion this afternoon on the car order book, I will say this, that a good deal of that dissatisfaction and a good deal of the cause of the congestion in elevators is because of the inequitable distribution of cars. The farmer, you know, likes to deliver to the elevator of his choice. If a provision is not made whereby cars are applied to an elevator in some relationship to the percentage of receipts which it receives, then that producer would not have an opportunity to deliver to the elevator of his choice; he is forced or compelled because of that inequitable distribution to deliver his grain to the elevator that has room. He may not want to do it but it is the only place he can put his wheat.

Now, it was mentioned today—the question asked who distributed the cars at a point where there is no car order book in operation. The man who distributes the cars at a point or station where there is no car order book is the station agent, and he distributes them the same to each elevator. Now, I believe that that is the cause of a great deal of dissatisfaction in the country today, and I think it could be removed very easily without disturbing the regulations of the car order book; it could be regulated, I believe, either through the orders of the Board of Grain Commissioners or if they do not have the power it is certain, I think, that the transport controller does, because last year he threw the car order book out altogether. And so he must have power to make rules and regulations regarding the equitable distribution of cars.

We have heard a lot about the Brancepeth case, and I am not going to deal with it at any great length at all, but there is one thing in connection with it that I would like to draw to your attention. I think it was claimed

yesterday that if there were some farmers on the Board of Grain Commissioners the Brancepeth case might have been decided differently. I have here a resolution passed by the farmers of the district, and I am going to read it:

Due to the unfavourable publicity resulting from the dispute between Mr. Kreutzwieser and the pool agent at Brancepeth, several meetings were held, culminating in a special meeting held at Birch Hills, Monday, December 15, 1952, at which Birch Hills, Brancepeth, Weldon, Hagen, Tiger Hill and Fenton pool committees were present representing all the pool farmers of these districts.

O. Stenstrom, Brancepeth,  
*Chairman.*

John L. Yeaman, Birch Hills,  
*Secretary.*

After a lengthy discussion viewing both sides of the dispute between Mr. Kreutzwieser and the pool agent at Brancepeth, the following resolution was passed unanimously:

Moved by W. Sampson, seconded by E. Thompson:

Whereas we have investigated the circumstances surrounding the dispute at Brancepeth between Mr. Kreutzwieser and the pool agent, we find that Mr. Kreutzwieser is not in the habit of using pool facilities for handling his grain, and in our opinion was unreasonable in demanding interim cash ticket in this instance, when grain in question could not be segregated for lack of space in this elevator.

Be it resolved that we go on record as being opposed to the Farmer's Union's action and publicity regarding this case, without first thoroughly investigating all local factors.

Another resolution also passed unanimously at the meeting was as follows:

Moved by Thos. Robinson, seconded by E. Thingelstead, that this meeting request publicity of the aforementioned resolution (which in our opinion is the feeling of a large majority of farmers in this district) in the Western Producer and Union Farmers papers.

The impression, I think, was also left that Mr. Sutherland, the agent at Brancepeth, had said that he had never issued a subject to inspectors grade and dockage ticket. I do not think, if those were his words, that he meant it that way. I think what he meant to say was that he had never been asked for an interim cash ticket or a subject to grade and dockage ticket. That caused considerable amusement. They felt there was something wrong with the elevator because he had not done it. That shows that the farmers of that district had confidence in the judgment of the agent and had not disputed his judgment.

I am going to back this up by admitting this myself. Before I left home I looked up my record to see when I had last issued a subject to inspectors grade and dockage ticket and I found that the last one was in 1945, and that was the only one I ever issued. It was a small load of wheat and flax mixed, and I had a little disagreement on the flax in the wheat, and I suggested to the farmer that he send a sample in and he did so, and he has not talked to me since because he thought I gave him the wrong advice.

Gentlemen, you have given a lot of time and thought over publicizing all these statements of the farmer getting fair grades by sending in samples to the chief inspector. You are working on the wrong track. The farmer does not want to get the right grade, he wants to get the best grade, and the only grade he will ever get is the right grade, and the only way he can get the best grade is by selling to his own local agent.



That pretty well finishes the subjects that particularly affect us as local agents, but I would like to deal with one or two other questions raised in this submission here because I think the inference they have tried to imply does throw a reflection on the men working in the grain trade. I would refer you to page 4 of the Farmers' Union submission in which the question is raised as to this 3,975,096 bushels which was paid for by the board, and they wonder why. They go on with a long story leaving you with the impression that this 3,975,096 should be added to the 1 $\frac{3}{4}$  million bushels of overage which might conceivably mean there could be an actual surplus in one year's operation of over 5 $\frac{1}{2}$  million bushels of wheat.

Now, gentlemen, the statement on the face of it looks absurd, and anybody who had taken a little time and given the thing a little thought would have found out. I have no particular ability—I do not know much about handling grain outside of my own local elevator—but anybody could have found out where the error comes in. I do not know whether it was put in here intentionally or not, but it seems surprising to me because it would appear, and no doubt the wheat board people here will correct me if I am wrong, that this 3,900 million bushels of wheat was purchased by the wheat board and taken over by the wheat board as tough and damp wheat, and it shows up in the wheat board report as the amount of bushels of wheat they were not able to sell, because it disappeared after it was dried. They purchased this wheat in a tough and damp condition, then it was dried, and it shows up in the wheat board as a loss of wheat. Of course it is a loss of wheat. The moisture dries out of it, and it is out in the air somewhere. It does not come through errors in weighing and misjudgment in weighing by country operators or any other kind of operators. This other page here before that contains figures. They may be correct, but I question this list of stocks on hand July 31. I do not know whether the wheat board says October 31, but that is what I read in the report. It would create a time lag anyhow, and it was explained to you this afternoon, when you examined all these figures that it showed up that these other grades were figured out as toughs and damps, and the figures worked out wonderfully close, even with the time lag, and I do not know, but these two pages in particular in the brief throw a reflection—they do not come out and say everybody is crooked—but they do throw a reflection that there is some finangling in the handling of these grains, and as far as country elevators are concerned, I take exception to it, and I think if the Farmers' Union are going to be perfectly fair, they would suggest that these two pages in particular and perhaps some more should be withdrawn from their submissions, because though it has been shown that the figures are correct, the assumptions drawn from them are wrong.

I think that is all. I want to thank you, Mr. Chairman for your very kind consideration, and if any members of the committee have any questions to put to me, I will try my level best to answer them.

*By Mr. Cruickshank:*

Q. I must apologize to the witness, because I do not know, but does this organization apply to elevators in all districts. I do not know what the name means.—A. Country elevators?

Q. Yes.—A. Country elevators are all the elevators in the west.

Q. Is that every elevator except in Fort William?—A. No, not elevators in British Columbia. I see now what you are driving at. It is just small country elevators.

Q. I would like a little information. You suggest your employees association should have more consideration. Now, what do you mean. Do you mean more consideration by this committee or by whom?—A. That was my inference that we, as men who actually run these elevators, are the ones who might

possibly suffer if some rule or regulation was laid down either in the Act or by the Board of Grain Commissioners which could affect our welfare, and I am not suggesting it would be done intentionally, but an unintentional injustice might be created against these men if they have not an opportunity to study and make presentations to you on any change which you consider was necessary to make.

Q. I would like to put two more questions. You said there were some insinuations, and this is all going into the record, so I would like to know who made these insinuations. I would not like to think that any member of this committee made any insinuations and if he did, he should have something to back them up. As it is in the record now, it might appear that some members of this committee made insinuations. I want to know who made those insinuations?—A. There were certain statements made before the committee in 1952, but I do not think they were made by members of the committee, but by witnesses, which did reflect, I think, upon the honesty and integrity of the men I represent.

Q. That is the very point I want to raise. You refer to 1952. The proceedings then before the committee. You say they were not made by members of the committee, but I want to know who made these insinuations. Were they or were they not made by members of the committee?—A. No, they were not made by members of the committee.

Q. All right, I want that on the record. Who made these insinuations?—A. There were statements made yesterday, and I am trying to look up the record to read it to you for I think they attacked the integrity and honesty—

Q. They were definitely not made by any member of this committee?—A. No.

Q. The other thing I would like to know is, I come from a union province, and you said the employees association belonged to a union, is that not correct?—A. We are a union, sir. We are recognized by the provincial and federal governments.

Q. You said in connection with this that one of the reasons for possible mistakes made in weighing was the long hours and poor conditions. That is your employers' concern, whoever they happen to be. You cannot blame the farmer or the committee for the conditions you work under. I cannot understand how any accredited union would work these terrifically long hours. We do not do it in the province of British Columbia?—A. In connection with the hours, sir, I mentioned, I think, we were a very small union, and we are only representing agents belonging to one company. Other companies' employees are not unionized and therefore, as I mentioned, we, as elevator agents, have very little union power. Now, the Board of Grain Commissioners has the authority to regulate the hours of delivery of grain at a country elevator, and we have made representations to them in the past that they do so regulate hours. We have submitted briefs to allow setting hours during which we thought it would be reasonable to work, to take in grain, not to work—we work all kinds of hours after the grain is taken in, making up books, cars to load, and one thing and another. We suggested it not only in our own interest but in the interest of the people who deliver grain, because we do not believe a farmer can get good service from a tired man, and if he wants good service and good grading he should bring in his grain in daylight. It is very hard for a farmer and an agent not to get into a dispute when grain comes in at all hours of the day and night, and sometimes all night.

Mr. QUELCH: You should not oppose the delivery of wheat at night, though, would you, during harvest time?

The WITNESS: In the harvest time, especially in these days, with the quota, I do not see any necessity for grain being delivered at night. You only have a five or eight bushel quota and surely that can be delivered in the daytime.

The effect of allowing farmers to deliver at night is that one or two farmers grab all the space in the elevator and does not give the little fellow who is left behind away back in the bush any chance to get in there with a load of grain, because the big farmer is hauling all night into the local elevator over good roads.

Mr. WRIGHT: He can only deliver his quota, though?

The WITNESS: Yes, but he gets all his quota in, and the little fellow does not get any in.

*By Mr. Argue:*

Q. How many working days a week would you say now is general amongst the members of your union? Is it a six-day week or a five-day week or a five-and-a-half day week?—A. It is a six-day week. There are no half-holidays laid down at all. They may sneak away for a half-day.

Q. The agents at my local point have an agreement to work a five-day week, with the exception of harvest time. They shut the elevator door Friday night at six o'clock and they open it up Monday morning. That may be an exception, but that is the reason I ask the question. I do not think the elevator agents at my point would have any real complaint on the length of their work week, but to what extent is the five-day week, even by local arrangement, prevailing throughout the west?—A. Very few have that arrangement of a five-day week. Some of them do have a local arrangement where they take a half-holiday, and at times have an arrangement restricting the hours of delivery of grain to seven o'clock in the evening, but they do not work very well. The grain business is a highly competitive business and the agent's livelihood depends on getting his full grain into the elevator. I might remark that from some of the evidence given here today you would think it was the agent's job to keep it out of the elevator! However, I might say that your local agreements break down very often, particularly at harvest time when the thing absolutely goes haywire and you have tired men grading grain, and the peculiar thing about it is that the government inspectors, who are highly trained men, are not allowed to grade grain after the sun goes down, or long before it goes down, or even if a cloud comes over the sun they cannot grade grain, but, on the other hand, an elevator agent is supposed to grade grain at one o'clock at night, or at any hour that a farmer feels like bringing it in, and in a great number of cases the elevator agent has no experience at all, he is some kid that the company brought in off the farm somewhere.

*By Mr. Wright:*

Q. I want to compliment the witness on his presentation, but I want to ask him has he any definite recommendations with regard to amendments either to the Canada Grain Act or the regulations under it, which his association are putting forward.—A. Yes, sir, we certainly have.

Q. We would like to get that on the record if you have.—A. Would you like me to put it on the record now? Well, sir, in just talking it over with the secretary who is sitting here on my right, he thinks that perhaps, as we have no formal brief prepared on account of the short notice we were given, it might be as well perhaps that I do not deal with that because I would have to deal with it in too rough a manner. When you talk of amendments to the Canada Grain Act you have to be pretty particular what you say. I can think of two or three amendments that we are certainly considering, but I do not know if I could put them clearly in my own words.

Mr. ARGUE: Take a try at it, anyway.

Mr. WRIGHT: It would be interesting to the committee because that is the meat of the matter, and what this committee wants to get is all of the

evidence from all of the witnesses dealing with what they believe should be amendments to the Canada Grain Act, to decide whether it should go ahead and have the amendments made.

Mr. JUTRAS: In fairness to the witness, I think it was well understood that they would come down to deal with overages.

Mr. ARGUE: It is a matter for their judgment. If he cares to enlarge on it we would appreciate having that information, even in a rough manner, but if he thinks it is better not to do it, that is quite all right, too.

The WITNESS: I would say in connection with the regulation of hours that it does not require an amendment to the Canada Grain Act.

Mr. WRIGHT: It would be done by a regulation of the Board of Grain Commissioners? They have the power to regulate hours at which grain should be delivered to a country elevator.

Mr. JUTRAS: There seems to be a disagreement on that point.

The WITNESS: No, sir. We have the assurance of the Board of Grain Commissioners themselves, I think, that they do have that power. They have admitted that on the advice—and the Board of Grain Commissioners can correct me if I am wrong—I believe, of the Justice Department.

Mr. GEORGE: Can you give us the section of the Act?

The WITNESS: I want to impress this on the committee, that we are talking about hours of delivery of grain, not hours of work.

Mr. BRYCE: I just have one question to ask, but before I ask that question I want to tell the gentleman who is the witness that I do appreciate his Doric and it is nice to have a man here who speaks good English once in a while! I would like to ask the witness this. You made some remarks in your speech about how unfair the cars were distributed on a siding. I have in mind a siding with about six elevators. Do you think it would be any better if these elevators signed up on an acreage basis say, one elevator did 60 per cent of the business, another 20 and another 15—and the cars were allocated on that basis? Would that be any fairer, or would it be any solution to the problem?

The WITNESS: Yes, I think it would be fairer, but to all these proposals regarding the distribution of cars there are objections. Objections can be given, but some of them are not very important. Objections, I think, could be gotten over if we just, as a group, were to sit down and give the matter some little serious consideration, some group of all interested parties, parties in the grain trade, of the railway companies and the farmers—if they could all just sit down and think the matter out, I believe that they could work out a very equitable system of delivering grain.

Now, one of the faults of your car order book today is that it was brought into effect many years ago when we were working under a different system for delivery of grain, and it provides for a great many of the rules and regulations in it which are to protect the right of a farmer to load his own cars with his own actual grain. There are very few farmers under the quota system today who have a carload of grain all their own and a lot of those rights are not required and are not being used.

I have the figures of the Saskatchewan Pool Elevator Limited which show that in 1929 to 1930 34.77 per cent of the cars were consigned cars. Since 1935 the percentage has grown 5 per cent of the farmers assigned cars. But the last 2 years they came up on account of the high percentage of damp grain and a lot of agents would not buy it and one thing and another, and it had to be shipped to special bins. So the percentage jumped last year to 8 per cent. But there is a very small percentage of farmers who want to load their own grain in their own cars. The farmer wants the privilege or should I say

the right to deliver to the elevator of his choice. And if a system of distribution of cars in a percentage-wise way in some form or another would give to the elevator with only 50 per cent of the grain, 50 per cent of the cars, it would naturally solve that problem and it doesn't look a very difficult problem to solve.

Q. Thank you.

*By Mr. Argue:*

Q. I appreciate that statement by the witness and I may say that I am 100 per cent in agreement with him. I believe he inferred this: Don't you think that a whole lot of the dissatisfaction with grades arises out of the mal-distribution, shall we call it, of box cars? That is, when a man who ordinarily is a customer of a certain elevator, after that elevator is filled and he has to go to some other place, is he not, in your opinion, and on the basis of your experience more likely to disagree as to grade with the agent or with the agents of companies that he does not ordinarily deal with?—A. That is right and I agree with you entirely, that when a farmer is forced to go to some other elevator and deal with a buyer whom he does not know and perhaps does not trust as well as the one he was dealing with, he naturally figures the other fellow is trying to beat him and everything else, and consequently you get a lot more dissatisfaction. I think that is where your dissatisfaction comes from today, it is in the mal-distribution of the cars, and it takes away from the farmer the right to deliver to the elevator of his choice.

Q. Have you ever been asked either by a pool elevator company, or by the Board of Grain Commissioners, or by the transport controller, or by anyone else to give your idea of some plan that would provide a better distribution of box cars? You said that if you had been called in to sit down with a few people around a table, you think they could have arrived at a plan. Has any suggestion been made to you that they would like to have your ideas?—A. No, sir. No one has asked us to give any plans or ideas.

The CHAIRMAN: Are there any other questions?

Mr. DINSDALE: Your union has never made any representations on the question concerning box cars, or the distribution of box cars?

The WITNESS: No, we have made no representations. This is the first time we have had an opportunity.

Mr. ARGUE: If I might make a suggestion, if the practice of calling representatives of your association is continued, which I hope it will be, I wonder if you might consider giving some thought to this problem of a formula for the distribution of box cars and bringing to the committee the next time you appear your ideas on that subject, because I agree 100 per cent that it is one of the important complaints of producers and I think it is a perfectly legitimate complaint. Most people in Canada are proud of competition in our competitive system. Certainly anybody who subscribes to that type of philosophy I believe should agree that a farmer must be given the right to market his grain at the elevator of his own choice. Everyone else in the country has the privilege to do his buying and selling wherever he wants. And I think if you could bring some suggestion to the committee the next time you appear, it would serve a useful purpose.

The CHAIRMAN: Thank you, Mr. Mills. Now I think, if Mr. McKenzie will come back to the witness box we can probably make some progress.

Mr. ARGUE: It is pretty late and we will have to meet tomorrow. I do not think we can accomplish much more tonight. I would like to move that we adjourn.

Mr. MAJOR: We cannot sit tomorrow, Mr. Chairman.

The CHAIRMAN: Let us settle the time of the next meeting.

Mr. JUTRAS: I do not think that we should meet tomorrow. Tomorrow is Saturday.

Mr. ARGUE: Well, the House meets tomorrow and it is a regular day here.

Mr. JUTRAS: You realize the difficulty you will have to face.

The CHAIRMAN: Just a moment. These witnesses have come a long, long way.

Mr. GEORGE: I move that we sit at 11.30 tomorrow morning.

The CHAIRMAN: It is moved that we sit tomorrow morning at 11.30. Is that agreed?

Mr. ARGUE: If we are going to meet tomorrow we need to have our quorum reduced, and I move that our quorum be reduced to 12, and that we ask the House to reduce our quorum at 11.00 o'clock so that we may have a meeting at 11.30. If we do not get our quorum reduced, we will be sitting around here all the morning.

The CHAIRMAN: I am sorry, but we have not got a quorum now.

Mr. WRIGHT: I think that is only an excuse. We have been carrying on business here most of the evening.

The CHAIRMAN: It was Mr. Bryce who asked us to quit our work because there was not a quorum.

Mr. BRYCE: Why be foolish about the thing?

The CHAIRMAN: I am not being foolish about it.

Mr. BRYCE: You are being foolish about it. You know that we need less of a quorum than we now have. We are losing half the time.

## EVIDENCE

MAY 9, 1953.  
11.30 a.m.

The CHAIRMAN: Now, gentlemen, if you will kindly come to order we have a quorum.

I think the first order of business this morning should be an answer by the parliamentary assistant to the Right Honourable Minister in connection with the printing of the report.

Mr. McILRAITH: Mr. Chairman, there was an inquiry the other day as to when the report was sent by the Board of Grain Commissioners. The departmental records show a request for printing, number 2,001 dated January 28th, 1953, was received in the Supplies Branch, Ottawa, February 3rd, 1953, and the document was sent to the Queen's Printer on February 4th, 1953.

Mr. WRIGHT: And when was it received back from the Queen's Printer?

Mr. McILRAITH: We tabled it the day it was received back before it was in final form.

Mr. WRIGHT: The final form was received about May 2nd.

Mr. McILRAITH: I will fill in the dates, if I may. The first document tabled was before the printed job was completed, without the cover.

Mr. WRIGHT: I realize the difficulties and pressure the Printing Bureau is working under, but I do protest as vigorously as I can the fact that this report was so long reaching the House. One of the reports of the Divorce Committee which has 134 pages in it was completed on April 17th and went to the printer's office and was back in the hands of the House about two or three weeks ago. Now, here is a report from the Board of Grain Commissioners, a very important report, which went to the Queen's Printer on February 3rd and we get it back on May 2nd. Now, there is something wrong in a case like that.

Mr. McILRAITH: There has been no lack of push in the attempt to get this report printed. I would point out that both you and I were members of a committee of the House of Commons where we insisted on getting the evidence back on Thursday which was taken on Tuesday, and you will remember the discussion on that. It is a matter for the House to determine the priority. There was certainly no lack of attempt to get this document printed and before the House.

I have to table a great many reports and have taken great pride in getting answers when asked.

Mr. WRIGHT: I understand much of this work is not done in the Printing Bureau but that much of it is sublet. I do not know whether this was sublet or not.

Mr. McILRAITH: This, I understand, was a Printing Bureau task. I have been concerned with this problem many times and in the past we have had government reports printed outside by direct contract and I have been questioned about that and members have objected to the Printing Bureau not being used.

Right Hon. Mr. HOWE: If anyone could devise a way of getting these reports printed promptly, we would be very glad to adopt it.

Mr. WRIGHT: I do not think there has been any other report as long reaching the hands of parliament that I can remember, not of any Crown corporation.

Right Hon. Mr. HOWE: They are printed outside.

Mr. McILRAITH: The Crown corporations reports can be directed to be printed wherever we can get the work done without reference to the House, and it is a great convenience. If the House is ready to let us do the same thing with the departmental reports, I for one would be very happy with the arrangement.

Right Hon. Mr. HOWE: The Wheat Board report was down here in time, but this is a Civil Service job and it had to go to the Queen's Printer according to the Act. If you can pass an Act that would enable us to go to an outside printer we would be glad to do so.

Mr. WRIGHT: Whether the matter can be remedied at another session or not I do not know, but it is not fair to present a report like this a week before the session ends.

Now that may not happen another session. It may depend on the time the session begins. If the session meets in January or February and goes on later it gives more time to the Queen's Printer to get the reports printed; but with the session meeting in the fall and ending in May we have to do something to get these reports ready.

Mr. McILRAITH: It really turns on whether committees are sitting at the time these reports are prepared. That is where the difficulties come in.

The CHAIRMAN: Before calling on the witnesses of the Saskatchewan Wheat Pool Employees Association last evening, I think Mr. Rayner had just read some statement in connection with the Brancepeth case. If that is concluded shall we complete the report.

Mr. WRIGHT: Mr. McKenzie indicated he would discuss the Kreutzweiser case. Personally I am not interested in the dispute between the pool agent and the individual farmer, but what I am interested in is the decision of the Board of Grain Commissioners and the effect of that decision on the Canada Grain Act. It is on that angle I would like to have Mr. McKenzie discuss the matter. I do not think we should go into the details of what happened at the elevator and whether the farmer was right, because I have not the information before me. I am anxious however, to find out what effect this decision has on section 112 of the Canada Grain Act.

Mr. JUTRAS: There is not much point in going into the Kreutzweiser case itself. As a matter of fact the way I understand it there is no controversy on the case itself, it is only on the decision that was rendered on section 112 and I think if we confine our discussion to that we will accomplish something.

Mr. WRIGHT: That is what I said.

Mr. JUTRAS: I am supporting what you said for a change.

Mr. WRIGHT: We agree.

**Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, called:**

The WITNESS: Mr. Chairman and gentlemen, I am frankly very glad to have the opportunity of presenting to you the views of our board in respect to the decision made in the case of the Kreutzweiser dispute. I do not want to go into unnecessary detail, but I do wish when you have the time that you would all make it your business to check over the clauses in the Act from 108 to 112. The only reason for saying that is you will find in those five or six sections set out in the Act the procedure that is followed in the country elevators. 108 simply is the elevator agent must take grain in for storage if there is space for the grade offered and so on. Section 109 simply states in effect that some kind of a receipt must be issued when grain is put



into a house. That receipt may be in the form of a cash purchase ticket, or graded storage ticket or interim cash ticket or interim storage ticket subject to grade and dockage. 110 is a request for a special bin. 111 sets out the procedure followed if grade and dockage has been agreed on and the usual cash ticket is issued. Then we come to 112. This is the particular clause under which the charge in the Kreutzweiser case was made. Now, having considered the evidence carefully and having spent considerable time on getting all the views and facts that we could, we consulted our solicitor. I am going to read to you just a very brief statement which sets out, I think, the information correctly:

The decision of the Board of Grain Commissioners in the Kreutzweiser case did not in any way change the situation in regard to the sale of grain by a producer to a country elevator, nor did the Board's decision vary in any way any previous decision on the point at issue.

The Canada Grain Act controls the physical handling of grain by means of grade names which are copyright, and the licensing of elevators to store grain. These elevators must be in the railway right of way and have been declared for the general advantage of Canada.

There is no provision in the Canada Grain Act making it mandatory for any elevator to purchase any or all grain offered for sale. The Grain Act does require that a licensee having agreed to purchase grain shall handle it according to the procedure laid down in the Grain Act.

That is why I attracted your attention to the preceding clauses.

If an elevator refuses to purchase, then the producer can deliver his grain for storage and then find a purchaser as the Canada Grain Act makes it mandatory for an operator of a licensed elevator to receive grain for storage provided space is available.

Nowhere in the statutes of Canada is there any provision making it mandatory for any person to purchase any commodity offered. Purchase and sale is still a matter of agreement between buyer and seller.

Under normal conditions a producer very seldom faces a condition where an elevator company will refuse to buy his grain if there is space to handle it in the elevator. A country elevator operator is in business to handle as much grain as he possibly can.

Even under the congested elevator conditions that have prevailed during the past two years, very few occasions can have arisen when an elevator operator has refused to purchase grain from a producer if space was available in the elevator.

Now that, gentlemen, is a statement of our views expressed as briefly as I can express them to you. I want to give you absolute assurance that in so far as the Board of Grain Commissioners is concerned the effect of section 112 is not altered or modified in any degree whatever.

Mr. ARGUE: I am forced to express my extreme disappointment and amazement at the opinion that has been read to this committee. If you look at section 112 of the Act, you will find that it reads as follows:

112. If grain is offered at a licensed public country elevator for sale or ordinary storage, but the person offering the same and the person in charge of the elevator do not agree as to the grade thereof or the proper dockage therefrom, a sample shall be taken and placed in a receptacle in such manner as may be prescribed and shall be submitted for examination under this Act as may be directed by regulation.

(2) Pending the receipt of a report on the grading of such sample the operator or manager of the elevator shall issue in respect thereof an interim cash purchase ticket or interim elevator receipt.

(3) Upon the receipt of the report of an inspecting officer under this Act as to the grade of the sample and the dockage therefrom, the interim ticket or receipt issued for the grain may be surrendered and there shall be issued in lieu thereof an ordinary ticket or receipt for grain of the grade reported by the inspecting officer subject to the dockage specified by him.

As I read section 112, it says that a producer has the right to go into an elevator and if there is room in the elevator for his grade of grain, to have that grain dumped in the elevator, have a sample taken, placed in the receptacle, sent away for an official grade, and when the official grade comes back that grain is then sold. If, on the other hand, an elevator company can refuse to buy an individual farmer's grain, then the protection that the farmers thought they had under this Act is not existing. I want at some time to make some further remarks on the Board of Grain Commissioners' ruling, but I want to quote at this time from the ruling on the Kreutzweiser case:

The provisions of section 112 requiring a sample to be taken and placed in the receptacle only apply in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

In other words, if an elevator agent or the elevator company refuses to purchase the farmer's grain, the farmer has no alternative but to take the grain back home, because there is no point in dumping the grain in an elevator if the elevator won't purchase it. I feel that the ruling has been a very ill-advised ruling, that the farmer's protection is now gone, and that this committee should consider an amendment to the Act that will spell out to the farmer this right, the right of a farmer to drive into an elevator, if there is storage available, to dump his grain, to have a sample taken, placed in the receptacle, sent to Winnipeg, and, when the grade comes back, the right to a cash purchase ticket and not any qualification whatsoever that the elevator company can refuse to buy grain. What about this situation, what about the situation where you have only one elevator company at one point and you have a farmer coming in, and the elevator agent does not like the colour of the farmer's hair, or something else, and he refuses to buy the grain. That farmer then has no protection under this Act; he cannot sell his grain if the elevator agent refuses to buy it. That is why I think this committee should give some consideration to recommending any necessary amendment that will spell out the rights that producers believe they have under the Canada Grain Act.

The WITNESS: May I just answer Mr. Argue for just a moment? I think it is necessary to get the facts clearly in our mind. I do not know how many of you have read through the evidence that was submitted in this case at Saskatoon, but if you will remember this, the farmer drove into the elevator and said, "I want to sell that wheat as No. 2 Northern wheat." The elevator agent said, "I cannot take it in, I cannot buy it as No. 2 Northern because I cannot agree that it is No. 2 Northern and I have no space for No. 2 Northern", and he started to write out a cash ticket for No. 3. Now, that is significant, gentlemen, for this reason: the farmer would not take a cash ticket for No. 3. It was not, then, a dispute as to whether he would buy or not, the dispute was over the grade that was offered. Had he then followed section 112 and, jointly with the elevator agent, taken a sample as prescribed under regulation 18 and sent it in, then you see what the position would have been. The agent would then have taken the grain into the house. The farmer was secure, he was not concerned with what happened to the grain after that, because his equity was secure, in the sample that was taken, and the agent had to settle on the basis of the chief inspector's decision, but Mr. Kreutzweiser insisted

that his was a sale, it was not storage, and he could not get it into the house under those circumstances at all. He was not prepared to agree to take storage even for two, three or four days, assuming that the agent was willing to take it into the house and take the responsibility of deciding where it was to go. There was still that question of storing for a short period of time, but Mr. Kreutzweiser did not want that, he wanted a cash ticket there, and in the absence of that he wanted an interim cash ticket.

Now, I think it is rather desirable to spend a moment discussing what an interim cash ticket is. An interim cash ticket was devised originally to meet a situation that prevailed on the open market. A number of you will remember that when we had open trading the price of grain was fluctuating from day to day, and the farmer not being able to agree with the agent what the grade was, the agent put it into the house and sent forward a sample to get the official inspection. That takes three, four or five days, depending upon the distance between that local point and the point of inspection. In that interval the farmer might need a little cash and so he asked for an interim cash ticket. Now, the interim cash ticket is a means by which some cash can be advanced to the farmer for his needs. It is not a negotiable document, but once the return has come back the sale is completed and then the farmer surrenders the interim cash ticket and gets the ordinary cash ticket for his sale. Now in this case I do not want to attach unnecessary criticism to Mr. Kreutzweiser at all, perhaps it was done quite innocently, but he drove into the elevator and said, "I want to sell this wheat as No. 2 Northern and sell it now." Now, just imagine what that would mean if we accepted that as an interpretation of section 112.

*By Mr. Wright:*

Q. Did he say that he wanted a complete cash ticket or an interim cash ticket?—A. No cash ticket is issued without agreement as to grade, and you will remember he would not sell it, only as No. 2 Northern wheat.

Q. It was an interim ticket, then, that he asked for?—A. Yes, that is right, but he would sell, only as No. 2 Northern wheat. He said frankly he did not want storage.

Mr. HELME: Is this interim cash ticket negotiable?

The WITNESS: No.

*By Mr. Jutras:*

Q. On that point, is not the difference between the interim cash ticket and the storage ticket just a technical one—one is a sale, and the other is not, but from the practical point of view the effect is the same in the two cases, because you can only get a loan on your interim ticket and you could get the same loan on your storage ticket?—A. Yes.

Q. If you want to raise money on that paper?—A. Yes.

Q. You could raise the same amount of money in the same way in the two cases?—A. Quite true.

Q. Except that from the technical point of view, in the first instance, you have sold your grain if you agree to take an interim cash ticket?—A. That is right. If you take an interim cash ticket, but the sale is not completed until you get the grade back.

Q. Is it not a sale on the basis of the return of the inspector?—A. That is right.

Q. While in the other case there is no agreement on the question of sale. The farmer is still free to take it back, or to sell it, or to do whatever he likes.—A. That is right.

Q. In the first case his grain is lost, as far as he is personally concerned; and when the grade comes back from the inspector, it is sold. In other words there is a sale.—A. That is right, and I should have said that.—You probably remember those fluctuating prices. The farmer would not know what the market was and exercising his judgment he would drive in with his wheat on a certain day. Perhaps the price of wheat would go down, so he would say to the elevator man, we are going to sell the wheat on today's market. We do not know what the grade is yet.

He did not issue a cash ticket and complete the sale until he knew what the grade was. The interim cash ticket was a medium through which he could get a little cash in the meantime.

With Wheat Board selling, had that wheat been acceptable, or had the agents been willing to buy that wheat as, let us say, No. 2 Northern, on the farmer's demand, then no interim cash ticket was necessary because he would take an initial payment which was set out by the Wheat Board.

Mr. GOUR: It seems to me that a farmer is going to put his wheat in the elevator and if it is No. 2, and if it is acceptable, he will say that the board has to pay for No. 2. It might be No. 3 or No. 4. But he will take out an interim receipt because on his word it is No. 2. You would be surprised to know the number of people who are always wanting to have things done in their own way.

Mr. QUELCH: I am not following the verdict that was handed down in the Kreuzweizer case. But I am concerned about the statement that appeared in the decision to the effect that:

The Canada Grain Act does not contain any provision expressly compelling the operator or manager of a licensed public country elevator to purchase grain and implied legal obligation to do so cannot be read into section 112 of the Act.

I am only a layman, so I find it very difficult to understand the workings of a lawyer's mind on this matter.

In the first paragraph of section 112 of the Canada Grain Act, it states:

112. (1) If grain is offered at a licensed public country elevator for sale or ordinary storage, but the person offering the same and the person in charge of the elevator do not agree as to the grade thereof or the proper dockage therefrom, a sample shall be taken and placed in a receptacle in such manner as may be prescribed and shall be submitted for examination under this Act as may be directed by regulation.

On that point am I right in interpreting it as meaning that when a farmer brings a load of wheat to the elevator, and they do not agree on the grade, then, providing the elevator agent has room for it, he must take in that wheat and place a sample of it in a receptacle?—A. That is right.

Q. Then it says in the next paragraph:

112. (2) Pending the receipt of a report on the grading of such sample the operator or manager of the elevator shall issue in respect thereof an interim cash purchase ticket or interim elevator receipt.

He is compelled to do that, once he has taken in the wheat?—A. That is right.

Q. And then the third paragraph of section 112 reads as follows:

112. (3) Upon the receipt of the report of an inspecting officer under this Act as to the grade of the sample and the dockage therefrom, the interim ticket or receipt issued for the grain may be surrendered and there shall be issued in lieu thereof an ordinary ticket or receipt

for grain of the grade reported by the inspecting officer subject to the dockage specified by him.

Then, when the return comes back on the sample sent in, the elevator agent then is compelled to buy that wheat on the basis of that sample.—A. That is right, if an interim cash ticket has been issued.

Q. I cannot see why you say that "the Canada Grain Act does not contain any provision expressly compelling the operator or manager of a licensed public elevator to purchase grain . . ."

And further on you said:

The provisions of section 112 requiring a sample to be taken and placed in the receptacle only apply, in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

The elevator agent must accept that grain and take a sample, so that means that they are buying on the basis of it. There is compulsion there, surely.

Mr. LARSON: That is the point, the elevator man has absolutely no place.

Mr. QUELCH: That doesn't say that the Canada Grain Act does not contain any express provision whereby the public elevator shall purchase the grain and provide storage. Let me put it this way: Section 112, in the first paragraph reads as follows:

. . . a sample shall be taken and placed in a receptacle . . .

Surely no elevator would take a sample unless it was going to take delivery of that grain. Therefore the first section must be based upon the understanding that that grain is taken in by the elevator agent. He would not be able to take a sample and send it away and then bind the man to buy that grain on the basis of the sample unless the grain was taken into the elevator, otherwise the sample would not be taken; furthermore, why would they take a sample and then provide that it should be paid for on the basis of that sample.

Mr. VALLANCE: Mr. Chairman, Mr. McKenzie has asked me to say a few words on this point. I think what Mr. Quelch has said is true up to a point, that the farmer goes into the elevator and he has got a truck load of grain and he wants to sell that grain. But the elevator agent and he cannot agree as to the grade.

As Mr. McKenzie said, he may want to take advantage of the market on that day but it does not operate today with your Wheat Board, because your prices are the same from day to day.

Suppose a farmer came in with a load of wheat. He says: "I want to sell this wheat to you but there is a disagreement on the grade. I will take an interim cash ticket."

If he wants to store the grain subject to grade and dockage, that is the difference between the two; the one is to store it subject to grade and dockage and the other is to store it on an interim cash ticket and to sell, dependent upon the report coming back.

Let me go a little further back. I do not like to say this, but I know there is at least one person in this room who went through the revision of this Act in 1930, and I do not want to say it because I was there. But in discussing this very subject I think one of the greatest legal brains of Canada was O. M. Biggar, who had more to do with the compiling of the Act in agreement with the desires of the producers of that time than any representative in this committee. And this interim cash ticket is set out for the purpose that the farmer wants to sell it when he comes in, but they do not agree. So the

farmer will say: "I will take an interim cash ticket. I want to sell it to you today."

He will await the return of the decision of the chief grain inspector and he will be paid on this day's market. The other way, it comes in subject to grade and dockage without any sale attached to it.

Mr. FAIR: I do not think we have any objection whatever, at least I have not, to what is contained in the Act. My objection is to what is contained in the ruling here, and there will have to be a lot more talking done before I change my mind. As far as I am concerned, I am not interested in the Kreutzweiser case because if he had been reasonable, I do not think he would have had any difficulty whatever. If they could not agree on the grade, he could have taken a special grade storage ticket if he wanted a little money. He could surely have got it from the elevator agent. I think there was some other purpose in his mind in going into that elevator. He could have asked for a ticket on the basis of his grading, and he could have said: "I do not agree with it." Provision is made under section 112 for the settlement of grade of that particular grain, and after that, this section 112 states very distinctly that: "Upon receipt of the report of an inspecting officer under this Act as to the grade of the sample, and the dockage therefrom the interim ticket or receipt issued for the grain, may be surrendered, and there shall be issued in lieu thereof an ordinary ticket or receipt for grain of grade reported by the inspecting officer subject to the dockage specified by him." Now, following that up, we have this finding which deals specifically with the Kreutzweiser case. As I said before, I am not interested in that, but I am interested in the administration of the Act.

In the findings on this case it states that the Canada Grain Act does not contain any provision expressly compelling the operator or manager of the licensed public country elevator to purchase grain. An obligation to do so cannot be read into section 112 of the Act. That statement in my opinion should have been qualified, but there is no qualification whatever there, but I think the decision in this section does not line up with 112 of the Act, and that is what a great many of us here are vitally interested in. I do feel, and it has been admitted here, that elevators are compelled to accept grain for storage provided there is room for storage, and having accepted that grain for storage under clause 3 of 112, the agent of the elevator must issue a ticket. Therefore you have, in my opinion, a compulsory purchase of grain. This section of the judgment that I read from might be all right provided it is qualified, but that qualification is not there.

Mr. WRIGHT: Mr. Chairman, I would like to point out to Mr. Vallance that he has admitted when he was speaking that, under the board's interpretation of the Act, while the wheat board is not in operation and while the open market was in operation, that this interim cash purchase ticket was issued, but now he is saying that because we have a different system of handling our grain, that it is not compulsory for them to be issued.

Mr. VALLANCE: No, no, no. I never made the statement that they must not be issued under any circumstances. I said the only intention of this ticket was that in the open market, if the farmer saw a market propitious at the time in respect to the price, he said I will sell it to you, and you can send a sample down to get the grade. I see nothing to be gained by it, because the price is the same from day to day.

Mr. ARGUE: That statement now by Mr. Vallance, all it says is that the Board of Grain Commissioners have themselves amended the Act.

Mr. VALLANCE: No, no.

Mr. ARGUE: Because of the changes in the marketing of the grain.

Mr. VALLANCE: No none whatever.

*By Mr. Argue:*

Q. But I have a question I would like to ask Mr. McKenzie. If I heard him right, he said to this committee when he made his statement that there was an obligation on the part of the elevator company to buy grain. My question I think is a simple one. Have I the right as a producer, or has any producer the right, to take his grain to the elevator and if there is a dispute dump his grain, and demand a storage ticket, and demand the sample be sent into Winnipeg, and when the results come back demand a cash ticket.—A. Sure.

Mr. VALLANCE: No.

Mr. WRIGHT: We have a division of opinion among the members of the board.

The WITNESS: Let me explain.

Mr. ARGUE: I want to know whether I can sell my grain through the elevator—

The WITNESS: Do not pound the table because I cannot hear your question. I say this that the elevator company does not have to buy the grain unless there is some agreement as to grade. In other words, a farmer cannot drive into an elevator and say my wheat is two northern, and you have got to buy it as two northern.

*By Mr. Argue:*

Q. Has the farmer the right to demand storage if storage is available?—A. Yes.

Q. Then, when the report comes back from the Chief Grain Commissioner is the elevator company compelled to accept that grade, and issue a cash ticket?—A. If the farmer is ready to sell, and if a settlement is made at all, it has got to be made on the basis of the grade, decided upon by the Chief Grain Inspector.

Q. But does the elevator company have to accept that or can the elevator company say that is grade two, when it might be grade three?—A. He cannot say that, positively no.

Q. Is he compelled to issue a cash ticket, after receiving the report of the Chief Inspector as to the official grade?—A. I would question it very much but I would suggest this to you. Do you know of any single case where they refused to buy it under these conditions.

Q. That is not the point at all. What protection has the farmer got. All you are saying is that he has not got the right to demand a cash settlement when the official grade is returned.—A. He has all the protection that was ever in the Act.

Q. His protection is gone with your ruling. I take it you have looked over the report by Mr. Rayner on the Kreutzweiser case?—A. Naturally.

Q. Do you agree with his report?—A. In general.

Q. Do you agree with the paragraph that reads as follows: "The complainant refers in his letter to his rights under section 112 of the Canada Grain Act. This section of the Act does give the person delivering grain the right to an interim cash ticket or interim elevator receipt if there is disagreement as to grade, but this right only exists if as provided in section 108 of the Act there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered." Do you agree with that?—A. Under 108 he has to take it in. If he has space available for that type and quality of grain, he has to take it in, but I would also say this, that if he cannot buy it, he does not need to buy it. He can issue an interim cash ticket against it, only when it goes into the house.

Q. But this paragraph says that the farmer has a right and this right only exists—what right—the right in the previous sentence “the right to an interim cash ticket or an interim elevator receipt provided there is in the elevator available storage accommodation for the grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.” That says he has a right to an interim cash ticket, but it says that this right only exists “if” so, he has the right to an interim cash ticket according to Mr. Rayner. According to Mr. Rayner he has the right to an interim cash ticket or an interim elevator receipt —A. There is no doubt about that.

Q. —if there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.—A. That is right. If the farmer agrees to put it into the house as 108 suggests, and having it in there, subject to a final settlement based on the Chief Grain Inspector's certificate, then he has the right to ask for an interim cash ticket if he wants it.

Q. Then Mr. Kreutzweiser was correct in asking for an interim cash ticket.—A. No.

Q. Why not?—A. For the simple reason he would not let the grain into the house. He said in effect “I am going to sell it and you have got to pay me for two northern.”

Q. Did he ask for an interim cash ticket?—A. Yes. But he simply did not understand he could not get that until it was taken into the house and he would not let him take it in.

Q. Did Mr. Kreutzweiser have the right to an interim cash ticket if he had been prepared to dump his load there?—A. What do you mean by dump?

Q. Put it in the elevator.—A. Yes. If he had been prepared to put it into the elevator and the elevator agent was prepared to take it in having space available for that type of grain and then take his sample as regulation 18 prescribes and send it down. If all those conditions prevailed he was entitled to an interim cash ticket. But, mark you, he would not do that. Nowhere in the evidence was it stated that he was interested in storage. He wanted to sell it and he wanted to sell it for number two northern; that was his position. On the basis of that position we could not do anything else.

Q. You have looked over the evidence, have you, and would you say to this committee that there was room in that elevator for number two northern? —A. Now, that introduces another phase of the problem. It is so easy to stand and say things should or should not be done. Now, who is going to decide what available space is? We have not got men who can go into every elevator every moment of the day and settle an argument whether there is available space or not. Under the conditions which prevail it must be left largely to the discretion of the agent. Here there was a dispute as to whether it was number two or three northern. There was no dispute as to whether there was room for number three northern. There might have been dispute as to whether there was room for number two northern. The bin in which the two northern grain was placed was filled at the corner where the spout comes in and any more coming in would run into the No. 3 bin. Now, you can say because there was room at the far corner if the grain was levelled out there could have been found space for that 65 bushels, but think of that elevator agent who had another load waiting and had not the time to go in and shovel it back. Under normal conditions every elevator agent wants to get every bushel of grain he can into a house; that is his business. But, at the moment when Mr. Kreutzweiser's grain was standing on the platform there was no room in that house for two northern wheat.

Mr. HELME: Mr. Chairman, in the years before the Wheat Board started to operate I bought grain as some of you know for some years. Now, at a time of



a difficulty of this sort if a man came into my elevator and we could not agree on the grade of grain, if I took the grain the procedure I would have followed would have been to suggest to him that he take a subject to a grade and dockage ticket and send a sample to the inspection department. But if he wanted the cash against that grain I would turn around and use an advance ticket. That is something that is not used very much these days, but was used and I understand it is still available. That would have satisfied both I think. He would be able to get his grain in the elevator and would be able to realize some money against that grain, and then take the grade which came back from the chief inspector. He would surrender his storage ticket subject to grade and dockage of course when he got his advance, and that would be taken back and the ticket would be issued as against the subject to grade and dockage ticket for the appropriate grade of grain as it came back from the inspector. It seems to me if that system had been followed this whole mess could have been avoided. We would make out a subject to grade ticket, take a sample, put it in a box and this man would then ask for an advance against the ticket and the agent would issue an advance against that ticket and the man could get a portion of his cash there and the balance after the grade had been established. I think that is the solution to the whole thing. I am not prepared to say any more.

Mr. WARD: What would you have done if you had been handling the Kreutzweiser case?

Mr. HELME: I would suggest he take a subject to grade and dockage ticket.

Mr. WARD: Mr. Kreutzweiser laid down certain conditions under which he would sell his grain.

Mr. HELME: I would have bought the grain at the grade I thought it was.

Mr. WARD: But he would not have sold it at that.

Mr. HELME: I would have offered him the proposition of storing it and giving him the advance and the subject to grade and dockage ticket.

*By Mr. Jutras:*

Q. I wish to follow up what Mr. McKenzie said a moment ago which threw a lot of light on section 112. The point at issue in my opinion on 112 is simply this: The rights of the farmer and producer and the rights of the buyer under 112. Now, you said if I understood you correctly—let me take an example. Suppose I go into the elevator and I tell the elevator agent that I wish to sell my wheat and then I agree to send a sample away. Do I understand then that I establish a right to get an interim cash ticket?—A. Yes. In agreement with the agent.

Q. I have the right to claim an interim cash ticket under those conditions?—A. Yes. In agreement with the agent.

Mr. HELME: But you cannot get any cash.

*By Mr. Jutras:*

Q. The right of the producer under 112 at that stage is he has a right to an interim cash ticket?—A. Yes.

Q. As far as the practical end of it is concerned it is purely a question of whether you take an interim cash ticket or storage ticket.

Mr. VALLANCE: Look at form 5. It is an appendix to the Act. I will not read it all. "And which is subject to Government grade and dockage of the sample hereunder mentioned at a price of . . . cents per bushel . . . spreads between grades to be determined by the spread existing on this day."

"A sample of the said grain has been taken in the prescribed manner and is identified as . . ."

“Upon surrender of this ticket after the receipt of the Government Report as to the grade of the above sample and the dockage to be made therefrom an Ordinary Cash Purchase Ticket will be issued in lieu hereof, or the amount of the purchase money less any advance payment of which the receipt is hereunder acknowledged, will be forthwith paid.”

Now, take the case you were talking about, Mr. Helme. There is no provision made in your interim elevator receipt subject to grade and dockage for advancing that money. You may do it as an operator but there is nothing specific set out in the statute that you can do it or should do it or he can demand it. You may make an arrangement with the producer to give him an advance because you have assurance you are going to get possession of the grain.

Mr. HELME: You notice that that advance that I was talking about is not listed here as a form, but while as you say, Mr. Vallance, it is possible there is nothing set out here, it is the general practice of elevator operators to do that as another form of accommodation.

Mr. VALLANCE: I agree with you, I think, but it would be well for the committee to just look at these forms, there are only five tickets set out in the Act.

Mr. WRIGHT: I think in this case, as in 99 cases out of a 100, if a reasonable farmer had come into the elevator there would have been no difficulty at all, but what I am now afraid of is, because of the fact that this case arose, that we have changed radically section 112 of the Act by the decision. The decision states this on page 2:

The provisions of section 112 requiring a sample to be taken and placed in the receptacle only apply in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

Now, in section 112 is the only place I can see in the Act where provision is made for samples being taken and sent to the Chief Grain Inspector.

Mr. VALLANCE: What?

Mr. WRIGHT: It is one of the places which gives the average person—I know you can do it on carload lots and that sort of thing, but where a man goes in with a load of grain, this provision here provides that if there is a disagreement then the elevator agent must take a sample and send it in. Now, this decision here, as I read it—and I am not a lawyer and I may be reading something into this that is not there—but it states quite clearly:

The provisions of section 112 require a sample to be taken and placed in the receptacle only apply in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

So, if there is no agreement he would not be able to get a sample taken.

Mr. VALLANCE: I do not think you are interpreting it right. He has an option of one or two—he can either take subject-to-grade-and-dockage with no price or any grade attached to it, or he may ask for an interim cash ticket. Now, the argument has been used—I think it was used by the pool attorneys, by Mr. Milligan in this case, that if he gets an interim cash ticket then they have got to buy it; they have agreed on the sale, that is why he gives him an interim cash ticket, but if he gives him a storage receipt that is subject to grade and dockage, there is nothing that compels the agent to buy. Any farmer can put any grade into storage subject to grade and dockage and get the grading of the Chief Grain Inspector and take it out of the elevator any time he wants or sell it to anybody who will go there and take it out of the elevator.

Mr. ARGUE: That is all the protection he has got, what you said in your last sentence?

Right Hon. Mr. HOWE: It seems to me that this is getting muddier. Why not let the chief commissioner carry this battle?

Mr. ARGUE: Mr. Chairman, we have had two stories this morning. One was that the farmer—and this was brought out in reply to a question by Mr. Juras—has the right, when his grain is dumped, to an interim cash ticket. With an interim cash ticket he can get an advance on it, or a loan on it. It has been stated this morning that the elevator companies are not required to accept grain and issue an interim cash ticket upon it. Well, are they or are they not?

The WITNESS: Well, it seems to me, gentlemen, as the minister has said, the atmosphere gets a little muddier. May I try in my own language to explain the situation, but, first of all, let me say this, and I say it absolutely, positively and sincerely, that the judgment in the Kreutzweiser case does not alter in any degree or in any sense our interpretation of section 112. I want that statement to go down as a positive statement. Now, this dispute arose in respect to this particular case because the farmer tried to do something he was not entitled to do. He tried to force the elevator agent to buy a load of wheat on his own grading, No. 2 Northern, and that is not, we think, in accordance with the terms of the Act.

Mr. WRIGHT: I will agree with you there.

The WITNESS: You cannot take a livestock animal into a stockyard or to a butcher and say, "There is an animal and you have to pay me \$200 for it". You cannot compel him to buy it. Well, that is the principle at stake. Now, the mistake that Mr. Kreutzweiser made was just that, that he said, "All right, you won't buy it as No. 2 Northern, and I won't sell it as No. 3 Northern", and that is what happened. Had Mr. Kreutzweiser then said, "All right, I am agreeable that we draw a sample of this and send it forward", provided, of course, that the elevator agent was willing to take it in because he had space available. The agent said it was not No. 2 Northern, but I am sure, because there is only 55 bushels involved, that the agent would have taken it in and taken a chance on the grade had Mr. Kreutzweiser agreed to do that and have the sample sent forward for a grading, and would be prepared to sell on the basis of the Chief Grain Inspector's grade, and under those circumstances Mr. Kreutzweiser would have been entitled to an interim cash ticket. There is no question about that. The dispute was not there. The dispute arose from the fact that they could not agree as to grade and Mr. Kreutzweiser was not prepared to do anything. He asked for an interim cash ticket, yes, but he was not prepared to take the action that entitled him to an interim cash ticket.

*By Mr. Argue:*

Q. Well, then, it is a fact that elevator companies are forced by law to purchase grain in certain specified instances like the one you have just mentioned, where a producer goes into the elevator and is prepared to dump his grain, take an interim cash ticket and have the final ticket made out on the basis of the Chief Grain Inspector's report as to the official grade, and in that instance the elevator companies are required to buy grain from the producer?—A. I would just like to ask you, as a businessman, if you were not prepared to buy a product would you make an advance payment on it?

Q. Well, now, that kind of answer is the reason I keep coming back to this question.—A. Well, that is my way of saying to you that once an elevator agent has issued an interim cash ticket he has purchased the wheat.

Q. Does he have to issue an interim cash ticket?—A. Under the circumstances I have described, yes, if he meets those conditions.

Q. If he meets those conditions he could buy and then issue an interim cash ticket?—A. That is right.

Q. In respect of the statement this morning that this is not used now, because it was used when we had an older marketing system.—A. Do not get confused on that, again. Now, under the circumstances that Mr. Vallance suggested, a man drives up to an elevator, and there is a dispute as to grade, they carry forward the provisions set out in regulation 18, the farmer wants an advance on his grain, and he can take it in the manner suggested here as the law, or, if he wishes, he can still take an interim cash ticket. But with the great majority of grain, he has only to wait three or four days for it, and at the end of that time he gets a settlement on a cash basis.

There is another place where they are still using it. Take, for instance, flax and rye. They are not controlled grains, and the cash ticket operates there if the farmer so wishes it. I want to say to you on the subject of the interim cash ticket, that the judgment in the Kreutzweiser case does not in any way limit the use of the interim cash ticket. If the elevator agent and the farmer are unable to agree as to the grade, the elevator agent says, "I will take it in, and we will send a sample down."

After all those conditions have been met, if the farmer wants an interim cash ticket, he is entitled to it.

Mr. ARGUE: I think we are making some progress now.

The CHAIRMAN: Just a moment. The Right Hon. Mr. Howe is here with us today and he would like to have fifteen minutes of our time before 1 o'clock.

Mr. ARGUE: Mr. Chairman, I would like to ask just one further question and then I shall sit down.

The CHAIRMAN: Very well.

*By Mr. Argue:*

Q. We have got the farmer with the interim cash ticket, as you said a few minutes ago. Then of course the elevator company would naturally be prepared to buy the grain once they had issued an interim cash ticket. That was the inference which I took, and that the law was not necessarily too clear. But if the elevator company showed its intention to purchase by issuing an interim cash ticket, surely they would have done so. Is not the interim cash ticket quite clear on this point when it says:

(3) Upon the receipt of the report of an inspecting officer under this Act as to the grade of the sample and the dockage therefrom, the interim ticket or receipt issued for the grain may be surrendered and there shall be issued in lieu thereof an ordinary ticket or receipt for grain of the grade reported by the inspecting officer subject to the dockage specified by him.

Isn't that the law?—A. Yes, that is the law.

The CHAIRMAN: Are you going to be very long?

The WITNESS: No. I think that the term "interim cash ticket" is a rather unfortunate term. What the interim cash ticket says is this, it is merely an advance on the purchase price; but the term is sometimes interpreted as meaning that the deal is completed. But all it is is an advance on the price that will be determined just as soon as the grade is determined and comes back from the chief grain inspector.

Mr. ARGUE: It makes a binding contract with the producer and with the elevator operator that will be dealt with and finalized when the official grade comes back, by issuing him an ordinary cash ticket.

The WITNESS: It is a sale.

Mr. HARRISON: We are glad you are satisfied.

The CHAIRMAN: All right.

Right Hon. Mr. HOWE: There is one matter I might take up promptly and that is a charge which was made against a member of the Board of Grain Commissioners at the last session. I refer to page 137, where I read:

Mr. Wright: The Board of Grain Commissioners is, as has been said, set up for the protection of the farmer and I agree with you that in the protection of the farmer the authority which it has to use is part of his protection. But I just cannot agree that Mr. Milner is perhaps as interested in the producers at heart to the same extent as a man who might be chosen by a farm organization to be a representative on the board.

The next part is the part to which I refer and it reads as follows:

Quite frankly I do not think he is. He is something like the weasel in the chicken coop. He is interested in the chickens but he is interested in the chickens for what he can get out of them.

That is a cowardly and criminal charge which was made in the absence of the man charged and I want to have it withdrawn immediately or it is going to be followed up.

I want to say that Mr. Milner was recommended as a representative of the province of Alberta by the largest producer elevator company in Alberta, and when he was appointed I had letters from a number of producers congratulating me upon his appointment. No man in the government service has worked harder than Mr. Milner in the interests of the producers.

I think the fact that we have had two record seasons of grain movement is evidence of his ability, and he has been able to straighten out some of the technical problems of the board. I think this was a cowardly charge, and I want Mr. Wright to withdraw it.

Mr. WRIGHT: Will you please let me see the transcript of evidence?

Right Hon. Mr. HOWE: The transcript reads "wolf", but I am told that you said "weasel". If you want it to stand as wolf, then all right.

Mr. WRIGHT: Will you go on to what I said next?

Right Hon. Mr. HOWE: Never mind about going on. I am just referring to the statement you made.

Mr. WRIGHT: You cannot just stop at any place you like.

Right Hon. Mr. HOWE: Well then, go on.

Mr. WRIGHT: My statement was quite an indirect statement.

Mr. ARGUE: Mr. Chairman, is the minister a member of this committee?

Right Hon. Mr. HOWE: I am here in my capacity as minister in charge of the wheat movement in Canada. No, I am not a member of the committee but I have a right to be heard in defence of an official of my department.

Mr. ARGUE: With great respect, of course I could be mistaken, but my understanding is that Beauchesne's Parliamentary Procedure states that no person can appear before a committee to make a statement unless than person has been invited by the committee to speak, or is a member of that committee.

Right Hon. Mr. HOWE: Then I ask to be invited by the committee.

Mr. ARGUE: I know that we have stopped other ministers before, but not the Minister of Trade and Commerce. But I do know that we have stopped other ministers.

Right Hon. Mr. HOWE: You cannot stop me. Does my friend think that this is his committee and he is the boss?

Mr. ARGUE: No. The committee can decide for itself. But there was a rule made at a previous committee when the Hon. the Minister of Agriculture

wanted to make a statement to the committee and it was decided that as he was not a member of the committee he must first get the permission of the House. So he went to the House and was made a member of the committee and came back and said more than anybody else.

The CHAIRMAN: I think the committee members will agree with me when I say that it has been customary to hear the minister of any department in a subject such as this.

Mr. JUTRAS: I think it is a ridiculous suggestion that the minister concerned cannot speak in committee. Surely the minister can speak.

Mr. ARGUE: I stand on the rules of the House.

Right Hon. Mr. HOWE: You can stand anywhere you like. This is another question.

Mr. JUTRAS: Does the committee agree?

The CHAIRMAN: Yes, is it agreed to hear the minister?

Agreed.

Very well, please proceed.

Mr. WRIGHT: You have heard what the minister read. But following that, I read as follows:

Mr. JUTRAS: I do not think that is the right thing to say.

Mr. WRIGHT: I still think that Mr. Milner is a representative of the grain trade rather than a representative of the producers.

Mr. WARD: I do not think there is anyone else who will believe that.

Mr. WRIGHT: Perhaps not, but there is an awful lot of producers who do believe it nevertheless, and I have been present when this opinion has been expressed to me by a great many producers, that the interests of the producers would be better served by another man on the Board of Grain Commissioners than Mr. Milner. As I have said, Mr. Milner is a competent man and he has done a good job where he is, but I do not think he is in his proper place as a member of the Board of Grain Commissioners.

That is my statement.

Right Hon. Mr. HOWE: Your statement was that he was working for the Board of Grain Commissioners to further his own interests.

Mr. WRIGHT: I did not make that statement at all.

Right Hon. Mr. HOWE: Read what you said.

Mr. WRIGHT: I said that a weasel in a chicken coop was more interested in the chickens for what he could get out of them.

Right Hon. Mr. HOWE: You said that Mr. Milner was interested in his job for what he could get out of that job.

Mr. WRIGHT: I did not make that statement.

Right Hon. Mr. HOWE: You did make that statement, and I read:

He is something like the weasel in the chicken coop. He is interested in the chickens but he is interested in the chickens for what he can get out of them.

I demand that you withdraw that statement.

Now just withdraw that statement.

Mr. WRIGHT: I went on to explain—

Right Hon. Mr. HOWE: Never mind explaining. You cannot explain that away. The only thing to do with a sentence of that kind is to withdraw it.

Mr. WRIGHT: I am not withdrawing anything at the present time.

Right HON. Mr. HOWE: If that is your final decision we will carry on.

Mr. WRIGHT: That statement is qualified by what comes after.

Right HON. Mr. HOWE: It is not qualified in any way shape or manner by what comes after. You say he was only in the job for what he could get out of it.

Mr. WRIGHT: I say that was the opinion expressed to me in meeting after meeting.

Right HON. Mr. HOWE: Perhaps so, but you made the statement on your own authority in this committee.

Mr. WRIGHT: I made the statement, and I went on to say why I made it.

Right HON. Mr. HOWE: You made the statement and never mind how you made it or why, but I want it withdrawn.

Mr. WRIGHT: You are not going to get it withdrawn.

Right HON. Mr. HOWE: All right, there will be a criminal action here. You are not in the House of Commons at the moment.

Mr. WRIGHT: I am in the committee of the House of Commons.

Right HON. Mr. HOWE: Yes, but we will see about it. It is a very cowardly position, and it is astonishing to me that any responsible member of the House—

The CHAIRMAN: Am I to understand you will not withdraw the statement, Mr. Wright?

Mr. WRIGHT: Not at the present time, Mr. Chairman. I made that statement and Mr. Milner was not here. Mr. Milner, as a member of the Board of Grain Commissioners, in my opinion should have been here. If he was performing his duty as a member of the Board of Grain Commissioners he should have been before this committee when the Board of Grain Commissioners report was being dealt with. Now, Mr. Milner was on another job where he was doing a good job. He was on another job where, in my opinion, he has done a good job, but in my opinion—

Right HON. Mr. HOWE: You are attacking his veracity as a member of the board of grain commissioners.

Mr. WRIGHT: Mr. Milner should have been available as a member of the Board of Grain Commissioners.

Mr. QUELCH: I am not in agreement with the statement the member made, but on the other hand, that member was expressing his own personal opinion, and I always understood that as long as a member is not using unparliamentary language, he has a right to express his views.

Right HON. Mr. HOWE: He cannot stand up and call a man a thief.

Mr. QUELCH: I understand the immunities of the House of Commons extended to the committee, and therefore he has a right to make the statement. It may have been indiscreet or it may have been unethical, and it may be totally wrong, but it is his privilege, and we do not have any right to ask him to withdraw on account of any legal action that may be taken, because I believe that parliamentary privilege extends to the committees of this House.

Right HON. Mr. HOWE: We will inquire.

Mr. WRIGHT: I said later, if I remember correctly in that statement, that I was not implying dishonesty on Mr. Milner's part.

Right HON. Mr. HOWE: I could not find that.

Mr. WRIGHT: I think you will find it there.

Mr. ARGUE: This issue between the minister and the member for Melfort may be important, but I think the important issue to be finally settled is whether immunity of a member of parliament is continued to the committees of this House.

Right Hon. Mr. HOWE: In other words, you think he should hide behind his immunity.

Mr. ARGUE: It is essential in our democracy that we do have parliamentary immunity, and if we are to lose our parliamentary immunity in parliamentary committees it is going to be a sad day for democracy in Canada. We have seen other actions around here that are in much the same category and we will not take this lying down, this suggestion that parliamentary immunity does not extend to committees. I think that is the issue.

Mr. GEORGE: I move that we adjourn until 3 o'clock.

The CHAIRMAN: Is the motion carried?

Carried.

#### AFTERNOON SESSION

The CHAIRMAN: Now gentlemen, if you will kindly come to order.

Right Hon. Mr. HOWE: I would like to say a word. Before the committee rose I was suggesting that immunity does not cover a committee. As I told a friend of mine, I learn my law by making mistakes. I was mistaken about that, and I would like to make it clear that I was mistaken.

Mr. WRIGHT: Mr. Chairman, on a question of privilege. I think perhaps we were all a bit heated in the discussion in the committee before the noon recess. I do not intend to pursue the matter further until I have a transcript of the evidence, and see exactly what was said, and if I think it is necessary, I will raise the matter on a matter of privilege in the House. There is one thing though that I do want to say right now. I was accused of attacking a civil servant when he was not here. I have been 16 years in this House, and that is something I have never practiced and it is not my usual custom to do such a thing. I did not criticize Mr. Milner on the first item of the Board of Transport Commissioners, but I thought, when it came to the item on the Transport Controller, that Mr. Milner would be before this committee. I think it was his duty to be before this committee, or to have sent a letter to this committee indicating why he was not able to be here, and I do not think any civil servant should think he can get out of criticism by absenting himself from a committee of this House, where he might be criticized. That is all I have to say.

Right Hon. Mr. HOWE: I think I should say a word on behalf of Mr. Milner. He was appointed to the duty on the Pacific coast of trying to get grain handling started again which operation had been tied up for 11 weeks.

Mr. WRIGHT: He could have sent a letter to the committee explaining his absence.

The CHAIRMAN: Let the minister continue.

Right Hon. Mr. HOWE: I do not know whether the committee summoned Mr. Milner. If they did, perhaps their summons did not reach him, and if it did, I am not aware of the fact. In any event, if Mr. Milner was on this assignment, he certainly could not have appeared before this committee. When he had business on the west coast it was his paramount duty to finish that assignment first. If this committee wants Mr. Milner he will certainly appear, and I think he is entitled to a hearing before this committee after what has been said, and he should be heard early next week, and I think the committee should hear him. You may think I have been vigorous in my



remarks, but I suggest Mr. Milner will have something to say about that accusation, and perhaps he will be vigorous too, I do not know.

The CHAIRMAN: Now, gentlemen, I think we got to the stage where a motion had been moved to adopt the report, and then I think it was Mr. Fair who suggested that it stand—

Mr. JUTRAS: On a point of order, Mr. Chairman. I think it is quite clear on the record that the report was carried. A motion was put and we voted on it. I would like to point out that the committee finished the adoption of the Report of the Board of Grain Commissioners and it was put to a vote and it was carried, so I suggest that now we report to the House that we have considered the report.

Mr. GOUR: I second the motion.

The CHAIRMAN: You have heard the motion by Mr. Jutras, seconded by Mr. Gour. All in favour of the motion?

The motion is carried.

Mr. WRIGHT: Mr. Chairman, will there be a meeting of the steering committee, or any report made to the House on any recommendations that this committee might have, arising out of the discussion which took place, and the presentations that have been placed before the committee. I think that there definitely should be some recommendations from this committee with regard to setting up of some other committee of the House, or a Royal Commission, to review the Canada Grain Act as related to the present marketing conditions in Canada. It has not been reviewed now for some twenty or thirty years, and during that period there has been a complete change in the marketing conditions in Canada, and I do think there are certain sections of the Act which should be discussed. Now, I am not trying to tell the government how it should be done, but I am saying that I believe it should be done, and I think this committee should make that recommendation to the House.

The CHAIRMAN: Anyone else wish to say anything?

Mr. WRIGHT: As a matter of fact the Minister of Trade and Commerce last year stated that he agreed with that.

Right Hon. Mr. HOWE: I did not. Just speak for yourself. I am here and I will speak for myself.

Mr. WRIGHT: The evidence is here.

Right Hon. Mr. HOWE: Well, read the evidence. I am a little fussy who interprets my remarks.

Mr. WRIGHT: All right, we will read exactly what you have stated.

Mr. DINSDALE: Mr. Chairman, on that point, as I recall it, at the beginning of the deliberations of this committee I think there was a suggestion put forward that some of the problems we have been discussing, or listening to being discussed, arose from the fact that major decisions, or major changes, are required in the Canada Grain Act. We have not discussed that point at all. There were recommendations made by the spokesman for the Farmers' Union, and I certainly would be interested in seeing that point followed up. Obviously, for those who are closely in touch with the problems of grain handling, there are difficulties. We have spent two days discussing them, and it seems you have to be closely involved with the problem to understand what the difficulties are. I think someone said that the Act had not been revised for 20 years. During that time tremendous changes in the methods of grain production and handling have taken place, and it might be that some of these difficulties we have been discussing arise from the fact that the terms of the Canada Grain Act no longer cover the situation.

Mr. WARD: I am sure no one is objecting to a review of the Act at any time, but only when time permits. I think it would be perfectly proper in our report to parliament that we recommend that, at the earliest convenient time, a review of the Act be made, but certainly it could not be made this session in the space of a few days, though I would see nothing wrong in that being put in our recommendations to parliament.

Mr. WRIGHT: Mr. Chairman, the minister said that he did not suggest this should be done last year. I am reading now from page 593 of the evidence:

Right Hon. Mr. HOWE: I might say the department looked at the situation pretty thoroughly. We thought when we started it would be easy to do what you suggest. The more we studied the problem the more pitfalls we found. We have come strongly to the conclusion that a regulation of that kind is something which I do not think this committee would want to go into today. If they want to study it next year and hear evidence on it, it might be worth doing, but strangely enough there was not any particular resistance in the trade towards the idea. The trade is just as anxious to have this service as we are.

Mr. HETLAND: Would it be possible to get some of these pitfalls before the committee sometime so we would know why it would not work?

Right Hon. Mr. HOWE: I think certain briefs could be presented now but I do not think we would have time to go into the question. If it were on the agenda for the next session we could expect to have more time. The Saskatchewan elections took so many members away it delayed the committee four or five times this year.

I was hoping we would make the study this year, but there is not time to do it now, and I suggest that this matter of overages in country elevators be put over to next year and that we take plenty of time to consider it.

Mr. FAIR: I think that is very satisfactory.

Right Hon. Mr. HOWE: I want an idea on it myself as you had but I think it would be very effective to do nothing at all yet.

Mr. FAIR: I think we should delve right into it and consider the thing on a sound basis. Perhaps we can do that next session.

Right Hon. Mr. HOWE: Yes, and I would be very glad to arrange it. Now, to take care of any change in regard to overage, I think an amendment to the Act is required. That is what I think the minister indicated.

Right Hon. Mr. HOWE: It has been pointed out to me that I am not a member of this committee and therefore it was not up to me to arrange it. The committee has had all the year to arrange it and it will have all next year, and you would certainly have to call witnesses.

Mr. WRIGHT: I think so. It is a thing which could take some considerable time.

Mr. JUTRAS: Mr. Chairman, we are practically through now and there is no great difference of opinion. I think most of us agree that it might be a good idea to review the whole Act. It definitely will not be done this session. I think we should meet the practical suggestions and recommendations that have been made. As to actually what it means when there will be a new parliament at the next session, I do not know. I presume it will be pretty much the same parliament as now, surely the same government. Some people might differ on that. The importance of the effect that our recommendation would have upon a new parliament is very debatable, but if we want to recommend the advisability of reviewing the Canada Grain Act at the next parliament, I think we should do so.

Mr. BRYCE: I think it would be very nice if you included, in your report to the House, that there seems to be a general opinion of members from all parties that it is time to look over the Act.

Mr. WRIGHT: I will make a motion that the chairman call the agenda committee together and talk the matter over and draft his report to the House, and that the committee meet on Monday to check his report, and that he present it to the House, that is, providing the House is still sitting.

The CHAIRMAN: You have heard Mr. Wright's motion. Is it agreed?  
Agreed.

Mr. Wiley moves that we adjourn.



## APPENDIX "A"

Copy

### THE BOARD OF GRAIN COMMISSIONERS FOR CANADA

In the matter of a complaint by Hilbert Kitchener Kreutzweiser of Crystal Springs, Saskatchewan, against Henry James Sutherland, the operator of the elevator of Saskatchewan Pool Elevators Limited, Brancepeth, Saskatchewan.

Hearing: December 17, 1952. Saskatoon, Saskatchewan.

M. C. Shumiatcher, Q.C., for the Complainant, and The Saskatchewan Farmers Union.

R. H. Milliken, Q.C., for H. J. Sutherland, and Saskatchewan Pool Elevators Limited.

G. H. Yule, Q.C., Counsel for the Board of Grain Commissioners for Canada.

### DECISION

Under the authority given to the Board of Grain Commissioners for Canada under The Canada Grain Act, hearing of this complaint was held at Saskatoon, Saskatchewan, on December 17, 1952, to inquire into a complaint made by Hilbert Kitchener Kreutzweiser, farmer, of Crystal Springs, Saskatchewan, that on November 13, 1952, the operator of the licensed public country elevator of Saskatchewan Pool Elevators Limited, at Brancepeth, Saskatchewan, one Henry James Sutherland wrongfully refused to receive into the said elevator from Mr. Kreutzweiser a truckload of about fifty-five (55) bushels of wheat and to issue to him an interim cash purchase ticket for the said wheat contrary to the provisions of The Canada Grain Act.

The evidence submitted establishes that Mr. Kreutzweiser on the 13th day of November, 1952, brought to the said elevator a truckload of about fifty-five (55) bushels of wheat. He told the elevator operator, Mr. Sutherland, that he wished to sell the wheat. The operator stated that in his opinion, the grade for the wheat should be No. 3. Mr. Kreutzweiser stated that he thought the wheat should be graded No. 2. No agreement was arrived at as to the grade, and Mr. Kreutzweiser asked the operator for an interim cash ticket for the wheat. This was refused. Mr. Kreutzweiser drove his truck with the wheat away and it was not received into the elevator. His contention is that having asked for an interim cash ticket the operator of the elevator was obliged to issue one to him under the provisions of Section 112 of The Canada Grain Act.

It is clear from the facts and was clear from the very comprehensive submission of counsel for Mr. Kreutzweiser that the wheat was offered for sale and not for storage. The mandatory provisions of Section 108 of The Canada Grain Act do not therefore apply to this complaint.

The Canada Grain Act does not contain any provision expressly compelling the operator or manager of a licensed public country elevator to purchase grain and implied legal obligation to do so can not be read into Section 112 of the Act. Parliament can not have intended Section 112 to have a meaning that would make it inconsistent with other Sections of the Act. The provisions of Section 112 requiring a sample to be taken and placed in the receptacle only apply, in the opinion of this Board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

Mr. Sutherland, the operator of the elevator concerned, was, therefore not obliged to issue to Mr. Kreutzweiser an interim cash purchase ticket and he did not wrongfully refuse to receive into the elevator Mr. Kreutzweiser's wheat.

The Complaint is therefore dismissed.

Issued at the City of Winnipeg, in the Province of Manitoba, this Ninth Day of March, A.D. 1953.

D. G. McKENZIE, (Signed)

Chief Commissioner,

Board of Grain Commissioners for Canada.

We concur:

J. Vallance (Signed)

Commissioner.

R. W. Milner (Signed)

Commissioner.

#### BOARD OF GRAIN COMMISSIONERS FOR CANADA

1. *What constitutes available accommodation in public country elevators for purposes of accepting for sale or storage the grain offered by the producer?*

There is nothing in The Canada Grain Act to assist in defining what constitutes available storage accommodation in public country elevators. The onus of proof is on the elevator operator.

2. *May an elevator reserve one or more bins for purposes of mixing or turning grain?*

In the matter of reserving one or more bins for the purpose of moving or binning grain, it is recognized elevator practice to keep sufficient space in an elevator to permit the moving of grain from one bin to another to reduce risk of deterioration. It would not be logical to require elevator operators to store grain to the limit in every available bin and thus remove that flexibility required in order that he may properly fulfill his duties as a warehouseman. What constitutes "sufficient space" may vary according to elevators and be dependent on varying conditions, such as

- (a) Availability of railway cars for shipment.
- (b) Grade of crop—high grade or low grade.
- (c) Moisture content.
- (d) Number of grades stored.

3. *Where there is disagreement as to grade and/or dockage and a sample of the disputed grain is taken, should the load of grain be:—*

- (a) Segregated and stored in a separate bin? or
- (b) Be placed in the bin containing grain of the grade offered by the operator? or
- (c) Be placed in the bin containing grain of the grade demanded by the producer?

Under the Canada Grain Act no direction is given as to how an elevator operator shall bin grain which is received subject to inspector's grade and dockage, nor has the Board found it necessary or desirable to issue any regulations in this regard. Therefore the binning of this grain remains in the discretion of the elevator operator. Undoubtedly, the general practice at country elevators in purchasing or accepting grain for storage subject to Inspector's grade and dock-

age, if unable to retain the identity of the grain in a separate bin, is that the operator bins the grain according to his own assessment of the grade and thereby accepts the risk of loss.

4. *What obligation rests upon an elevator operator and manager to make the maximum space available for the acceptance on sale and/or storage of grain?*

The Canada Grain Act lays no obligation upon an elevator operator or manager to make the maximum space possible available for the storage of grain. It is just as much in the interest of the licensee as the producer that the maximum space possible be made available for the storage of grain.

5. *Is it contrary to The Canada Grain Act, 1930 for a licensee or manager of an elevator to direct its operators as follows:*

“Do not issue interim cash tickets—Form 2—for Wheat Board purchase of any kind of grain”.

It is quite improper for a licensee to issue instructions to its agents which are contrary to the provisions of The Canada Grain Act and the Board will take appropriate action against any offender.

6. *To what does the word “Character” in section 108 refer?*

The word “character” in the eleventh line of Section 108 refers to the words “storage accommodation” in the sixth line. The character of storage accommodation provided in the country elevators is:

1. Special Bin Storage.
2. Graded Storage.

Winnipeg, Manitoba,  
9th March, 1953.

#### APPENDIX “B”

##### BOARD OF GRAIN COMMISSIONERS FOR CANADA

WINNIPEG, MANITOBA,  
March 5, 1953.

Mr. J. L. PHELPS,  
Chairman,  
Interprovincial Farm Union Council,  
Saskatoon, Saskatchewan.

Dear SIR:

Receipt is acknowledged of your letter of the 3rd instant in reply to the Board's letter of February 25th.

The Board's Regulation No. 17, Section 10, provides as follows:

All licensees of country elevators shall submit to the Board not later than the 31st of October in each year, a return for each elevator operated, on forms supplied by the Board, showing the total gross and net receipts, shipments and stocks in store of each kind of grain, the total amount of each kind of grain cleaned and the total amount of screenings removed from each kind of grain so cleaned and the total amount of such screenings returned to the owners during the crop year ended the previous 31st of July, together with a summary statement of total net receipts, shipments and stocks in store by principal grades.

These returns furnish the Board with complete figures in total of all the grain handled at country elevators but not broken down by every individual grade. For the Board's purposes the details by principal grades have always been found quite adequate. To handle returns giving figures for every individual grade would increase the work involved out of all proportion to the value of such details. Licensees furnish these returns on the special forms provided by the Board.

The figures shown for 1951-52, a most unusual year, give 44% of wheat (other than Durum) as "All other Grades". The average for the previous ten (10) crop years was 11.7%.

The Board regrets that it is not able to accede to your request that the elevator companies be instructed to supply a breakdown of the figures shown on the Board's statement, under the heading, "All other Grades". Such an instruction would, in the opinion of the Board, be unreasonable and the work in summarizing the information not justifiable.

Your very truly,

(Signed) D. G. McKENZIE,  
*Chief Commissioner.*

MARCH 3, 1953.

Mr. D. G. McKENZIE,  
Chief Commissioner,  
Board of Grain Commissioners,  
Winnipeg, Manitoba.

Dear SIR:

A letter has been received from Mr. Rayner in answer to mine to yourself under date of February 25th.

Are we to take it from this letter that the Board has never required country elevators to give you a complete return or has the company adopted this more or less laissez faire method in making their returns?

To me it seems a relatively simple procedure to require these companies to make a complete return. After all, a cash or a storage ticket has been issued for every load of wheat (or should have been under the Act) delivered to the country elevator company and their receiving slips clearly indicate the grade, gross weight, dockage, net weight, etc. If they give this information on grades from 1 to 5, then I would ask the direct question, what is the reason for lumping this large amount of grain, in this case almost 50% of the entire amount received by them, under the heading "all other grades"?

Again, the three farm unions are making a specific request that the board immediately write the elevator companies to supply to us through the board, the information we are seeking, namely a breakdown of the figures in this item.

Before taking this matter up with the higher authorities, we shall await further word from you as to the action being taken in this regard.

Yours sincerely,

J. L. PHELPS,  
*Chairman, Interprovincial Farm Union Council.*



DEPARTMENT OF TRADE AND COMMERCE  
CANADA

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

WINNIPEG, MANITOBA,  
March 2nd, 1953.

Mr. J. L. PHELPS,  
President,  
Saskatchewan Farmers' Union,  
Saskatoon, Saskatchewan.

Dear SIR:

I am directed to acknowledge receipt of your letter of February 25th addressed to Chief Commissioner McKenzie and to inform you that it is not possible for this Board to give you a break-down of the figures shown as "All Other Grades". The Board does not receive, from country elevator operators, a break-down of these figures.

The figures supplied to you are a complete summary taken from the returns as furnished to the Board by licensees of country elevators.

Your very truly,

(Signed) J. RAYNER,  
*Director of Administration.*

25 FEBRUARY 1953.

Mr. D. G. MCKENZIE,  
Chief Commissioner,  
Board of Grain Commissioners,  
Winnipeg, Manitoba.

Dear Mr. MCKENZIE:

With reference to the figures which were given to me as well as the letter of transmission by Mr. Rayner on February 23, it is noted on the sheet headed "Wheat Received from Producers by Principal Grades, Crop Year 1951-1952" that only the grades of wheat (other than Durham) are listed from grade No. 1 hard to No. 5. It is noted that grades 6 and feed are not included in the list, while in this same table a total amount of 193,622,283 bushels is listed as one item under country elevator receipts under the heading "All Other Grades."

At a meeting of the executive members of our council I was requested to obtain from you a breakdown of these figures covering the item as listed under "All Other Grades", this same breakdown to apply to the item "All Other Grades" in the amount of 26,396,311 bushels listed as "Wheat Stocks by Principal Grades at July 31, 1951", and also a breakdown of the figure again listed as "All Other Grades" of 34,946,637 bushels listed as "Wheat Stocks by Principal Grades at July 31, 1952."

It has also been requested that I secure from you information indicating the bushels or percentage of each grade listed separately as tough and damp wheat.

Trusting this information will be available without unnecessary delay, I am

Yours sincerely,

J. L. PHELPS,  
*President,*  
Saskatchewan Farmers Union.

DEPARTMENT OF TRADE AND COMMERCE  
CANADA

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

WINNIPEG, Man., April 23, 1953.

Mr. J. L. PHELPS,  
President,  
Saskatchewan Farmers Union,  
Saskatoon, Saskatchewan.

Dear SIR:

I am directed to acknowledge receipt of your letter of the 20th instant addressed to Chief Commissioner McKenzie and to inform you that, as already indicated in our letter to Mr. S. A. Thiessen dated April 13, the Board's records do not show the breakdown of the item of 16,159,878 bushels of "All other Grades".

Under these circumstances, it is not possible to give you the information you require.

Yours truly,

*Acting Secretary.*

20 APRIL 1953.

Mr. D. G. MCKENZIE,  
Chief Commissioner,  
Board of Grain Commissioners,  
Winnipeg, Manitoba.

Dear Mr. MCKENZIE:

Under date of April 13 we received a letter from the Acting Secretary, apparently directed by yourself, containing certain information on receipts of wheat at Interior, Private and Mill elevators for the crop year 1951-52.

In this list there is an item "All Other Grades" to the amount of 16,159,878 bushels. We further note that all the grades from No. 1 to No. 5 are listed. We would, therefore, appreciate a breakdown of this figure under "All Other Grades" indicating the bushels of No. 6 wheat, the amount that was graded as "feed" wheat; and, at the same time, to indicate the amount of each of these two grades which were graded as straight grade, the amount of tough, damp and rejected.

We would appreciate this information at your earliest convenience.

Yours sincerely,

J. L. PHELPS,  
*President,*  
Saskatchewan Farmers Union.

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

WINNIPEG, MANITOBA.  
March 16, 1953.

Mr. J. L. PHELPS,  
Chairman,  
Interprovincial Farm Union Council,  
Saskatoon, Sask.

Dear Mr. PHELPS:

With reference to your letter of the 14th instant, as pointed out in my letter of the 5th March, 1953, the information relating to the receipts by country elevators of No. 6 Wheat, Feed Wheat, and "toughs" and "damps" by grades, is not available in the records of the Board.

Yours very truly,

(Signed) D. G. McKENZIE,  
Chief Commissioner.

14 MARCH 1953.

Mr. D. G. McKENZIE,  
Chief Commissioner,  
Board of Grain Commissioners,  
Winnipeg, Man.

Dear Mr. McKENZIE:

The Interprovincial Farm Union Council is desirous of receiving from your Board further information regarding grain handling for the last two years.

Specifically we desire to know how many bushels of No. 6 wheat as well as wheat graded as "feed" were purchased by the elevator companies from the farmers in each of the two crop years 1950-1951 and 1951-1952, the two grades and the different years each listed separately.

We would also be desirous of knowing the amount of wheat of the various grades graded as "tough" and "damp", each listed separately, purchased from the farmers during these same two crop years.

Trusting this information will be available in due course, I am

Yours sincerely,

J. L. PHELPS,  
Chairman.  
Interprovincial Farm Union Council

DEPARTMENT OF TRADE AND COMMERCE CANADA  
BOARD OF GRAIN COMMISSIONERS FOR CANADA

WINNIPEG, Man., March 30, 1953.

Mr. J. L. PHELPS,  
President,  
Saskatchewan Farmers' Union,  
Saskatoon, Saskatchewan.

Dear Sir:

I am directed by the Chief Commissioner to acknowledge receipt of your letter of the 27th instant and to inform you that the information requested in your letter of February 28th was mailed to you on the 27th instant.

In regard to the information requested in the third paragraph of your letter, some of this is presently available but to put it into the shape you require will not be possible until the end of the current week after which it will be forwarded to you as soon as possible.

In regard to the last paragraph of your letter the Board regrets that it will not be able to supply the information regarding grain handlings at terminal elevators during the crop year 1950-51. The compilation of this information would entail additional work for which the Board has not the necessary staff available.

Yours truly,

Acting Secretary.

27 MARCH, 1953.

Mr. D. G. MCKENZIE,  
Chief Commissioner,  
Board of Grain Commissioners,  
Winnipeg, Man.

Dear Mr. MCKENZIE:

As our Provincial Board will be meeting now in two weeks' time, I would like to be able to report to them on some of the negotiations and information we have received from the Board in connection with certain correspondence that has been exchanged between us.

I note in checking the file that the information requested in my letter of February 28th and acknowledged by Mr. Rayner on March 2nd, has not yet come to hand. It is noted from Mr. Rayner's letter that this information might take a little time to prepare. Was wondering if it is now available, or if you could give me some approximate date when we might expect same.

After further discussion with some of the officials from the Alberta and Manitoba farm unions on our recent trip to Ottawa, we are requesting further information in regard to grain handlings. When we were in Winnipeg, you delivered to me, or I believe Mr. Rayner did, certain information that we had sought in a letter on January 28th. This information covered the crop year 1951-1952. We now desire the same information covering the crop year 1950-1951. In other words, what we specifically require is first, the wheat received

from producers by grade, each listed separately, covering the crop year 1950-1951; secondly, wheat stocks by grade (each listed separately) as at July 31st, 1950; and, thirdly, wheat stocks by grade (each listed separately) as at July 31st, 1951.

It has also been requested that I secure from you further information regarding grain handlings at terminal elevators during the crop year 1950-1951. Would, therefore, request that you furnish us with the same information covering this particular year as was requested in my letter of February 28th covering the crop year 1951-1952. We desire to know the amount of bushels by grade from No. 1 to feed inclusive, each listed separately, that was graded by the inspection department going into terminal elevators, including those for inland storage, during the crop year 1950-1951. Also the figures, again by grade each listed separately, of the amount of each in stock at the beginning of the crop year in these terminal elevators as well as the same figures, again by grades, in storage at the terminals at the end of the crop year 1950-1951.

Yours sincerely,

President,

J. L. PHELPS,

Saskatchewan Farmers Union.

#### APPENDIX "C"

#### H. K. KREUTZWEIZER vs. SASKATCHEWAN POOL ELEVATORS LIMITED

By letter dated November 13, 1952 addressed to the Chairman of the Board of Grain Commissioners, H. K. Kreutzweizer, farmer of Crystal Springs, Saskatchewan, complained that the Agent at the public country elevator at Brancepeth, Saskatchewan, had refused to take delivery from the complainant of a certain load of wheat on which there was a disagreement as to grade and to issue in respect thereof an interim cash ticket.

The Agent of the Saskatchewan Pool Elevator at Brancepeth was interrogated regarding this complaint by the writer on November 25th, 1952.

He confirmed the statement that the complainant had brought a load of wheat to his elevator on November 13th, and after taking the gross weight of the load, he told the complainant that the wheat would grade 3 Northern. The complainant was not satisfied with the grade of 3 Northern and wished to sell for 2 Northern and asked for an Interim Cash Ticket for the load. The Agent admitted that he refused to issue an Interim Cash Ticket as he had no space available in the elevator to segregate the grain pending receipt of an official grade from Winnipeg. If he had accepted delivery of the load, he would have had to store the grain in a bin already containing 3 Northern. His bin containing 2 Northern was full and if the sample to be submitted to the Chief Grain Inspector had graded 2 Northern then there would have been a loss to the elevator. He did not consider he was required to take this risk.

## STANDING COMMITTEE

The records of the elevator were examined and the daily stocks sheet for November 13th showed that there was in store in the elevator at that time:

7,908 bus. of 2 Northern Wheat  
 203 bus. of Tf. 2 Northern Wheat  
 17,073 bus. of 3 Northern Wheat  
 260 bus. of Tf. 3 Northern Wheat  
 2,859 bus. of No. 4 Wheat  
 521 bus. of Tf. 4 Wheat  
 148 bus. of No. 5 Wheat  
 262 bus. of Tf. No. 5 Wheat

---

29,236 bus.

---

123 bus. of 3 C.W. Oats

---

2,297 bus. of 1 Feed Barley  
 1,421 bus. of 2 Feed Barley  
 1,273 bus. of 3 Feed Barley

---

4,991 bus.

These records confirmed the Agent's statement that, except for one bin used for moving grain around, there was no bin in which the complainant's grain could have been segregated pending receipt of the official grade.

The complainant refers in his letter to his rights under Section 112 of The Canada Grain Act. This Section of the Act does give the person delivering grain the right to an Interim Cash Ticket or Interim Elevator Receipt if there is disagreement as to grade but this right only exists if, as provided in Section 108 of the Act, there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.

In this case there was not storage accommodation to handle the grain as desired by the complainant.

I therefore found that the complaint cannot be sustained.

Winnipeg, Manitoba,  
 November 27th, 1952.

J. RAYNER,  
*Assistant Commissioner.*

